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Editor: Ken Baker
Advertising: Barry Teller Media, Ph (03) 563 6602, Fx (03) 563 6641.
Printing: Wilke Color, 37 Browns Road, Clayton, 3168.
Published by the Institute of Public Affairs Ltd (Incorporated in the ACT). ACN 008 627 727. ISSN: 1030 4177.
Editorial and Production Office: Ground Floor, 128-136 Jolimont Road, Jolimont, Vic, 3002. Ph: (03) 654 7499; Fx: (03) 650 7627.
Subscriptions: $40 per annum (includes quarterly Facts).
Unsolicited manuscripts are welcomed. However, potential contributors are advised to discuss proposals with the Editor. Views expressed in the publications of the IPA are those of the authors and do not necessarily reflect the views of the Institute.
Anti-Employer Ethos

PROFESSOR WOLFGANG KASPER (IPA Review, Vol. 46 No. 3) makes many good points about unemployment, but along with many other economists, fails to emphasize a most significant underlying factor.

It is a truism to point out that the existence of unemployment indicates that too many people want employment and not enough people want to employ them.

But stated thus, the truism directs attention to the fact that Australia (and the Colonies before 1901) have developed under an ethos which sees employers as essentially greedy exploiters and employees as innocent victims. “Employer – bad; employee – good” is our local version of “the rich get richer and the poor get poorer.”

In Australia sympathy for the underdog is always taken for granted, wealth is assumed to be ill gotten, and the less well off assumed to be deserving of a better deal.

The entire history of our industrial relations reflects this attitude and the ALP found the very basis for its existence in it. Trade union power, inconceivable elsewhere, depends on the endless reiteration of it, and its adoption by teachers in the public education systems in all States does much to perpetuate it.

In Australia, it is morally a bit suspect to be an employer. What everyone wants is a nice steady job. And no wonder. Hordes of capable people are occupying jobs which do not demand their highest endeavours because the whole cultural climate encourages them not to undertake the more demanding (but also rewarding) role of starting businesses. So when structural adjustment to the global economy becomes necessary, unemployment results.

It is almost as if part of what it means to be an Australian is preventing us from making the adjustment. We are faced with real cultural change. There is no quick fix.

William Wentworth, Towamba, NSW.

Aboriginal Values

RON BRUNTON has challenged some of the well-intentioned stereotypes which underlie aspects of the Mabo decision and related initiatives (IPA Review, Vol. 46 No. 2, 1993). We are told endlessly that Aborigines have a special bond to the land. For me, this claim raises a number of questions.

Firstly, did Aborigines really have a unique relationship to nature? No doubt they had a sense of the numinous in nature, and a sense of place and tradition. But they were scarcely unique in this. They had sacred sites, but so did many other cultures. And in such cultures nature is often treated with reverence within the sacred area, but is treated as a secular resource outside of it. Aborigines seem no different in this respect — they burned, hunted, gathered and sometimes even mined for mineral ores for cosmetic purposes.

Why, then, should Hugh Morgan necessarily turn their world upside down?

Secondly, Aboriginal religion and ‘conservation’ were indeed closely entwined. This is seen as a Good Thing. Is it? That corresponds to a period in our own history when both theology and natural history were fairly undeveloped — and in which all naturalists would have been expected to adhere to the nominal religion of their culture. As an Anglican and a biologist, this does not trouble me, but I hardly expect all of my fellow naturalists to agree! That freedom would certainly not have been extended to them by the first Australians.

Thirdly, much is made of the association of Aboriginal tradition with particular, fixed sites. Is this a value-neutral feature? Mircea Eliade emphasized that such peoples often regard their own particular sacred site as, quite literally, the centre of the universe. Is it altogether coincidental that such peoples often have ethical codes that are extremely ethnocentric?

Fourthly, Brunton quotes Stanner to the effect that many Aboriginals actually migrated voluntarily away from their lands onto white settlements and missions. This flagrantly contradicts the politically correct piety that the nomads had a primal bonding to their land. Could it be that their wandering, nomadic lifestyle actually encouraged voluntary abandonment? They had little to hold them to their place of origin except the sacred site; and its role was substantially the pragmatic one of making the earth bear fruit and game. If the white man seemed to promise better practical prospects, why not head off in his direction?

David Elder, Grange, SA.

Progress and Regress

I enjoyed your editorial, ‘The Ambiguities of Progress’ (Vol. 46 No. 3, 1993), probably because I agreed with most of it. But you twice raised my ageing hackles.

You write: “...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.”

No? I grew up during the Depression when Australians ‘tolerated’ massive unemployment. I do not remember the Australians of the 1950s being much different — after all, people then tolerated the massive growth of the public sector and the welfare trap, both of which you rightly find have been deleterious to Australia’s progress.

Now had you said that Australians of the 1950s would not have tolerated doctors being paid to kill at least 80,000 unborn Australian babies a year, or the Gay and Lesbian Mardi Gras, I for one couldn’t have faulted you.

But your garbled syntax that really shook me was, “Housework has been
made less arduous by labour-saving devices, and thereby helped liberate women from the home.” “Liberate”? “To set free”?

Anyone who even subliminally regards the home as a condition from which women need freeing has the mindset of the extreme feminist, not of the thoughtful IPA stalwart. Now had you said “Labour-saving devices helped liberate women from much household drudgery,” I couldn't have faulted you. But you didn't.

You quote approvingly (and well so) C.D. Kemp (1957): “…the only secure foundations of material achievement are the immaterial but rock-like constituents of character — decency and simple goodness, truthfulness and wisdom.”

And where are these secure foundations built? In the home, in the family, with a loving and caring Mum who (with the support of her husband) does not regard the home as a mere place but as an honourable, fulfilling and worthwhile place.

Why does “man’s moral development lag behind the advance of his scientific and technological know-how” today? What is a major reason (as A. Barron in the same Review points out) why youth and male unemployment are so high? The answer is the same to both questions — more and more women are being “liberated” from the home and filling the available paid jobs.

At the risk of being written off as an aggressive matriarch, I say that two of the saddest Pyrrhic victories of militant feminism are the downgrading of work in the home and of the honourable status of the large family.

I don't know how we can encourage young women of this Age of Anxiety to find some sense and order by undertaking that most excellent of occupations, being a good wife and mother. I don't think the answer is pay for being a housewife. What is really needed is a change of national heart.

Mrs Doris Martyr, Attadale, WA.

Editor's Note: Mrs Martyr's rewording of my hasty statement on labour-saving devices in the home is undoubtedly an improvement.

On the question of Australians' tolerance of unemployment, I had in mind the fact that Menzies came very close to losing the election of December 1961 because of an economic recession in which unemployment had risen to 2.5 per cent. It seems unthinkable that he would have won had unemployment reached its current level - KB.

Pure Maths

As all writers enjoy having their work read by the public, I was flattered to find a part of my recent paper reproduced in IPA Review (Vol. 46 No.3, 1993) under the title of “An Excess of Econometrics?” I was, however, a bit surprised that an institution such as the IPA, which is directed by none other than Mr John Hyde, who emphasizes the paramount role of property rights, chose to reproduce my paper without asking my permission. Integrity has a thousand mothers, but consistency appears to be an orphan.

That notwithstanding, I was assuaged by the fact that the IPA’s blatant larceny might well contribute to a better understanding of economics by the very persons whom the IPA intends to educate. In the first place, I was happy because it was quoted by a non-economist (you know the phrase, “I’m not an economist, but…”), but by a person who so utterly lacks any sort of basic understanding of economics that he was able masterfully to confuse econometrics with mathematical economics. In the second place, it revealed that other persons have the same concerns as I had when I was a quite-illiterate economics major freshman at university.

When I was a first-year student in economics, I was quite suspicious of the generous use of mathematics by my teachers. It seemed unreasonable to me to use mathematics to analyze human behaviour. Only later did I come to understand that mathematics is not a threatening philosophy, but rather a system of ideologically-pure logic (something apparently not in residence at the IPA). Of the numerous ‘social sciences’, economics is unique in that (a) it adopts rigorous logic to maintain an internal consistency and (b) uses formal statistical inference to test external comparability.

Mathematics, as a logic system, can help one understand and create testable theories concerning human behaviour. Economists have long had an important role in that endeavour. The granting of the Nobel Prize in Economics to Professor Gary Becker of the University of Chicago in 1992 for his use of rigorous economic analysis to widen our understanding of even the most elementary social institutions (e.g. marriage, the family, etc.) well illustrate the gulf between the IPA and the distinguished Nobel Committee. The IPA would do well to be rather more informed of these developments; it can do better, and it must do so.

If those who reproduced the portion of my paper in IPA Review have a continued difficulty in understanding the importance of rigorous modelling, perhaps they should concentrate on alternative activities where they may have a positive comparative advantage. In so doing, they will not only enhance their own economic position, but also contribute to the welfare of numerous other individuals in our society. If, alas, those at the IPA fail to perceive their potential in alternative pursuits, we hereby issue an invitation for them to join the Economic Research Centre of the University of Western Australia, where we regularly extend intensive therapy to those wishing (and/or in need of) a better understanding of the world in which they (temporarily) reside.

Dr MoonJoong Tcha
Dept of Economics
University of WA

Editor's Note: Dr MoonJoong Tcha's property rights have not been tampered with, not by IPA Review anyway. Copyright permits passages of a work to be quoted for the purpose of criticism.

Regarding the alleged confusion between econometrics and mathematical economics, the Concise Oxford Dictionary, which is an authority to which IPA Review does defer, defines econometrics as: “Branch of economics concerned with application of mathematical economics by use of statistics.”

I confess that I remain unconverted by Dr MoonJoong Tcha's attempts to prove sociologically banal propositions by the application of elaborate mathematical formulae — although the prospect of having to endure “intensive therapy” at the Economic Research Centre of the University of WA is almost enough to change my mind - KB.
Tax paid by a single-income family earning $75,000 a year: $25,746. Tax paid by a dual-income family earning $75,000 a year: $18,442.

Married couples with dependent children:

Proportion of all households 23.16%
Share of direct tax paid 38.15%
Share of total tax paid 36.72%
Share of government benefits received 30.79%
(including education, social security, health, etc.)

James Cox, 'Does the Family Need a Family Policy?', Policy, Spring 1993.

Proportion of the 1.8 million Australian families with at least one child aged 0-11 years who use no formal child care (including preschool centres, family day care, etc): 43 per cent.

Australian Families, ABS Cat. No. 4418.0.

Divorces granted in 1992: 45,665 (the highest since 1976).

ABS (The Age, 9 December 1993).

Number of children in one-parent and two-parent families with no resident parent employed (June 1993): 830,000.

Family Matters, December 1993.

Active cases in the Agency's first year: 23,000
Active cases in 1992-93: 210,000

The Canberra Times, 15 October 1993.

Number of people world-wide killed annually by smallpox in the 1950s: approx. 5 million. Number today: 0.

Number of people who die annually in China from tuberculosis: 360,000.

Estimated number of people world-wide infected with the HIV-AIDS virus in 1990: 9 million. Proportion of these who live in developing countries: 80 per cent. Estimated infections by the year 2000: 26 million. Proportion of these who will be living in developing countries: 95 per cent.


Total health expenditure per head of population (1990 $US):

Canada $1,945
France $1,869
Australia $1,331
United Kingdom $1,039
New Zealand $925
Argentina $138
Poland $83
India $21
Mozambique $5


Percentage of votes cast for Vladimir Zhirinovsky's neo-fascist party in the December election for the Russian Duma: 22.

Percentage of votes cast for Hitler's National Socialist Party in the 1930 election for the German Reichstag: 18.

The Economist, 18 December 1993.

Number of these granted refugee status: 144. Number allowed entry to Australia on other grounds: 21.

Number of outstanding applications by people in Australia seeking refugee status at end of June 1993: 15,370.

Estimated number of illegal entrants in Australia at 30 June 1993:

79,755

Number of illegal entrants located in 1992-93: 14,874.

Number of enforced departures in 1992-93: 9,180.

Budget allocated to the Departmental division responsible for locating and dealing with illegal entrants: $50m

Department of Immigration and Ethnic Affairs.

In 1991-92: $10.2 million.


World's most expensive city in which to live: Tokyo (followed after a large gap by Zurich, Oslo, Paris and Vienna. Sydney ranks 21st.)

The Economist, 18 December 1993.


Victorian Budget Papers.

Change in consumption of coffee in Australia between 1991-92 and 1992-93: 4.8% increase. Change in consumption of tea over the same period: 9.1% decrease.

ABS (The Age, 17 November 1993).

Percentage of mining exploration applications approved since the Northern Territory Land Rights Act was introduced in 1976: 12.

Grant Watt, President, NT Chamber of Mines and Petroleum Inc. in The Australian, 10 August 1993.

Australian-born residents emigrating from Australia in 1982-83: 5,984.
In 1992-93: 9,803.

Department of Immigration and Ethnic Affairs.
AN ELDERLY MAN watches his 16-year-old grandson lounging after school before the television playing video games — the latest in a long line of expensive toys, each one discarded as its amusement value fades. He remembers his own youth in which leisure time was short, educational opportunities few, labour hard, and military service imminent. "Young people," he reflects, "have never had it as easy as they do today." He has a point.

And yet all is not easy for the contemporary young. Educational and leisure opportunities have indeed expanded, and hard physical labour (even onerous household chores) is the lot of a minority. But there are new pressures.

Adolescence is still a rough sea passage, less arduous than it was, but more uncertain: the navigator's chart is less clear and increasingly a navigator — a responsible adult to whom a young person can look for clear direction — is absent. Most young people continue to survive the journey and reach the solid ground of maturity unscathed, but the incidence of shipwreck is disturbingly high. The suicide rate for young males is twice the rate of 25 years ago; the abuse of alcohol and other drugs is prevalent; the incidence of teenage single mothers is high; street kids roam our cities. And there are the subtler but more widely distributed signs of youth alienation: cynicism about the political system, the despondency created by unemployment.

Youth unemployment is 40 per cent in some regions. It would be higher if the education system were not being used to mop up a proportion of the would-be unemployed. While an extended stay in the formal education system may be preferable to idleness, for many it is an unsatisfactory substitute for work. These students know that they are merely filling in time.

Rite of Passage

Involuntary unemployment is terrible at any stage of life, but for the youthful it disrupts the rite of passage to adulthood. Employment involves the taking on of adult responsibilities. Through an apprenticeship (whether formal or informal), a trade or a profession is mastered, and thereby a sense of dominion in the world achieved. The routine of the working day imposes an order on one's life. Certain virtues, such as perseverance and punctuality, are reinforced. The quest for identity was described by the American psychologist Eric Erikson as the leitmotif of youth. Unemployment obstructs the quest. Virtually the first question we ask when being introduced to someone new is "What do you do?" Work (whether paid or unpaid) is an important source of identity for people. This is why locking young people out of jobs because of comparatively high wage rates and other hindrances to employment is so damaging.

The sea passage to maturity is also made rougher by the high rate of family breakdown in the last two decades. In an earlier IPA Review (Vol. 46 No.1, 1993) Alan Tapper looked at the over-representation of youth from broken families among juvenile criminals. Karl Zinsmeister in the same issue presented a range of social and economic indicators on which children from fatherless families tend to perform badly. A study published last year by the Homelessness Agencies Resource Project (HARP), of the Austin Hospital's Department of Child, Adolescent and Family Psychiatry, found that a substantial majority of young homeless surveyed in North-East Melbourne came from single-parent or step families. Only 17 per cent of males came from an intact family. This, as the study points out, is consistent with the findings of other research.

Youth homelessness is a dramatic symptom of a deeper malaise — one that, as Nathan Stirling says in this IPA Review, cannot be solved by increasing the supply of public housing or of welfare hand-outs. Underlying physical homelessness is social alienation. The quest for a home is a search for identity — for a secure place in the social order. Youth homelessness is not at base the problem of a shortage of shelter; it is a problem of the breakdown of social bonds. The provision of shelter can fulfill a homeless youth's immediate material need, but not the underlying psychological and social need. The principal aim of a policy on youth homelessness must be to reconnect the young to society — the family is a primary medium of this — and put them on a path which will allow them to develop ultimately into active productive citizens.

This aim should be pivotal to the inquiry into youth homelessness recently established by the House of Representatives Standing Committee on Community Affairs.

This year, the International Year of the Family, is an appropriate time to remind ourselves that, in almost all cases, the family is the best provider of security and welfare for children. Reconciling the young homeless person with his or her family, wherever feasible, must be a priority of youth policy. In the small minority of cases where the family is beyond repair or is a danger to the child, then the possibility of members of the extended
The value of the family is not widely enough recognized in the youth work fraternity. Partly this is because of a one-sided emphasis on ‘children’s rights’ (the wish to liberate young people from ‘oppressive’ family structures); partly it is because youth workers often encounter families at their worst — as negligent, abusive or unstable. They tend therefore to exaggerate the extent to which families are irreconcilable.

Yet one of the striking findings of the HARP study is the persistence of the longing for family. “Missing my parents” was rated as the number one grievance of the young people surveyed. Half of the males in the HARP survey wanted help to try to re-integrate with their families. Most of the sample (64 per cent) had attempted to return home at least once. “Homeless young people remain emotionally attached to their families even if they see these families as violent, abusive or rejecting,” concluded the study. And despite the image held of families among some youth workers as cauldrons of sexual abuse, only three per cent of young women cited sexual abuse as the ultimate reason for leaving home. What is also evident is that the bond to family is psychologically stabilizing. Forty per cent of the sample had attempted suicide at least once, but those who demonstrated an emotional attachment to family were less likely to be represented in this group than those who had no such attachment.

The training of youth workers should emphasize the therapeutic value of strengthening family bonds. Youth work carries substantial responsibilities: the fulfilment of which requires emotional maturity and judgment. This should be borne in mind in the selection and training process. One danger to which youth workers may succumb is over-identification with their ‘clients’. It is useful for youth workers to empathize with the plight of the young in order to discern their needs; but, in doing, they must avoid uncritically identifying with the rebelliousness and alienation of youth. This serves only to lock homeless youth into a condition of alienation. The youth worker must be a navigator, not a mutineer.

The report that has done most to draw public attention to the plight of the young homeless in Australia was the 1989 Burdekin Report, Our Homeless Children. While this Report was valuable in some respects, in others it was flawed. A sound policy directed at solving youth homelessness must be based on valid assumptions. The Burdekin Report was responsible for what is almost certainly an exaggerated public perception of the extent of youth homelessness. The Burdekin Report suggested two estimates of the number of young homeless on an average night in Australia: 20,000-25,000 and 50,000-70,000. According to a persuasive analysis by David MacKenzie and Chris Chamberlain (in Youth Studies Australia, Summer 1992), 15,000-19,000 is a far more realistic estimate.

Definition Needs Tightening

The debate following the Burdekin Report has also relied on a definition of homelessness that is too broad and too subjective. The definition accepted in the Victorian Government’s 1992 Progress Report on youth homelessness, Making a Difference, illustrates the problem. Homelessness, it says, is:

“The absence of secure, adequate and satisfactory shelter as perceived by the young person.” (emphasis added).

It includes the situation where:

“existing accommodation [is] considered as inadequate by the resident for reasons such as overcrowding, the physical state of the residence, lack of security of occupancy, or a lack of emotional support and stability in the place of residence…”

How many adolescents could conceivably fit this definition? How many, at some stage, feel hemmed in or lacking emotional support? Virtually all do.

It is a mistake to treat homeless youth as an undifferentiated group. Stories are heard of parents who give their teenage children $50 to be free of them for the weekend. The teenagers spend the money on food and entertainment and then bed down Saturday night at a youth refuge. These teenagers are at risk of becoming homeless and their parents are negligent, but they are a long way from the hard-core homeless with whom Stirling’s organization, Open Family, mainly deals. As with welfare spending generally, if the limited resources available are to be used effectively, they must be targeted at those most in need.

In the last year, the Victorian Minister for Youth Affairs, Vin Heffernan, has, to his credit, set about reforming his State’s policy on youth homelessness. He has incorporated a family impact statement into application forms for State Government grants to youth work agencies. This statement requires applicants to describe how they go about resolving the breakdown of relations between the young homeless person and his or her family; and how they intend to involve families in significant decisions concerning their children.

Mr Heffernan has also stated his intention to introduce case management plans for the young homeless. At present young people may drift haphazardly between several agencies. Developing a case plan for each young person will involve co-ordination and exchange of information among agencies, and systematically monitoring the young person’s progress.

He has also announced his intention to establish an inquiry into the selection and training of youth workers.

All of these are worthwhile measures from which other States could learn.
Low Turnout Undermines ATSIC

RON BRUNTON

IN MARCH, the Australian Electoral Commission announced the results of the Regional Council elections of the Aboriginal and Torres Strait Islander Commission (ATSIC), held in December 1993. The turnout of Aborigines and Torres Strait Islanders was as poor as in the last elections in 1990. In 1990, 33 per cent of eligible indigenous people voted, this time it was 32 per cent. In general, remote areas in the north of Australia had the highest turnouts; urban areas, particularly in the south-east, had the lowest.

Voters had to be on the Commonwealth Electoral Roll and all votes were cast as declaration votes, which are similar to postal and absentee votes. The ballot paper was placed in a sealed envelope with the person's name and address outside to allow for later checking of eligibility. Of the 45,800 Aborigines and Torres Strait Islanders who voted nearly 6,000 had their votes rejected for one or other reasons, most commonly because they were not on the Electoral Roll or because the vote was not placed in a signed declaration envelope.

There are now 36 Regional Councils in ATSIC, down from 60 during ATSIC's first term, and there were 573 vacancies for Councillors. A number of the councils are subdivided into wards. As well as allocating Federal funds to local programs, the Regional Councillors form an electoral college to elect 17 Commissioners to ATSIC.

<table>
<thead>
<tr>
<th>State</th>
<th>Estimated Voters</th>
<th>Actual Voters</th>
<th>Per cent Turnout</th>
<th>Formal Votes</th>
<th>Votes Rejected</th>
<th>Informal Votes</th>
<th>Average Quota Required For Election</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>39,800</td>
<td>8,271</td>
<td>20.78</td>
<td>6,668</td>
<td>1,341</td>
<td>262</td>
<td>55</td>
</tr>
<tr>
<td>Victoria</td>
<td>9,300</td>
<td>1,769</td>
<td>19.02</td>
<td>1,497</td>
<td>179</td>
<td>93</td>
<td>36</td>
</tr>
<tr>
<td>Q'land</td>
<td>36,000</td>
<td>12,867</td>
<td>35.74</td>
<td>10,872</td>
<td>1,356</td>
<td>639</td>
<td>77</td>
</tr>
<tr>
<td>WA</td>
<td>22,475</td>
<td>9,046</td>
<td>40.25</td>
<td>7,786</td>
<td>1,050</td>
<td>210</td>
<td>54</td>
</tr>
<tr>
<td>SA</td>
<td>9,100</td>
<td>2,335</td>
<td>25.66</td>
<td>1,992</td>
<td>287</td>
<td>56</td>
<td>41</td>
</tr>
<tr>
<td>Tasmania</td>
<td>4,900</td>
<td>805</td>
<td>16.43</td>
<td>689</td>
<td>102</td>
<td>14</td>
<td>35</td>
</tr>
<tr>
<td>NT</td>
<td>20,955</td>
<td>10,727</td>
<td>51.19</td>
<td>8,436</td>
<td>1,589</td>
<td>702</td>
<td>73</td>
</tr>
<tr>
<td>Australia</td>
<td>142,530</td>
<td>45,820</td>
<td>32.15</td>
<td>37,940</td>
<td>5,904</td>
<td>1,976</td>
<td>59</td>
</tr>
</tbody>
</table>

Dr Ron Brunton heads the Environment and Aboriginal Affairs Unit of the IPA, based in Melbourne.
Serious Questions Raised

The low turnout raises serious questions about ATSIC's legitimacy; it cannot claim to represent the majority of Aborigines and Torres Strait Islanders. Unlike the case in 1990, it can no longer be said to be a new and little known body. ATSIC received extensive publicity in the run up to the elections, and the Australian Electoral Commission put a great deal of effort into obtaining a high turnout.

Arguments that the turnout was higher than that in non-compulsory local councils in parts of Australia are misleading because local councils do not form electoral colleges for nationwide institutions. Another argument, widely used after the 1990 elections — including in ATSIC's Annual Report — verges on deception. This is the claim that, as only about 50 per cent of Aborigines and Torres Strait Islanders are on the Commonwealth Electoral Roll, the turnout figures should be doubled to obtain the effective turnout. Leaving aside the basis of the figure of 50 per cent — a nice round number whose provenance is unspecified — the turnout figures actually include a large number of people whose votes were later rejected because they were not on the Roll.

Large Variations in Vote Quotas

Candidates had to obtain a quota of votes, calculated on similar principles to those used to calculate quotas for elections to the Senate. As in 1990, there were considerable variations among the number of votes required for election. The highest quota was 155 votes for Tiwi Islands ward in Jabiru region in the Northern Territory. The lowest quota was three votes (sic) for South ward in Nhulunbuy region, also in the Territory. Across the country the average quota was 59 votes, and in 18 wards councillors needed fewer than 40 votes for election.

Table 1 shows the figures for turnout, formal votes and size of quota on a State-by-State basis, and Table 2 sets out results for wards with the highest and lowest figures in terms of turnout and quota. One regional council is yet to have an election, and in three wards there were no elections because the number of candidates who nominated did not exceed the number of vacancies. These wards have been excluded from the calculations of the State and national turnout figures.

1. This turnout figure seems to have been calculated on the basis of 1986 Census results projected forward to the date of the election. However, the figures from the 1991 Census, which was held a few months after the ATSIC elections, suggest that the projections were too low, and therefore that the turnout for the 1990 elections was rather less than 33 per cent.

### Table 2: Results for Selected Wards Showing Extremes in Turnout and Quota Size

<table>
<thead>
<tr>
<th>State</th>
<th>Region</th>
<th>Ward</th>
<th>Vacancies</th>
<th>Estimated Voters</th>
<th>Actual Voters</th>
<th>Per cent Turnout</th>
<th>Votes Rejected</th>
<th>Formal Votes</th>
<th>Quota Required for Election</th>
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Accolades and Lemons

The Tasmanian Government, continuing the process of fiscal reform begun under the Field Government in 1990, has won the IPA’s Most Responsible Budget Award for 1993-94. Spending was held tightly in check, with current outlays set to grow by only 0.8 per cent in nominal terms and expenditure on new fixed capital expected to decline by 3.9 per cent. The Budget introduced no new revenue-raising measures and expects to achieve no growth in total revenue. The underlying net financing requirement, or NFR, which excludes the proceeds from asset sales and cost of debt refinancing, is expected to increase, but solely as a result of increased investment in revenue-earning assets in the public trading enterprises. The underlying NFR of the general government sector will decline, as will net debt and the total liabilities of the Tasmanian public sector. Importantly, the policies put in place in 1993-94 are expected to yield a steady reduction in the budget deficit over the next four years which, if achieved, should result in the well-deserved upgrading of the State’s credit rating.

The 1993-94 Budgets of the ACT and Victoria deserve honourable mention. Although both States expect large increases in their bottom line and net debt in 1993-94, they did take tough decisions which will help overcome their severe structural problems.

The ACT Government’s problem is that it is heavily dependent on the Commonwealth for money, and is just starting the fiscal adjustment that comes with self-government. It is, however, tackling its problems in a responsible manner. In 1993-94 it put into place tight control over spending with current outlays expected to grow by 0.8 per cent and no growth in spending on new fixed capital.

However, the Government’s effort to control spending and raise revenue (tax receipts are expected to increase by 6.4 per cent and asset sales to bring in $69 million) was more than overwhelmed by a sharp 12.2 per cent cut in Commonwealth grants. As a result, the ACT is expecting a large deterioration in its bottom line with the underlying NFR expected to increase by 148 per cent to $119 million; and a large increase in net debt, albeit from a very low level. The ACT Government believes that its existing policies will, over the next few years, result in a real reduction of its NFR and level of debt. However, this is highly dependent on the Commonwealth not further reducing grants, which, given the Commonwealth’s budgetary woes, is unlikely.

The Victorian Government’s problem is the financial legacy of past Victorian governments. The Kennett Government correctly allocated $2.7 billion in 1993-94 to cut excess staff installed by its predecessors ($1.3 billion), and to refund monies ‘borrowed’ by them from public service superannuation funds ($1.4 billion). These expenditures will result in a very large increase in current outlays (expected to rise by 13.3 per cent).

The Kennett Government will also raise a substantial amount of additional revenue in 1993-94. While, given the size of the prospective deficit and the level of net debt, some increase in taxes was probably unavoidable, a greater effort could have been made on the spending side. Although the Victorian Budget will enlarge the underlying NFR and net debt, there is a justification for this: the strategy should eliminate the State’s current account deficit by 1995, and should also help stabilize the level of State by 1997. The 1993-94 Victorian Budget was widely criticized as draconian, but the fact is that under the Kennett-Stockdale regime, interest cost will still be increasing as a proportion of total revenue even as late as 1997, and a triple-A credit rating for Victoria is still probably a decade away.

The New South Wales Government brought down a holding budget in 1993-94 with few policy changes — good or bad. The underlying NFR is expected to rise by 22.5 per cent to $1,203 million, but this increase is primarily due to a deterioration in the public trading enterprises. The underlying NFR of the general government is set to rise by 4.3 per cent. There were no revenue-raising measures of significance announced in 1993-94, and own-sourced revenue is actually expected to decline by 1.6 per cent. The most notable aspect of the
Budget is the large financial gains expected to flow from microeconomic reform. Such reforms are expected to yield the Fahey Government a bonus of around $1 billion in 1993-94 with user charges set to rise by 14.8 per cent to $2 billion, subsidies to trading enterprises set to decline by 13.8 per cent, interest payments set to fall by 13.5 per cent, and dividends from trading enterprises set to rise by 11.3 per cent to $1 billion. Mr Fahey and his colleagues cannot, therefore, afford to falter on reform. They also must watch their spending on current consumption, which is expected to grow at a disconcerting rate of 5.9 per cent in 1993-94. If they keep up the pace of reform and hold tight the spending, and as long as the 2000 Olympics do not turn into a fiscal blackhole (as such games are wont to do), the NSW Government should be able to sustain its coveted triple-A credit rating over the medium term.

The Queensland Government continued its expert utilization of its fiscal inheritance. The 1993-94 Queensland Budget put in train, for the fourth consecutive year, a large increase in spending, with consumption spending set to increase by 6.8 per cent, and new fixed capital expenditure set to increase by 21.5 per cent. Notwithstanding the increase in spending, Queensland will again produce the best bottom line of any Australian government in 1993-94. It will be the only government which will achieve a surplus — in the general government, in the public trading enterprises and in the consolidated sectors. These surpluses, moreover, be achieved with very low levels of revenue growth and full funding of superannuation liabilities. Most importantly, the Queensland Government has not squandered its inheritance. It is expected to continue to produce surpluses over the medium term and, as a result, anticipates having no net debt by 1996. Queensland is, in fiscal terms, in a league of its own.

The Commonwealth Budget for 1993-94 was, by a considerable margin, the worst budget of 1993-94 and the recipient of the IPA's Lemon Award. Not only was the Budget misleading, it was, in fiscal terms, highly irresponsible. Despite the known fact that the public sector in 1992-93 was already more than consuming the totality of national savings and thereby 'crowding out' investment, the 1993-94 Commonwealth Budget significantly increased the level of borrowing for purely consumption purposes, and set in train a current account deficit of $15.1 billion which would be the largest since World War II. The economy did not need, nor can it afford, more pump-priming.

The Northern Territory and South Australian Budgets were the least responsible of the State Budgets.

The NT Government took its cue from big brother — the Commonwealth — and used the slow recovery as an excuse to put reforms aside and spend big. At least the NT's spending spree is better targeted than that of the Commonwealth with its additional spending concentrated on capital goods. The Territory also held tax receipts tightly in check.

Nonetheless, the spending splurge will result in a 70 per cent increase in the underlying NFR of the NT public sector, which will be by far the worst bottom line result in 1993-94. The NT economy neither needs nor can it afford this. The NT Government has the highest level of debt per capita in the nation. Its own sources of revenue are very limited, narrowly based and fully exploited. Most importantly, the NT public sector is inordinately dependent upon an increasingly selfish Commonwealth for around 80 per cent of its revenue.

The 1993-94 South Australian Budget was a masterpiece in double-speak. It promised spending restraint and delivered a 10.8 per cent increase in current spending. It promised to restrain the growth in taxes and other charges, but own-source revenue is set to grow by 14 per cent. It committed $210 million to reducing the public service by 3,000 positions but, at the same time, created 1,400 new positions. The Budget will result in a lower budget deficit and a lower level of net debt, but this will be achieved primarily by selling assets and as such will be temporary. The SA Government again failed to publish foreword estimates, therefore it is not possible to ascertain how bad the future looks. Probably the Audit Commission set up by the new Liberal Government will uncover the need for a more rapid and greater reduction in spending.

The 1993-94 West Australian Budget was a chance lost. The Court Government was elected in early 1993 on a platform of reducing the size of the public sector work-force, lower taxes, and eradicating 'the Bankcard mentality' from the public sector. It failed to meet these commitments in its first Budget. Spending will increase in real terms and Western Australia will be the only government — State, Territory or Commonwealth — which expects to increase its budget sector work-force in 1993-94. Tax receipts are expected to grow by 7.5 per cent, which is larger than any other government expect Victoria. The 'Bankcard mentality' lives on in Western Australia as net debt in the general government sector is set to grow by 12.5 per cent.

How did this happen? It appears that the new Court Government, preoccupied with other issues, failed to take control over budgetary policy and delivered its predecessor's Budget. This mistake will make Mr Court's commitment to achieve a triple-A rating and lower taxes by the end of his first term more difficult, but hardly impossible.

Richard Court: delivered his predecessor's Budget

ON 8 FEBRUARY, Prime Minister Keating announced the introduction of a series of reforms to the way the House of Representatives operates. The announcement was an acknowledgment that parliamentary standards had slipped and that reform on some level was necessary to improve public perceptions of parliament and politicians. The Government was responding to a House of Representatives Standing Committee Report, About Time, which proposed various reforms last October.

The key changes announced by Mr Keating were:

- one additional parliamentary sitting day each fortnight and an end to late-night sittings;
- changes to Question Time to provide for a minimum of 14 questions without notice each day, and a new roster system of ministerial attendance, which will see the Prime Minister attend on only two days of the sitting week; and
- the establishment of a second chamber (or main committee) to consider 'uncontroversial legislation' and ease the growing legislative burden.

The reforms are intended to address two of Parliament's most acute problems: the abuse of Question Time and the failure of the House of Representatives to cope with its growing legislative burden. On face value the reforms appear to be an improvement on previous arrangements. An extra sitting day in place of protracted late-night sittings is a productive and sensible change. But on close examination the other changes emerge as at best cosmetic and at worst a further erosion of parliamentary accountability.

The public perception that parliamentary standards are low is growing — with justification. In 1990, IPA Review described the failings of our Parliaments in detail. Since then the decline has, if anything, accelerated. It is necessary to outline the magnitude of this recent decline in order to evaluate the reforms which have just been introduced.

The Decline of Question Time

Under the Keating Prime Ministership, the number of Questions Without Notice asked each sitting day has fallen to the lowest level since Federation. In 1976 over 19 questions were asked each day in the House of Representatives, and an average of around 16 questions a day was achieved during the period of the Fraser Government. The average declined to 11 a day during the Hawke Government and it now stands at just 10.5 a day — little more than half that of 18 years ago.

Anthony D. Smith is an adviser to the Federal Shadow Minister for Finance.
Not surprisingly, as the number of questions asked has declined, the length of answers has grown. Increasingly, ministers have been replacing direct answers with long monologues from prepared scripts, coloured with abuse, digressions and political point-scoring. In 1992, with Mr Keating as Prime Minister, the average time taken for a question and answer rose to more than five minutes, compared with around half that in the early 1970s, making his Government the most verbose in Australian history.

The Legislative Landslide

At the same time, Parliament is failing to fulfil adequately its primary role of scrutinizing and debating legislation. The problem lies simply in the fact that whilst sitting days of the Federal Parliament have remained almost static since 1901, the volume of legislation coming before the House for consideration has increased more than ten-fold,\(^4\) resulting in a massive legislative log-jam. As a result, the House of Representatives has spent a steadily decreasing amount of time considering each new piece of legislation. Between 1901 and 1910, the House spent an average of 25.1 hours considering each Bill. By 1992 the average had declined to just 2.2 hours per Bill.\(^5\)

The Government’s solution has been to bypass proper legislative scrutiny through the use of the guillotine. Originally intended as a mechanism to enable legislation to be quickly considered in emergency situations through a time limitation on debate, this procedural motion is now increasingly used by the Government to bulldoze legislation through the House of Representatives with the sheer force of its numbers. The Fraser Government guillotined 1.2 per cent of its legislation, the Hawke Government restricted debate on 25 per cent. In the two full parliamentary years that he has been Prime Minister, Mr Keating has guillotined 243 Bills — or 62 per cent of the total legislation, and during 1993 alone the figure was an astounding 80 per cent. Over the full decade 1983-1993, 643 pieces of legislation were guillotined, compared with just 221 for the entire period between 1901-1983.

Cosmetic Reform

The House Committee’s Report, *About Time*, provided the Government with an opportunity to address the magnitude of these problems by taking steps to improve the conduct of Question Time and the mechanisms for legislative scrutiny. Instead, the Government chose to modify, gut or ignore most of the Report’s key recommendations (despite the Committee containing a Labor majority), and thereby avoid implementing some much-needed reforms.

While the introduction of a roster system for ministerial attendance announced by Mr Keating may broaden the range of ministers subject to parliamentary scrutiny, it will mean that the opportunities to subject the Prime Minister to questions will be halved. Although it is true that the British House of Commons has a roster system, it sits on more than twice as many days as the Australian House of Representatives. With Mr Keating attending Question Time fewer than 40 times a year, he will become the Prime Minister least accountable to Parliament of any comparable democracy. It was for this reason that the House Committee proposed a more modest roster which would have seen the Prime Minister attend three days each sitting week.

Similarly, while the new minimum of 14 questions may raise the daily average of questions asked, it will do little to ensure that questions are actually answered. The fact that reform to take account of this is necessary was recognized by the House Committee, which proposed the introduction of supplementary questions, a minimum number of 16 questions, and the requirement that any minister, except the Prime Minister, could be specifically called to the House to answer questions. These proposals were all rejected by the Government.

The introduction of a second chamber will neither stem the massive flow of legislation nor deter the Government from dropping the guillotine on legislation in order to avoid tough parliamentary scrutiny. Since the second chamber will specifically examine uncontroversial legislation, there is no reason to think that the Government will curtail its use of
the guillotine to cut debate on important legislation. During 1993 the guillotine fell on some of the very legislation which required detailed and rigorous debate: the Native Title Bill, Industrial Relations reforms, and even key Budget Bills, with debate on one Appropriation Bill allocating $5 billion of expenditure restricted to just four minutes.6

Genuine Reform

Turning the tide of parliamentary decline requires a fundamental shift in attitudes, as well as some well-directed changes to the rules about the way the House of Representatives operates.

With regard to Question Time, there is little prospect of any significant improvement until the Speaker of the House of Representatives takes on a more independent role and exercises his considerable authority to raise parliamentary standards. Standing Orders empower the Speaker to sit a minister down and to prevent a minister from announcing policy in answer to a question (Standing Order 144) or from providing an answer that is not relevant to the question (Standing Order 145). These powers are rarely, if ever, employed. Speaker Stephen Martin would do a great deal to increase his own authority by following the example of a former Speaker, Billy Snedden, who fully withdrew from party-political activities in order to enhance the independence of the Speaker's office.

This should also be matched by changes to the Standing Orders to prevent ministers from abusing Question Time. At present, ministers are able to read long-winded prepared answers to questions, and then refuse to table their answers on grounds of confidentiality. This Standing Order should be removed and a new Standing Order introduced that specifically prevents ministers reading answers to questions. Far from inhibiting ministers, this would force them to acquire the necessary knowledge of their portfolios to account properly to Parliament. Indeed, the practice of referring to prepared answers is a relatively recent phenomenon and, until 1965, the Standing Orders prevented Members from reading speeches during debate.

There is also a strong argument for Question Time to be extended to a full hour as a recognition of its importance in the parliamentary day, and for a time limit to be introduced on the length of answers, as applies in the Senate.

The Parliament should also sit more often if it is to scrutinize legislation adequately. As it stands, the House of Representatives sits on fewer days than any other comparable legislature. In 1992 the Australian House of Representatives sat for 60 days, while the United Kingdom House of Commons sat for 143 days, the Canadian House of Commons for 111 days, and the New Zealand House of Representatives for 98 days. The introduction of four-year parliamentary terms would also reduce the number of days lost as a result of frequent elections.

Finally, it is also necessary to take steps to control the volume of legislation and regulation coming before the Parliament. The establishment of a main committee or second chamber will assist to some extent, but it is also necessary to strengthen further and extend the current committee system to enable examination of every legislative proposal prior to its introduction. In order to limit the use of the guillotine, the Speaker should be given the power to rule spurious guillotine motions out of order on the grounds that there is no demonstrated urgency of passage. ■

3. Chamber Research Office, House of Representatives.
6. Debate on Appropriation Bill (No. 2) 1992-93 was restricted to four minutes on 7 October 1993, between 4:06pm and 4:10pm.

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* The number of sitting days fell in 1993 in Australia, Canada and New Zealand due to Federal Elections.
Republican Cause Falters

The report by the Government's Republican Advisory Committee has left the important questions unresolved.

PETER REITH

The federalist movement gathered momentum in the early 1890s, endured a lull in the mid-1890s, and then went on to ultimate success in 1901. A century later, today's republicans, led by Prime Minister Keating, have decided that a similar lull in the early months of 1994 will help their cause. They are wrong. By the end of 1893, the federalists had two significant advantages: they had a definitive well-thought-out constitutional plan and authentic widespread community support. By contrast, by the end of 1993 all that today's republicans had was the Turnbull Report and a dwindling number of people who thought a republic sounded like a good idea.

The Report canvassed the three big obstacles to a republic that we all knew had to be confronted even before the Turnbull Committee was formed, but added nothing of its own to the debate. In particular, it provided neither a rationale for a republic nor an outline of a simple or 'minimalist' means of achieving a republic, as it was directed to do by the Prime Minister. So the public debate has not advanced and the advocates of a republic will have to start from scratch if they want to keep up their campaign in 1994.

Three Unresolved Issues

The three big issues, which still need resolution, are the appointment of the Head of State, the powers of the Head of State, and the problems associated with the fact that the States have monarchist constitutions.

The Report prefers to have the Head of State elected by Members of Parliament. Its general view is that a popular election is inappropriate as it could provide a mandate to the Head of State. It contends that this mandate could be used to bolster the Head of State in a clash with the duly elected government and that the problems inherent in this situation would be compounded unless the Head of State's powers were clearly defined and significantly limited. Any limitation which further reduced the powers of the Head of State would be opposed by the Coalition.

An even bigger problem is likely to be the public dislike of politicians handing out jobs to each other. All the polls show that if there were to be a President, then the public would demand that the President be elected directly by popular vote. Personally, I share the Committee's concerns, but telling the public what they don't want to hear is an uphill battle.

Even more difficult than the appointment issue is the question of the powers of the Head of State. The Report admits that the President's powers would have to be codified, but otherwise skirts around the issue. Perhaps it was avoided because a codification exercise would require the Labor Party to face up to whether it now accepts what happened in 1975 and is prepared to legitimize in the code the power used to sack Prime Minister Whitlam.

Is the Labor Party prepared to legitimize in the code the power used to sack Prime Minister Whitlam?

If the republican cause is to be advanced in 1994 this little time-bomb has to be tested to see if it is still live ammunition. The Committee should have pressed this issue, but didn't. So far, silence has prevailed, but this issue can't be avoided.

If Labor MPs still don't accept what happened in 1975, then they can kiss a republic goodbye because the Coalition will not accept a watering down of the powers of the Head of State. If they do accept the legitimacy of the events of 1975, then a latter day Solomon would be needed to draft the code. Codified laws work well in some areas (e.g. the criminal law), but are really unsuited to the political circumstances faced by a Head of State. The reserve powers are political powers not legal powers and it is for this reason that they are not justiciable. They are evolving powers, not powers that can easily be snap-frozen in time. There have been far more sophisticated attempts to canvass these issues than that undertaken by the Turnbull Committee. None of the earlier attempts succeeded.

Peter Reith is the Shadow Minister for Defence and the Federal Member for Flinders.
The Report has also failed, adds nothing, and leaves nobody any the wiser.

Lastly, the Report looks at the vexed question of the States. One of the alleged benefits of converting to a republic is that it would enhance our independent standing in the international community. The Report makes a mockery of this reasoning by suggesting that Australia could be a federal republic consisting of constitutional monarchies, suggesting indeed that this arrangement might be the appropriate one. This would make Australia an international laughing stock. The Committee should have been more honest and admitted that a republic is only possible if all the States also agree to adopt republican constitutions.

Alternative Ignored

As the Committee was very quick to abandon its terms of reference to identify options for a 'minimalist' formula for a republic, it might at least have been more imaginative. Republicans are always singing the virtues of opinion polls. In the United States one of the most popular constitutional rights, at the State level, is the right of a private citizen to initiate the making of laws. In Australia, the concept of citizens-initiated laws or 'direct democracy' was proposed by more submissions than any other to the Constitutional Commission in the mid-1980s. It is an idea that is truly democratic and republican. If canvassed by the Turnbull Committee it would have at least made the Report more attractive.

Those who advocate change bear the responsibility to show why we should change and how we can change. The Committee was not asked to report on the former and told us nothing we didn't already know on the latter. So rather than being the end of the beginning, the Report will be best remembered as the end of the end. The burial rites are set to be performed in 1994 by a Cabinet sub-committee.

So, in summary, the preferred proposal for the appointment of the Head of State is unpopular, the powers issue is unresolved, the role of the States is left insoluble and the Report had no imaginative flair.

The republican cause has been badly damaged by Mr Keating's emotion-charged anti-monarchy anti-British rhetoric. Rather than going into hibernation to allow time for Mr Keating's finger prints to be erased from their platform, the republicans have some hard thinking to do if they want to resurrect their cause this year.

THE GREAT DEBATE

SHOULD AUSTRALIA BECOME A REPUBLIC?

Blainey

V

Turnbull

On 24 June 1993 in Perth the Institute of Public Affairs brought together Professor Geoffrey Blainey and Mr Malcolm Turnbull for a debate on the republican issue.

Since the issue emerged in the public policy arena some time ago, these two figures have become identified as the leading spokesmen for the two main streams of opinion. It was the first time they had debated it face-to-face.

The Great Debate is now available on video cassette (VHS format; playing time 72 minutes). It is available for $40.00 (inc. p&h) from the IPA States' Policy Unit, 2nd Floor, 46 King's Park Road, West Perth; or phone (09) 321 1420.

The IPA gratefully acknowledges the assistance of Paul Paterson, Colliers Jardine, and Clayton Utz in organizing the debate.
Shifting the Blame
What has become of ministerial responsibility?

RUDOLF PLEHWE

During 1993 controversies concerning the introduction of Pay TV produced considerable discussion of the responsibility of ministers for the administration of their departments. In accordance with a cabinet decision and subsequent legislation, satellite Pay TV licences were to be allocated by a "price-based system"; i.e. essentially going to the highest bidder. Criticism was directed at the fact that the call for tenders did not require bidders to pay a deposit. This created the risk that the successful bidder(s) might not be able to raise the money to provide the services required. Also, "pre-qualification conditions" for bidders envisaged in a cabinet document were omitted, apparently on legal advice. These and other aspects of the tendering process for Multi-Distribution System licences became the subject of reports by an officer of the Department of Transport and Communications and by Professor Dennis Pearce. The Senate set up a Select Committee to report on the matter, including the role and responsibility of the Minister, Senator Collins. The Committee has produced two reports. The first report and a background paper to the second report provide a valuable discussion of various aspects of ministerial responsibility.

Professor Pearce reported that officers of the Department committed an error of judgment in not drawing the Minister's attention to the absence of a deposit requirement. Also, an important minute was hand-delivered to the Minister's office but not logged in, and it was not certain whether Senator Collins had ever seen it. "Many of the Minister's staff were on leave" and "there [appeared] to have been a breakdown in the system for bringing matters to the Minister's attention."

Professor Pearce took the view that his terms of reference did not call for any comment on issues of ministerial responsibility. A majority of the Senate Committee reported that "on the version of the facts which [the Minister] accepted he acted reasonably and in the circumstances prevailing at the time was reasonable in accepting this version." He had taken steps to remedy the defects revealed by the incident. The two Liberal members submitted a dissenting report which was very critical of the Minister for failing to inform himself properly and to ensure that cabinet's policy was carried out.

Crucial Convention

The most crucial unwritten or 'conventional' feature of Australian, as of British, government is ministerial responsibility — that is, the policy of the executive and the exercise of its powers are generally controlled by ministers who are collectively and individually answerable to Parliament and depend for their continue in office upon the confidence of the Lower House. In the 19th century this device reconciled the demand for the democratic accountability of government with the continued existence of the hereditary monarchy; and it provided an important means for the introduction and expansion of self-government in the Australian colonies. The doctrine was taken to mean that, collectively, ministers had to resign or ask for a dissolution if they lost the support of the House; while an individual minister who was (or, more often, was likely to be) censured, would resign unless the government chose to stand behind their colleague, in which case they themselves risked loss of office if the House felt strongly enough about the matter.

Individual responsibility could relate to all aspects of a minister's conduct, but attained particular importance in relation to administration. Parliament could not examine and judge the work of public servants, except through relatively infrequent investigations of particular issues by committees. Ministers were constantly available, and it became accepted practice that they were answerable and, ultimately, responsible for everything done in their departments: not 'hiding' behind public servants but taking the credit and accepting the blame even for matters they had not known anything about.

At one time, the doctrine was interpreted to imply strict liability on the part of the minister. If something went seriously wrong, the political head of the department was liable to suffer the consequences, including loss of office, regardless of any personal dereliction of duty. A minister who was personally blameless should nonetheless offer to resign, though the Prime Minister and the House might in fact choose not to exact the supreme political penalty.

It was presumably hoped that, to avoid political disasters, ministers would ensure that nothing did go wrong in their departments. Any such expectation has been unrealistic.
for a very long time. Departments are so large and complicated that ministers cannot know all that is going on or even ensure that potentially sensitive matters are brought to their attention. The unforeseen always happens and early warning systems often fail. However, ministers may be at fault in failing to inform themselves properly. The Senate's Select Committee on pay television tendering makes useful distinctions between various kinds of responsibility.

"2.3 The first is where the minister has personally misbehaved such as where he or she has deliberately mislead [sic] Parliament or has conducted himself or herself morally in a way the community finds intolerable.

"2.4 The second is where the minister has personally driven his or her department along some disastrous course or over time has allowed it to persist in pursuing one when he or she knew or should have known it was doing so.

"2.5 The third is where the minister's department has done something or failed to do something in contravention of its duty. For example where the people charged with carrying out the work of the department do it badly or omit to do it at all and ill consequences follow. The minister has no actual involvement in the matter. Any liability he or she has for it [sic] conduct is vicarious.

In Britain, the resignation of Sir Thomas Dugdale over the Crichel Down affair in 1954 (concerning decisions about a piece of land compulsorily acquired in 1937 and the department's less than straightforward dealings with the former owner and other persons) was often cited as a post-War reaffirmation of strict ministerial responsibility in the absence of personal fault. In Australia, however, as the Select Committee points out, "there are no contemporary precedents for the resignation or dismissal of a minister where the failing in issue arose within the department itself and he or she had at most a vicarious liability for it."6 Ministers in such a situation are still answerable; i.e. they should give Parliament a full account of what happened. They would also be expected to take remedial action if necessary and to take steps to prevent, as far as possible, any repetition of whatever went wrong. But in the absence of personal fault, there would normally be no question of resignation or any lesser sanction.

This development seems reasonable. What is more disturbing is that often there seems to be no sanction even if ministers have been at fault, whether through their own errors or by failing to exercise reasonable supervision and inform themselves properly about departmental actions. It is very rare indeed for ministers to offer their resignation unless the Prime Minister or Premier makes it clear that they have no other choice (in the last resort, the latter may advise the Queen's representative to dismiss a recalcitrant minister, as, in 1975, Mr Whitlam did in the case of Dr Cairns). Moreover, the head of government often decides to retain the minister in office, without even issuing a rebuke, and simply "tough it out". Technically, the issue then becomes one of collective responsibility: the ministry closes ranks around the threatened colleague, and the Lower House cannot insist on resignation without repudiating the government as a whole. Normally, party (or coalition) solidarity would prevent such extreme action.

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This does not mean that erring and incompetent ministers are never penalized. As the Committee points out, "serious lapses in personal behaviour and conduct, and in particular deliberately or recklessly misleading parliament, usually result in resignation."7 Dr Cairns's dismissal in 1975 is a case in point. Perhaps the phrase "providing incorrect information", also used by the Committee, is more accurate than "misleading"; would a Prime Minister really feel obliged to dispense with a minister whose statements had been incorrect in every particular, though perhaps calculated to give the wrong impression?

Finally, a minister does not necessarily escape scot free just because resignation is avoided. "For example there is demotion or lack of promotion or loss of the respect of his or her peers."8 Many would say that Mr Newman's transfer from National Development to Productivity in 1979 was a demotion caused by his poor performance in response to opposition attacks on the administration of the former department.

However, the process of "accountability" is unpredictable, with no consistent relationship between transgressions and their consequences. The Senate Select Committee states outright that "whether a minister who has erred is to be asked to resign or be dismissed is a political issue and is one for the leader [of the government] to resolve." "The leader," it adds, "must reach a decision balancing a value judgment about the gravity of the minister's failing and a pragmatic judgment as to what is best for the government's future," and "will be aware of the importance of the minister's perceived indiscretion on party stability."9 We might add that the extent of the minister's support in one or more party factions (or parties within a coalition) will also be relevant.
Unsettling Implications

The Committee’s statements are, on the whole, an accurate analysis of current practice, but prompt some disturbing reflections. According to the Committee, ministers are “regarded as responsible to the Prime Minister and accountable to parliament” (emphasis added) and though the background paper refers to this responsibility “to parliament and through it to the people,” the Committee apparently recognizes no special position for the Lower House, as the body to which ministers are individually responsible. The government can retain a minister censured by the Senate (as Attorney-General Murphy was in 1973), but surely to disregard such a resolution, the government can retain a minister censured by the Senate (as Attorney-General Murphy was in 1973), but surely to disregard such a resolution by the Representatives would put the survival of the ministry at risk. Of course such an extreme case is likely to arise only in a hung parliament, but is not impossible and the possibility helps to clarify the principles involved.

The Senate Committee reassures us that the Prime Minister’s decision about a minister’s fate need not be “unprincipled” just because it is “political” and adds that the “political influences and pressures on leaders will usually include ethical ones, including their own sense of morality and community standards” (emphasis added). The trouble is that by emphasizing the inevitable pragmatic factors operating in particular cases, we may distract attention from the normative aspects of the principle of responsibility and thus help to change (perhaps degrade) community standards and the politicians’ sense of morality. It may, of course, be too late to worry about this. Geoffrey Sawer has suggested that we be sceptical about the concept of constitutional conventions, since the basic guideline in Australian politics is to do what one can get away with (my paraphrase) and in 1989 Reid and Forrest concluded that “there is no reason to suppose that the concept of ministerial responsibility has any prescriptive significance. It is not a legal or conventional imperative, but rather an integral part of the political rhetoric which derives its significance from the electoral process and not from any apparent British antecedents.”

Senator Collins’s own case appears a borderline one. He said that there had been “a systems failure and [he] was a part of that failure.” He did not “consciously allow” for the fact that he and his staff [those who were not on holidays] were distracted by the forthcoming election “and did not put measures in place...that would allow for that to be catered for when [he] was] distracted by ‘major items’.” As we saw, a majority of the Senate Committee found his actions reasonable in the circumstances.

The demythologizing of ministerial responsibility has brought some benefits. At worst, the old doctrine could produce a situation where nothing was publicly known about how and why things went wrong. The guilty went unpunished, because the conduct of public servants could not be questioned, all ‘responsibility’ being assumed by a minister whom party solidarity protected against sanctions. In the Pay TV case we have several reports giving detailed accounts of who did what and when. Also, for some decades, we have been introducing alternative instruments of administrative accountability, notably ombudsmen and administrative appeals tribunals. On balance, these are useful developments.

But there are risks. Public servants, knowing they can be “named and blamed”, or exposed to review by the new agencies, may be tempted above all to cover themselves, and avoid risks rather than do their best for the minister’s policies (not that such attitudes would be totally unprecedented). Ministers may become more adroit at shifting blame onto administrators whom they deal with at arm’s length. Other factors may complicate the picture: there seems to be a tendency to give greater weight to political views in making some senior administrative appointments and a version of managerialism emphasizing limited-term contracts and performance-related pay may encourage public servants to emphasize the flashy and the short term. All that seems certain is that, as Adam allegedly observed after the Fall, we live in a time of transition.
Shear Determination

Thanks to the campaign by a labour-hire agency, Troubleshooters Available, and the courage of a couple of graziers, workplace reform has finally reached Queensland's shearing sheds.

GRAEME HAYCROFT

In Queensland shearing sheds all work is controlled by the Queensland Shearing Award, first drafted in 1911 and later updated with concessions to the use of electricity, septic toilets and rates of pay. Little else was changed. Graziers, for instance, are not supposed to supply washing machines; there must be a copper provided. Separate toilets must be provided for the female cook, but not the female shedhands. Bells must be rung, clocks must be hung on walls, everyone has to sign-on before shearing commences, and even the shearers' diet is specified in the Award.

It is all from another era, and underpinning the whole thing is the principle of sharing the available work amongst the greatest number of people. Any attempt in the past to make the wool harvesting exercise more efficient has been bitterly opposed by the Australian Workers Union (AWU).

About 10 years ago New Zealand shearers introduced wide combs and cutters which enabled a shearer to remove more wool with each 'blow'. But in trying to prevent their introduction, the AWU virtually paralyzed the industry for two years and many shearers were almost killed in the ensuing violence.

Modern-day Luddites

In 150 years, wool handling hasn't changed very much. Hand clippers and wool presses have been mechanized, wool is transported by truck not bullock dray, and there are the wider combs mentioned above; but little else has altered. For as long as the AWU has the attitude that a net reduction of jobs is unacceptable then better ways of harvesting and processing wool will be resisted. It is simply a 20th century form of Luddism.

The problem for the wool industry is that this inefficiency is virtually institutionalized. In very general terms, this is how it all holds together:

(1) The AWU has strong shearing industry membership and won't countenance any changes to work practices that will reduce its potential membership.

(2) This strong membership enables the AWU to argue successfully in the Industrial Relations Commission against any change to the Award, which of course determines all the work practices.

(3) Because shearing cannot be conducted efficiently if the Award is strictly adhered to, virtually everyone ignores its ridiculous and peripheral constraints, and shears illegally.

(4) In order for employers to 'shear illegally' without being prosecuted, all shearing workers in Queensland are required by their employers to join the AWU. A blind eye is then turned to Award breaches.

(5) See (1).

The AWU warned that any shearer who worked on a weekend would be prosecuted.

The retention of this AWU power-base is totally inimical to graziers' interests, so the National Farmers Federation (NFF) in particular was keen to sponsor a mechanism to break the cycle and allow the parties (actually involved in processing and handling the wool) to find better ways to do it in spite of the obduracy of the AWU.

When Charleville shearing contractors, Barry and Moera Hammonds, were referred by the NFF to our contract labour-hire firm, we knew they were just the right people to break the union cycle and open up the industry. Barry had already spent two days in jail because of a prosecution by the AWU for a minor award breach.

The NFF, in 1987, funded a hideously expensive Federal Court action, as well as a subsequent appeal to the High Court which established the legitimacy of the labour-hire contracting system. In essence, the Courts said that people on contract

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to a labour-hire firm were neither the employees of the labour-hire firm nor of the business for which they did work. In practice, this meant that the workers were not subject to ‘employee awards’, so commonsense arrangements that reflected productivity efficiencies could be made. The usual result of these arrangements is that both workers and ‘bosses’ end up with more money.

Barry and Moera Hammonds thought this sort of system could enable them to speed up the shearing operation and focus the whole team in the one direction. Rigid restrictions in the Award confined shearing to four two-hour runs. Shearers are paid a piece rate of $1.36 a sheep in Queensland, but the shedhands are paid a daily rate of about $90, so, of course, the shedhands have a vested interest in not doing the job quickly, whilst the shearers do have such an interest. It has been a notorious source of conflict in the past.

The Hammondses decided it could be a good idea to adopt the British practice of paying shedhands a piece rate by the fleece so they would have the same motivation as the shearers to do the job quickly. It was a small start to workplace harmony and efficiency, but a huge step in terms of breaking with traditional conditions. Subsequent experience showed that not only did it reduce overall costs, but the shedhands all earned more.

In early 1992 an approach was made to the United Graziers Association (UGA) to gain its support for the introduction of the contract labour-hire system that, in effect, its members had, through the NFF Fighting Fund, already rather dearly paid for. To our surprise, the UGA’s Industrial Department advised the elected Executive that, in spite of the High Court decision, a different definition of employee under Queensland law meant that the decision was inapplicable in our case and that consequently we risked prosecution. Surprised at this we, in conjunction with the NFF’s solicitors, obtained a Queen’s Counsel opinion. The opinion contradicted the UGA’s advice and confirmed our original position. Ready to go, we decided to call for recruits at a public meeting in Charleville to shear some sheep using contract labour.

ABC TV was there, and we duly sheared the sheep of well-known Stud Merino grazier, Lionel Roberts, at ‘Victoria Downs’ Morven. The AWU did not send anyone along, but instead tried to blacken our name in the media. We then played a trump card: our eloquent and feisty cook, who wasn’t going to be told what to do by any union, was heard Australia-wide on radio and television destroying the AWU argument that we were exploiting workers.

Thwarted there, the AWU called us to a compulsory conference at the Queensland Industrial Relations Commission. The Union, which saw us as competition, wanted the matter tested in court as a means of slowing us down. But with very limited resources we wanted to avoid that. Court action generally means commercial death.

We decided that our best chance was to have the matter determined in the court of public opinion. Queensland National Party Shadow Minister, Mark Stoneman, when asked, decided to set a lead and risk prosecution by agreeing to join a team to shear a few sheep on a Saturday, as it turned out, about three or four weeks before the 1992 State election. A Current Affair turned up to film it all. Twenty or 30 cranky shearers came to protest, but, in an interesting aside, ended up more angry with the AWU official, who wouldn’t attend, than they were with us. It was a close call, because if a fight had broken out, the media story would have focused on the divisiveness rather than on the benefits of workplace reform. We might have lost public support. Although the local Industrial Inspector was there, he took no action.

Frustrations were running high. Police prosecuted the local AWU organizer for allegedly king-hitting one of our shearers at a local pub, but he was later acquitted.

Meanwhile, the UGA, not satisfied with the legal opinions supplied by the NFF, decided to get its own. Unfortunately, the opinion apparently warned that Queensland graziers who used contract labour-hire could be prosecuted. I say “apparently” because on the advice of
the UGA Industrial Department, this opinion was kept secret for 14 months, so we were unable to determine precisely what it did state. Suffice to say, this development posed a real threat to our continuation.

Back to Court

In November 1992, Barry Hammonds was convicted of a second breach of the Award. In April 1991 he had failed to sign on his workers before shearing. Read that as “refusing to force his workers to join the AWU against their wishes” because, in front of witnesses, the AWU official, Dudley Watson, had agreed to drop the prosecution if the Hammonds team all joined the AWU. A lot of lip-service has been given to support the fundamental right of association. Hammonds, however, went to jail for four days to protect that right (of his workers, not of himself).

In December it was back to court again. The UGA Industrial Department was unable to defend Barry Hammonds because it claimed it was preparing a case for the defence of a grazier being heard on the same day. (As it turned out, it didn’t attend the hearing of that case anyway.) Charged with “failing to produce Time and Wages Records” when he had been caught shearing on a Sunday in May (pre-Troubleshooters) Barry and Moera Hammonds used local Charleville solicitors, Skewes & Dempster, in defence. They won: the charges were dismissed.

Sixty-five graziers turned up in support, waving placards outside the court, and later at a meeting called for the purpose voted for the UGA to be more supportive. The UGA Newsletter came out three weeks later with the UGA Industrial Department qualifying its support until we were proved legal, contradicting the statement made at the meeting by the UGA Vice President who had pledged support.

In March 1993, just after the federal election, more summonses arrived, this time for the Award breach of Sunday shearing in the previous May. At Barcaldine, almost 100 years to the day after the formation of the Labor Party under the Tree of Knowledge there, David Russell QC flew out without fee to defend the charges. Although his legal argument clearly showed that Barry Hammonds had already spent six more days in jail than he should have and that weekend shearing is not, in fact, illegal under the Queensland Award, the Magistrate found the evidence presented by the AWU official so lacking in reliability that he dismissed the charges anyway, without considering the defence’s legal arguments.

This was a magnificent victory because it meant that the underpinning of the AWU recruiting system was crushed. As well as the contract labour-hire system, graziers and contractors now had considerably more freedom regarding employee relationships under the Award, and could shear on weekends if need be, virtually without risk of conviction. That pernicious five-stage cycle, described above, could now be broken.

Despite that, the AWU came out in the media the next week warning that any shearer who worked on a weekend would be prosecuted. The UGA Industrial Department went to press shortly after, explaining that the decision changed nothing, and warned graziers not to shear on weekends, and again qualified support for the contract labour system until it was proved legal, thus snatching defeat from the jaws of victory.

UGA Opposition Collapses

Shortly afterwards, we finally obtained a copy of the UGA legal opinion that was the supposed basis for the Association’s opposition. It became apparent why their Industrial Department had kept it secret, because, contrary to the UGA’s public stance, it actually supported our position by indicating that graziers could not be prosecuted. We then published Queen’s Counsel comments on the UGA’s opinion and the Association’s rather flawed public stance in Queensland’s rural media. Whilst this was embarrassing to the UGA and has certainly made me a persona non grata with the present Executive, to its credit, after a meeting on 31 January 1994, the UGA officially ended the rather robust public debate with Troubleshooters and agreed to support the contract-labour system. Its members can only benefit. AWU will now be forced to end its negotiating pre-condition of “no reduction in jobs”. Genuine choice now exists.

Gradually, better ways will be found to do things and, unlike before, the wool industry will be able to experiment with productive change without threat of penalty. In years to come, when wool removal and handling costs are indeed reduced and the industry recovers, I hope the graziers of Queensland remember the courageous Hammonds of Charleville who stood firm when others around them faltered and gave in. They owe them a debt of gratitude.

Penalizing Productivity

“The Maritime Union of Australia fined nine workers at Australian Stevedores $40 each for agreeing to a request by the company’s management to increase their productivity...The workers incurred the union’s wrath after they were asked by management to work ‘harder and faster’ when loading and unloading cargo on a container ship for a client, Eagle Line, at Port Botany.

A spokesman for Australian Stevedores said management approached the employees and said: ‘We are in jeopardy of losing this client ... we need to lift our game.’ So, according to the spokesman, when the ship arrived from Britain, the workers ‘instead of taking their time, they got in and got things done.’

But when the union’s central New South Wales branch found out what had happened, it was furious and the workers were summoned to appear before its executive. Each was fined $40 for breaching the terms of an enterprise agreement with the company. The company has offered to pay the fines.”

—The Age, 11 November 1993
Letter from America

Harry Gelber

Externally, the US Wavers

President Clinton's first year in office obviously concentrated on his massive agenda of domestic reform. He was elected on a wave of public desire for domestic renewal and started his presidency with proposals for change more far-reaching than any within living memory.

Like most new, and especially non-Washingtonian Presidents, he has gained in stature and confidence. Doubts about his health-care reforms and his own staying power persist and there are issues like the 'Whitewater' scandal, which, though at present merely minor irritants, could yet cause him major damage. But a Congress controlled by his own Democratic Party has given him most of what he has so far asked for; and his support-base in public opinion has grown wider, if not deeper.

Most of the time he has left foreign affairs on the sidelines. He won an important political fight in getting the North American Free Trade Area agreement through Congress. And if he vacillated on issues like Somalia or Haiti, most of the public refused to get very excited. His State of the Union address at the end of January said almost nothing about foreign relations; and what it did say was vague.

As happens with most Presidents sooner or later, though, foreign affairs have come up to bite him. Some of the issues, while colourful, are not of long-term importance. He, personally, decided to give a visitor's visa — and spectacularly successful US media exposure for the IRA — to Gerry Adams of Sinn Fein. Doing so conciliated Senators Moynihan of New York and Kennedy of Massachusetts, both chairmen of powerful Congressional committees whose support the President badly needs for his budget, health and welfare proposals. The cost: infuriating the British Government which, however, has nowhere else to go.

Much more important are three other matters: Bosnia, Russia and Japan.

Risk of Bosnian Backfire

After two years of US hesitation the administration has agreed, under pressure from public opinion, European allies and an Islamic world worried about Bosnian Muslims, to become involved. It adopted a revised version of the Vance-Owen plan for Bosnia's partition (which it rejected last year) and threatened to bomb the Serbs if artillery attacks on Sarajevo continued.

That always looked like a high-risk enterprise. The Serbs by now have anti-aircraft missiles which could be effective to 15,000 feet. US planes, which might have to fly low to be effective, might be shot down, pilots killed or captured (with splendid photo opportunities for the Serbs). On the ground the Serbs might start to shoot not just at Americans, but at the British and French troops already there. And once men get killed, French and British public opinion would undoubtedly blame the US and the bombing offensive, much more than the Serbs.

No less alarming was the certainty that bombing would infuriate Russian opinion, especially on the right wing of politics and among the military. These groups would be strengthened and President Yeltsin weakened by his failure to prevent attacks on fellow Slavs for whom the Russians have always felt a close affinity.

In fact, the bombing threat turned out to give Moscow the opportunity for a major political and diplomatic success. The Serbs withdrew their heavy guns from Sarajevo — in response to Russian urgings. Russian soldiers are now in Bosnia — hailed by the Serbs as protectors and friends. Russia has reassured not just its traditional concerns and influence in the Balkans, but its general capacity for effective diplomatic action after two or three years of domestic turmoil.

The affair has still broader implications. The Russian moves were apparently not managed by President Yeltsin alone. The Defence Minister, Marshal Grachev, seems to have played a major and effective role. Together with Russian activities in other ex-Soviet regions like Georgia, Azerbaijan and the Crimea, it all seems to point to much more effective, even militantly nationalist, Russian external policies than we have seen since the collapse of the Soviet Union.

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There are, consequently, two serious worries about American policies. One is whether it is wise for the US to be so Russo-centric and virtually to ignore so much that is happening in Russia's "Near Abroad". The other is strengthened by evidence that the recent elections have given Russia a Parliament which is by no means disposed to be a rubber stamp for the President. In these circumstances, for the US to be trying to help the Russian reform movement is one thing; tying US policy so closely to Yeltsin is quite another. And to insist on American standards in defining Russian 'democracy' and 'market development' is, given Russian history and traditions, a certain prescription for failure.

Then there are the — in some respects politically-linked — problems of China, Korea and Japan. The US continues to complain about China’s hi-tech arms sales policies while ignoring the Chinese retort that the US is doing much more of the same thing. At the same time, China’s leaders are infuriated by constant interference in China’s internal affairs in the name of ‘human rights’. There is no possibility that those leaders will allow their domestic policies to be shaped by American — or other Western — preferences. Such frictions are also unlikely to encourage Beijing to lean seriously on North Korea to abstain from nuclear and missile developments, even if China has the necessary influence, which is uncertain.

On that vital issue, too, the Clinton Administration has vacillated. Last year the President said flatly that North Korea would not be allowed to acquire nuclear devices. Ever since, the Administration’s position has softened. Japan, China and South Korea have all urged caution. The utmost that had been envisaged to secure full International Atomic Energy Agency inspection was economic sanctions under UN auspices. And North Korea has said it would regard sanctions as an act of war.

North Korea has now said it would accept inspection. However, since it has done so in ways that are plainly neither comprehensive nor foolproof, the issue is likely to arise again. Even if sanctions were then agreed—and China might use its veto in the Security Council to block them—they would almost certainly fail. The US Administration accepts, anyway, that North Korea has some nuclear devices already.

**Japan’s Will to Win**

The spectacle of American uncertainty is also having its impact in Tokyo. That has at least three aspects. It encourages Japan to define its interests more narrowly, to place somewhat less reliance on the US, and to assume greater freedom of manoeuvre in designing Japanese policies, especially in Asia.

It strengthens Japan’s desire to win the commercial and technological competition with the US, with all its consequences for Japan’s general political and strategic position.

And it has clearly encouraged Japan to be less compromising in its trade disputes with the US. There is, in fact, much to be said for the Japanese case. Tokyo complains, with justice, that the Clinton Administration’s demand for measurable results in increasing US sales in Japan amounts to managed trade and fl atly contradicts America’s official free-trade rhetoric.

Tokyo can say at least two other things which are less often mentioned in public. Insofar as Japan’s domestic commercial, financial and distribution system depends on personal networks and unwritten understandings, the demand that it should be ‘opened up’ to foreigners amounts to nothing less than a demand that Japan should change its domestic systems and habits to suit foreigners. It is true that Japanese consumers would greatly benefit, but the disruption to Japan’s social as well as commercial systems would be considerable.

Moreover, America’s standard complaints about the consistent US current account deficit being due to an impermeable Japanese market are irrelevant. The deficit results from, and is equal to, the amount by which US gross domestic saving is less than US gross domestic investment. Hence the US deficit would not be much reduced by opening up Japan’s domestic markets, however desirable that might be on other grounds.

Significantly, the new Japanese Prime Minister, Morihiro Hosokawa, is standing up to the Americans in trade matters more forthrightly and publicly than any of his predecessors in the last 40 years, and his public opinion ratings are rising.

There are even more fundamental concerns about US policy. Quite apart from the details of particular problems, what seems to be missing in Washington is a clear sense of purpose based on some strong and consistent strategic vision of what the world is, or should be, moving to and what America’s role in that move ought to be. A President whose chief focus is on domestic affairs must have a Secretary of State and a National Security Adviser who can formulate such a perspective and persuade him to accept it. As it is, there is a Secretary of State, Warren Christopher, who will manage carefully and with considerable skill a move in some given direction. But he is not the man to decide what that direction should be. The result is a persistent sense that, in world affairs, the US lacks direction. It is an unsettling feeling, and not just for Americans.

28 February 1994
Anti-Rationalists Miss their Mark

1994 has seen no let up in the attack on economic rationalism (ER), nor any indication that its critics really understand it.

First, the new Federal President of the Liberal Party, Tony Staley, declared the self-evident truths that the Party is not “a bunch of economic rationalists”, that “economics is not an end in itself,” and that one also has to have regard to the individual — provided he is not the Gordon Gekko type. This was evidently an attempt to justify the retreat from espousal of hard economic reforms by Dr Hewson, whose retention of the Liberal Party leadership seems now to depend on his being able to steer a middle course between the “wets” and the “dries”. This is making it increasingly difficult to distinguish the Opposition from the Government.

Then we had Kenneth Davidson, former Economics Editor and now columnist for The Age and a strong advocate of government intervention, claiming to ABC Melbourne’s Ranald MacDonald that he is a rationalist — but not an economic rationalist! Both Davidson and MacDonald seemed to agree that economic rationalists are “not concerned with people.”

Former Prime Minister Malcolm Fraser, once a proponent (albeit much less of a practitioner) of small government, has also weighed in with allegations that economic rationalists have “an additional agenda, the diminution of the role of government, a massive enlargement of the role of the market place in a way that will give power to the strong and impoverish the weak” (The Australian, 16 February 1994).

Finally, we read of academic analyses that, while acknowledging the uncomfortable reality that socialism did not work, claim that capitalism faces problems so enormous that they may even lead to fulfilment of Marx’s prediction that capitalism contains the seeds of its own destruction. This, the analysts say, is because, among other things, wages would be kept low or even pushed down by the forces of competition and high technology. What we need therefore is a “social market economy,” that is, one that combines socialism and capitalism. US Professor of Economics, Robert Heilbroner, for example, has published a book\(^1\) proposing “less emphasis on the accumulation of material goods, more emphasis on social priorities rather than economic, and a greater understanding that human nature can be shaped to take into account the needs of others.” John Gray, a leading English liberal-conservative political philosopher, asserts\(^2\) that the New Right fails because it does not recognize the need for pluralism to be bound by the norms of a common culture. Social policy cannot be value-free, he says.

With such attacks from both the Left and the Right, it may seem surprising that ER continues to have any supporters — all the more so when economic rationalists are constantly accused by the “compassion industry” (as former Labor Senator Peter Walsh has termed it) of lacking any compassion or sense of “social justice”. The call for ER to be overlaid with heavier doses of compassion is highlighted in Paul Kelly’s End of Certainty, where he argues that:

“the task of leadership now is to create a synthesis between the free market rationalism needed for a stronger economy and the social democracy which inspired the original Australian Settlement ideals of justice and egalitarianism.”

History Misunderstood

My submission is that, for the most part, these analyses/comments reveal a deep misunderstanding of both ER and the history of the last 20-30 years. This period has witnessed a considerable net expansion in the size of government and in the extent of intervention by government in economic and social life. That process has been accompanied by a marked deterioration in Australia’s economic performance that must be more than coincidental.

Prior to the mid-1970s, Australia’s GDP per head was higher than the OECD average but since then it has fallen below the average — and the gap

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has widened sharply in recent years, during a period when the OECD average itself as been falling.

In Australia, total government spending has increased from around 30 per cent of GDP in the early 1970s to around 41 per cent today. Over this period, the composition of government spending has also changed, reflecting greater government intrusiveness (see Table). Spending on social security and welfare has more than doubled as a proportion of GDP, even though income levels per head increased over the same period by 35 per cent in real terms. By how much more does such spending have to increase to satisfy the 'compassion industry'? Does that 'industry' recognize that the economy regarded as coming closest to the 'social market' economy - Germany - is now so seriously over-burdened by the extended social welfare system that the Chancellor is publicly saying (in an election year) that there will be a need for welfare cut backs?

True, there has been no increase in the overall size of government in the past 10 years, and that period has also seen a considerable deregulation of government controls over credit and foreign exchange transactions, as well as some reduction in protection. However, these deregulatory measures scarcely outweigh the greater intrusions in other areas, partly reflected (again) in changes in the composition of spending. Note, in particular, that since 1982-83 government capital spending appears to have been "crowded out" by higher spending that is consumption based. And these figures do not fully reflect the increased regulation of business and personal activities. Moreover, the apparent stability in spending levels between 1982-83 and 1992-93 conceals the fluctuations in the intervening years that reflected the most interventionist macro-economic policies ever pursued in Australia - policies which under the Accord created the unsustainable levels of borrowing and spending that were the underlying cause of the asset inflation and subsequent recession at the end of the 1980s.

It is against this background that economic rationalists are proposing a marked reduction in the role of government, albeit still leaving it with the major responsibility for funding a social security safety net for the genuinely disadvantaged and needy. (ER should not be confused with libertarianism.) This is entirely compatible with a concern for people and the maintenance of a common culture. If Australians were to reduce government to, say, 30 per cent of GDP - that is, to the level of the early 1970s - could it seriously be suggested that that would undermine Australian culture, let alone egalitarianism?

This is not to deny that economic rationalists may appear to be less concerned with individual welfare because they support change that will have adverse effects on some individuals, at least in the short term. For example, economic rationalists advocate policies which are perceived as putting economic efficiency first, and which result in redundancies which add to unemployment. However, economic rationalists believe that, in the competitive world in which we live and from which we cannot escape, an efficient Australia is most likely to maximize employment in the medium term. Thus, while the first round effects of changes to improve efficiency may be to increase unemployment, that will in due course be offset by higher employment.

### Inequality under Labor

Another ground of attack is that ER policies may increase the inequality of income distribution, which the critics argue is socially unacceptable. It is ironic that the increase in inequality of income distribution in the 1980s is being blamed (wrongly) on ER given that there was a Labor Government in office for most of the period which expanded social welfare spending and which, despite some policies to the contrary, was not economic rationalist. Be that as it may, the decline in the share of national wealth of lower income groups over the 1980s does not necessarily mean that those in lower income groups at the start of the 1980s experienced such a decline: most people start their working lives on a relatively low income and move up as they become more skilled and experienced. There is also some evidence to suggest that the perceived increase in inequality in the 1980s follows a previous decrease in inequality.

There is a growing recognition that, if the deterioration in economic performance and social behaviour in OECD countries is to be halted, there needs to be a reversal of the enormous expansion in government over the past 20 years. Government would continue to have important responsibilities not all detailed here; but, consistent with the increasing capacity of individuals to manage their own affairs within a common cultural framework, it would become much less intrusive.

### Table: PUBLIC SECTOR OUTLAYS

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<th>1972-73</th>
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<td>Transport/Communications</td>
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The Crisis of the Welfare State

MICHAEL NOVAK

All over the world, lapel buttons inscribed communism have fallen like autumn leaves; but not only buttons marked communism, also those inscribed socialism. Thus, the collapse of "real existing socialism" in its stronghold in the former Soviet Union is still rippling through the structures of international socialism. Economically, this collapse was radical. It proved that as an economic theory socialism was fatally flawed. It indicated, too, that the socialist analysis of capitalist (and democratic) regimes was incorrect. According to the primal socialist theory, which had been presented as "scientific," capitalism must necessarily fail — inevitably, without doubt. This so-to-say "indestructible scientific certitude" lent socialist theory the characteristics of a quasi-religious faith. With the collapse of its empirical correlative, this faith also collapsed.

But the collapse of that faith affected not only communism but all those other doctrines and ideals that were infused with socialist economic principles, including Western socialism and even social democracy. Last year, the Socialist Party in France received one of the most thorough electoral rejections in democratic history and, for all practical purposes, fell in ruins. Communist and socialist parties around the world have scurried to change their official names, usually to some euphemism such as "social democratic." Yet, even supposing that these adjustments are being undertaken in good faith, it is doubtful that the social democratic ideal of Europe is invulnerable. Indeed, whether it is so, and to how great an extent, is now a burning question: Is there not today, beyond the crisis of socialism, a crisis of the welfare state, that is, of the very flower of social democracy? The fact seems undeniable.

What are we to make of it?
No less an authority than the Second Vatican Council in *Gaudium et spes*, after having praised the new “body of social institutions dealing with insurance and security” that came into existence after World War II, and after having urged that “family and social services, especially those that provide for culture and education, should be further promoted,” issued a prescient warning, whose full force is only now becoming apparent:

“Still, care must be taken lest, as a result of all these provisions, the citizenry fall into a kind of sluggishness toward society, and reject the burdens of office and of public service” [69, emphasis added].

“Sluggishness” — that is the exact word. Already in 1965 a widespread uneasiness was growing. The Achilles heel of social democracy is that it cedes too much responsibility to the collective and thus, in large part, ignores what Pope John Paul II has come to call the “subjectivity” of the human person; that is, the very core of personal responsibility, on which human dignity is grounded.

Plainly, the state also has been corrupting the populace, and diminishing the sense of personal responsibility, by offering benefits too generous to be resisted.

Is it an accident, then, that the high unemployment figures in The Netherlands and Germany would be even higher, if all the currently unemployed workers who are collecting disability benefits for ‘bad backs’ also were included? The false excuses and malingering which have everywhere dimmed the idealism of the social democratic state have made the latter prohibitively expensive. Plainly, the state also has been corrupting the populace, and diminishing the sense of personal responsibility, by offering benefits too generous to be resisted.

In social democracy, two errors against a Christian anthropology have been committed. First, idealists have overlooked the moral weakness that commonly vitiates a personal sense of responsibility — an observable fact described in the phrase “because of original sin.” (This is the only Christian teaching for which faith is not necessary because it is so amply confirmed in human history.) From this moral weakness, none of us is exempt. The benefits of the welfare state are far too easy to obtain and too attractive to resist. We come to feel (by a multitude of rationalizations) that the state ‘owes’ us benefits, that we are as ‘entitled’ to them as anybody else, and that we would be foolish not to take what is so abundantly offered, whether we need it or not. The welfare state corrupts us all. Given approval solely in the name of ‘the poor’, the benefits of the welfare state go mainly to the well-organized middle class, while the condition of the disorganized very poorest often deteriorates.

Second, in an exaggerated reaction against ‘individualism’, social democrats tend not only to over-emphasize ‘community’, but also — too uncritically — to identify ‘community’ with the ‘collective’. Then, as the primary agent of community, they choose the enlarged administrative state. Some do this even while warning themselves against the dangers embedded in the collective (that it denies the subjectivity of the person, for example).

Two results follow from these errors. On the one hand, the subjective sense of personal responsibility atrophies, breeding the “sluggishness” that the Vatican Council warned against. On the other hand, the administrative state swallows up the functions that previously were (and always should be) exercised by civil society. Mediating institutions have therefore become enfeebled, and the principle of subsidiarity violated, as the higher levels crush the lower.

The New Soft Despotism

All this brings to light precisely the fate that Alexis de Tocqueville feared would befall democracy in the modern world: that democracy would give rise to a “new soft despotism.” In place of those first generations of self-reliant democrats whom he so much admired, doing for themselves what in the ancien régime their ancestors had relied upon the state to do for them, the welfare clients of the future, Tocqueville foresaw, would yield to the soft maternal tyranny of the state — if only the state promised to care for all their slightest needs.

In place of the self-disciplined, community-minded individuals of modern democracy’s beginnings — individuals who stoutly obeyed the “first law of democracy,” the principle of association — the democracy of a later time, Tocqueville warned, would dissolve into interest groups fighting for position to obtain favours from government. This entire passage from *Democracy in America* (volume II, book IV, chapter 6) ought to be memorized by every engaged citizen, for it exactly diagnosed the false arguments by which the self-governing communities of democracy’s beginnings could decline into despotism. Here is only a taste of his larger argument:

“Having thus taken each citizen in turn in its powerful grasp and shaped him to its will, government then extends its embrace to include the whole of society. It covers the whole of social life with a network of petty, complicated rules that are both minute and uniform, through which even men of the greatest originality and the most vigorous temperament cannot force their heads above the crowd. It does not break men’s will, but softens, bends, and guides it; it seldom enjoins, but often inhibits, action; it does not destroy anything, but prevents much being born; it is not at all tyrannical, but it hinders, restrains, enervates, stifles, and nullifies so much that in the end each nation is no more than a flock of timid and hardworking animals with the government as its shepherd.”

Not unlike Tocqueville, Pope John Paul II has also been an astute student of the democratic experiment, and has
closely watched the worm of a self-destructive logic boring into it. His brief analysis of the crisis of the welfare state in section 48 of *Centesimus annus* is a masterpiece in miniature. This section appears in the chapter ‘State and Culture’ and follows brief sections that discuss, in turn, “a sound theory of the state”; the destruction of civil society by the totalitarian state; and the rule of law, together with the protection of individual and minority rights. Section 48 begins by noting that the activity of a market economy

"presupposes sure guarantees of individual freedom and private property, as well as a stable currency and efficient public services. Hence the principal task of the State is to guarantee this security, so that those who work and produce can enjoy the fruits of their labors and thus feel encouraged to work efficiently and honestly."

The Pope then discusses rare but necessary interventions of the state in the economic sector. Even here, however, he emphasizes that “primary responsibility in this area belongs not to the State but to individuals and to the various groups and associations which make up society.”

According to the Pope, the State may have the duty to intervene in the economic sector in certain strictly limited circumstances. He does not yield to absolute *laissez-faire*. But he warns the state to keep its interventions brief "so as to avoid removing permanently from society and business systems the functions which are properly theirs, and so as to avoid enlarging excessively the sphere of State intervention to the detriment of both economic and civil freedom." Immediately, there follow two long paragraphs on the crisis of the welfare state, beginning thus:

"In recent years the range of such intervention has vastly expanded to the point of creating a new type of state, the so-called 'welfare state'. This has happened in some countries in order to respond better to many needs and demands, by remedying forms of poverty and deprivation unworthy of the human person. However, excesses and abuses, especially in recent years, have provoked very harsh criticisms of the welfare state, dubbed the 'social assistance state'. Malfunctions and defects in the social assistance state are the result of an inadequate understanding of the tasks proper to the state."

Principles to Limit the Welfare State

Here the Pope articulates three principles by which the interventions of the welfare state are to be limited: the principle of subsidiarity; the principle of evil effects; and the principle of personal moral agency.

The principle of subsidiarity is well known, often ill-understood, and even more often violated in practice. Here is how the Pope states it:

"A community of a higher order should not interfere in the internal life of a community of a lower order, depriving the latter of its functions, but rather should support it in case of need..."
The principle of evil effects seems to be an expansion of the famous principle articulated by Adam Smith and recently by Friedrich Hayek: *the law of unintended consequences*. The good intentions of the State often go awry, due to the weak and often misguided epistemology of collectives, as well as to institutional arrogance. The welfare state gives rise to four unintended evils, in particular:

"By intervening directly and depriving society of its responsibility, the social assistance state leads to (1) a loss of human energies and (2) an inordinate increase of public agencies, which (3) are dominated more by bureaucratic ways of thinking than by concern for serving clients, and which (4) are accompanied by an enormous increase in spending." [Enumeration added.]

The Pope's third principle for criticizing the welfare state highlights the role of what Edmund Burke called the "little platoons" of human life:

"In fact, it would appear that needs are best understood and satisfied by people who are closest to them and who act as neighbours to those in need. It should be added that certain kinds of demands often call for a response which is not simply material but which is capable of perceiving the deeper human need."

In other words, better than the social assistance state is assistance provided on a more human scale, by the self-governing institutions of civil society, in which the subjectivity of the persons giving help encounters the subjectivity of persons in need. Human need is seldom merely material. *Cor ad cor loquitur*. Abyss cries out to abyss, as the Psalmist puts it. There is a depth in each human narrative, over which the social assistance state merely glides and statistics merely skate.

In displacing the action of human charity, the social assistance state imports four evils worse than its purported cure. In displacing the "little platoons" that give life its proper human scale, the social assistance state generates a 'mass society' that is impersonal, ineffectual, counter-productive, and suffocates the human spirit. In displacing the vitalities of a thickly rooted and self-governing civil society, the social assistance state diminishes the realm of responsible personal action.

Reflecting on section 48 of *Centesimus annus*, we see the many ways in which the modern welfare state has been — although well-intentioned — misconceived. Without question, it has done much good, particularly for the elderly, and yet in many countries its results for younger adults, and especially for marriage and family life, have been terribly destructive. For example, the proportion of children born out of wedlock has reached unprecedented levels in many nations, including the United States, Great Britain and Sweden.

Indeed, this may be the most devastating piece of evidence in the case against the welfare state. Quite unintentionally, *contrary* to its intention, social democracy demonstrably destroys families even in cultures in which the family has been the primary basis of strength for millenia.

Furthermore, a growing chorus of voices — including leading social democratic voices (such as the late Gunnar Myrdal) — bewail the visible decline in personal responsibility, work habits, and moral seriousness. Sound habits are being lost; plain, garden-variety virtues such as decency, kindliness and personal reliability are widely deemed to be old-fashioned; and persons of sturdy character are being replaced by those to whom the ideal of character was never even taught. We have forgotten how to form a public culture that gives instruction in the virtues without which the free society cannot draw air into its lungs. In Southern Italy, for example, the penetration of government bureaucracies by nefarious forces that prosper on the enforced dependency of welfare clients has been noted even by the Pope himself.

**Lessons of Half a Century**

There are several lessons to be gleaned from the experiment in welfare democracy these last 50 years:

- Human needs are more than material, and the concentration of the welfare state on material benefits and material security is misconceived.
- Terms such as 'community' and 'social' apply best to the little platoons of civil society rather than to the state.
- 'Community' does not mean 'collective'; like the totalitarian state, the collective not only is impersonal but crushes the subjectivity of true community.
- Apart from personal responsibility, no democracy can long survive; individualism rightly understood and nourished on public-spiritedness, as described by Tocqueville in *Democracy in America*, is as necessary to democratic as to Christian integrity.
- The main agent of social justice is not the state but, rather, civil society. To focus social justice primarily on the state is a costly error — costly both morally and economically.
- There is no question of doing away with the good achieved by the welfare state; but, surely, the welfare state could be made humane by a better conceived welfare program, using civil society as its proximate instrument rather than the state. What we are seeking is a new way. Between the excessive individualism of *laissez-faire* and the excessive collectivism of social democracy, there remains to be discovered a new 'third way' — a welfare society whose pivot is less the state than civil society; and in which the state's method of operation is indirect by way of strengthening civil society, rather than direct by way of repressing it.

Some of the benefits of the welfare state — particularly some of its social insurance schemes — do seem to contribute to a necessary sense of security and stability among populations that during the 20th century have suffered quite enough turmoil. But a great mistake seems to have been made in anchoring these insurance mechanisms in a grand state apparatus that inevitably is bureaucratic and inefficient, rather than in more imaginative patterns that would have strengthened both civil society and personal responsibility.
For example, might not social security savings for most of the elderly have been organized through the private sector, with state assistance (perhaps through vouchers) only for the indigent? And why was health insurance not vested in state assistance (perhaps through vouchers) only for the indigent? And why was health insurance not vested in the private sector, with a wide range of private sector choices open to them as to how to invest their personal health funds? But under social democracy, the state has been assigned too much. The state takes up too much social space. The subjective human agent — and civil society — have been allowed too little space for the free exercise of personal responsibility and social intervention.

Here, a homely example may help. Suppose one has a neighbour whose daughter is retarded; to institutionalize such a child could well cost the state some $30,000 per year, whereas to allow the family a tax deduction of $5,000 per year might suffice to provide the necessary equipment and care at home. The latter arrangement saves the state money, strengthens the family, and helps the child in an intimate and incomparable way. Every aspect of welfare needs to be thought out anew in the light of these criteria: to use state resources only indirectly; to strengthen civil society; and to keep natural, organic human institutions (especially the family) as vital and active as possible.

The Moral Basis of Liberty

To summarize: the collapse of socialism in its heartland, followed by the grand defeat of socialism in France, is being followed by severe trembling along the foundations of the social democratic experiment. Everywhere, the welfare state has over-promised — and under-achieved. It costs too much, and it is generating a "new soft despotism." Unless social democratic societies are reformed on the basis of a more realistic and pragmatically sound humanism, the fate of democracy itself is in doubt. For the project of self-government depends on the capacity of citizens to govern their own passions, urges, habits, and expectations. If they cannot individually govern their own lives, how can they be successful in self-government as a republic? The answer is that they cannot be. The project of self-government is moral — or not at all. The moral dimensions of liberty must today be restored.

When we use the word liberty in the context of discussing the free society, we do not mean any liberty at all. As those French liberals knew who designed the Statue of Liberty that has graced New York Harbour since 1886, the liberté of the French Revolution (understood as licentiousness) called forth tyranny. True liberty, as Lord Acton said, is the liberty to do what one ought to do, not the liberty to do what one wishes to do.

Of all the creatures on earth, only humans do not act solely from instinct. We are made in God’s image, in that we alone are able through reflection to discern for ourselves our duties and obligations, and to assume responsibility for meeting them. Thus, to practise liberty rightly understood is to accept responsibility for one’s own acts. That is what gives humans unparalleled dignity.

In this spirit, the Statue of Liberty, designed by French liberals, showed a woman (wisdom) bearing in one hand the up-raised torch of reason (above passion, ignorance and bigotry) and in her other hand the book of the law. As if to say: Ordered liberty is liberty under reason, liberty under the law. As the American hymn puts it:

Confirm thy soul in self-control,
Thy liberty in law.

The problem with the welfare state is that it has been so designed that it has become a substitute for responsibility, liberty, self-control, and law. Its administrative system has been deliberately constructed to be amoral (or “non-judgmental”). It neither demands nor rewards responsible behaviour. It corrupts the virtuous, and pays equal benefits to those who spurn virtue. It treats citizens as if we were pre-moral beings; it makes passive clients of us all. It has been designed as though fashioning responsible citizens were not its concern. Indeed, it subsidizes irresponsibility, and thus makes a mockery of those citizens who in an old-fashioned way still believe in their own capacities for independence, hard work and self-reliance.

For more than a century, socialism misled the human imagination by riveting attention on the state. Correspondingly, the mistake of social democracy lay in channelling man’s social nature into the state, and in suppressing personal responsibility and inventiveness. But the true dynamo of self-government among free peoples is not the state, but the person and civil society. Thus the pursuit of social justice today requires a new and more promising line of attack: close attention to personal responsibility and civil society. Public welfare systems need to be redesigned, so as to draw forth from individual persons, their families, and their associations, their best (most inventive, most creative) efforts. Wherever possible, state bureaucracies need to be replaced by the institutions of civil society. If social justice means “objective social arrangements,” it is not a virtue but a form of regime. If social justice is a virtue, it can be practised only by persons. Today we need social justice as a virtue.

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IPA Review, Vol. 46 No. 4, 1994
How to Reform Australia's Social Security System

MICHAEL JAMES

Australia's social security system is not in immediate financial crisis. In 1990-91, personal benefit payments to Australian residents, at some $37 billion, amounted to 9.8 per cent of GDP and 28.4 per cent of general government current expenditure: well below the OECD average for 1990 of 15.4 per cent of GDP. However, in 1992-93 transfer payments rose to $45.7 billion, which amounted to 11.4 per cent of GDP and 30.8 per cent of government expenditure. As such, they would have to make a contribution to any substantial reduction in the size of government and associated cut in taxes.

It has to be said at once that cutting welfare state spending need not harm people on low incomes. Indeed, done properly, it would benefit them. The economic damage done by the compulsory transfers of the welfare state has been neatly summarized by Roger Douglas, New Zealand's Finance Minister in 1984-88:

"A Labour government in particular finds it hard to face the fact that public sector waste hurts low-income people most of all. It obviously reduces the resources available to them. It also reduces the number of jobs the economy should be able to offer them. To take an extra $1 from the private sector and put it in the public sector costs more than $1 -- something between $1.20 and $3. Those extra cents are known as 'dead weight loss' ... Then, unless the money is used in the public sector at least as productively as it would have been in the private sector, its effectiveness is decreased further."

As well as knowing the harm done by welfare state transfers, we know how social security can be reformed. Australia's Labor Governments made a good start in the 1980s: for example, they restricted some previously universal benefits, such as family assistance and the age pension, to those on low incomes; made unemployment benefits conditional on training or some other indication of willingness to work; and introduced user charges in tertiary education.

But much more could be done. Private saving could replace many welfare transfers. The private commercial sector already supplies many forms of insurance; just as it is already taking over superannuation from the State, so it could expand its insurance cover against accidents, disability, and loss of income. The voluntary sector, likewise, plays a major role in providing community services; these could be expanded both in place of and in partnership with welfare state services. All the elements of a fully-fledged private welfare system already exist.

The Morality of Private Welfare

Significant moral considerations are at stake in welfare reform. The most important is that it returns to taxpayers control over their own incomes and widens their freedom of choice.

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In late 1990 (when unemployment was 7.9 per cent) 26.5 per cent of Australian households relied on government pensions and benefits as their principal source of income.
This is easily seen in the case of social insurance services: the state cannot be morally justified in confiscating the incomes of citizens to provide 'free' services that citizens can acquire for themselves from freely competing suppliers. But it is equally true of redistributive transfers of income that are supposed to relieve poverty and promote social justice. Welfare state transfers reflect the preferences of politicians and bureaucrats, which may not coincide with the preferences of taxpayers. Voluntary transfers, in contrast, directly reflect the benevolent preferences of donors, and so enhance their welfare as well as that of the recipients. Even if the state retains a welfare safety-net role, many of its present redistributive programs could be handed over to, or at least supplemented by, private charities.

As well, private welfare is more likely than state welfare to promote genuine community spirit. Perhaps the biggest intellectual obstacle to welfare reform is the simple-minded but tenacious and self-serving notion that the welfare state embodies 'compassion' and 'community' whereas the private sector embodies 'selfishness' and 'atomized individualism'. A few moments' honest reflection dispels this myth. The welfare state is driven by a range of motives, self-interested as well as altruistic. How 'caring' is it to demand the spending of more of other people's money? How much real compassion is there at work, for example, the protests of middle-class university students against tuition fees, or the demands of the child-care lobby for universal subsidies? Correspondingly, the private sector is characterized not just by commercial exchanges but also by many other forms of welfare-generating voluntary interaction and co-operation. As Michael Novak observes in this issue of IPA Review, we are more likely to realize our welfare goals by strengthening civil society than by repressing and dividing it through government intervention.

The succeeding four sections explore briefly some of the ways in which social security could be further reformed.

Encouraging Private Saving

Saving is a major source of private welfare. The more people save, the more able they are to maintain their living standards over time, and to finance periods of sickness and unemployment, and ultimately retirement and old age, without having to rely on state welfare.

The 1993 FitzGerald Report on national saving provided data showing that while public spending and taxation have increased over the last 20 years, national saving (both government and private) has fallen. The determinants of private saving are not easy to identify; but it seems unlikely that private saving would increase substantially and permanently without substantial and permanent falls in public spending and taxation. Otherwise, policies designed to increase private saving, such as the Superannuation Guarantee Charge, may simply shuffle savings from one location to another.

Probably the most promising approach is to combine tax and spending cuts with tax reform and tighter eligibility requirements for social security. Shifting taxation away from income and towards consumption — ultimately, replacing all existing taxes with an expenditure tax — would make saving an attractive and easy way of postponing tax. Meanwhile, more stringent conditions for access to welfare state benefits, and more means-tested user charges for state-supplied services, would give people something concrete for which to save.

Encouraging Productive Employment

A substantial fall in unemployment would create a major opportunity to cut social security spending. But this is not obvious from the current debate on unemployment, which is dominated by schemes to increase government spending and taxes as a way of getting people back to work.

Official thinking about unemployment and labour markets has strayed a long way from fundamentals. Rather than seriously reforming the labour market, the Federal Government prefers to believe that the underlying level of unemployment has risen permanently, and that only interventionist devices, like the 'jobs compact' for the long-term unemployed proposed in the Government's Green Paper on unemployment, can do much about it. The point, however, is to increase the number of real and sustainable jobs in the economy; and the great majority of these will

At 30 June 1992, 2,005,500 Australians were aged 65 and over — an increase of 24 per cent since 1985 compared with 11 per cent for the population as a whole. By 2021 18 per cent of Australians will be 65 and over.
emerge spontaneously in the private sector, which is more in touch than government is with the changing pattern of production costs and employment opportunities.

A deregulated labour market would increase employment opportunities, and thus justify enforcing the strict eligibility requirements for unemployment benefits that were introduced in the late 1980s and early 1990s. As well, allowing wage levels to move further ahead of unemployment benefits would erode unemployment traps; and the lower taxes made possible by tighter eligibility requirements and falling spend-

**Given a choice between increasing spending on social services and reducing taxes, the proportion of respondents favouring tax cuts increased from 28 per cent in 1967 to 83 per cent in 1990.**

ing would mitigate the poverty traps that the unemployed face as, with rising incomes, benefits are withdrawn and tax liabilities begin.

**Encouraging Private Giving**

Many transfers of income occur privately, whether directly between individuals or through charities.

Tax cuts would encourage private transfers by generally raising post-tax incomes. But tax cuts can be directly linked to voluntary transfers. One way of encouraging giving would be to treat sums given under legally-enforceable covenants as tax-deductible for donors but as assessable income for recipients. This could be an especially suitable way of encouraging maintenance payments from married taxpayers to their spouses, children, or other family members.

Donations to charities are, of course, already tax-deductible, but if marginal tax rates fall, the value of such deductions falls also. One way of retaining or increasing the tax advantage of charitable donations would be to allow taxpayers to substitute such payments (to approved charities) for at least some of the taxes they currently pay towards the welfare state.

In this way, any dollar so directed towards a charity would be one dollar less for the state to dispose of. Competition from the charities to taxpayers’ dollars would encourage them to improve their efficiency.

**Competition in Community Services**

To a greater extent than most countries, Australian Government-financed services are delivered by private welfare organizations. For example, in 1987-88, the New South Wales Department of Family and Community Services paid $190 million in grants and subsidies to private welfare organizations. As well, the Department has called on voluntary charities to help individuals pay their electricity and water bills.

Competitive tendering and contracting are becoming increasingly favored techniques whereby governments can use the superior efficiency and flexibility of the private sector to promote its policies. Specialist services for categories of the disadvantaged (e.g. the disabled) are particularly suitable to be supplied by private firms.

An especially promising technique for combining government, non-profit and for-profit welfare services is 'service brokerage'. Under this system, an individual client is first referred to a brokerage agency. The broker then helps the client to assess his or her service needs, and negotiates with a range of providers for the provision of the services. Providers that charge for their services collect payment directly from the client or the broker, depending on the particular agreement. The system is uniquely designed to tailor assistance to the needs of clients, who thus exercise consumer sovereignty over the services they consume.

Service brokerage has been widely practised in Canada. It has been pioneered in South Australia and Western Australia; and interest has been shown in other Australian States.

**Is Welfare Reform Acceptable?**

Social security reform will not reappear on the political agenda unless there is some evidence that it would attract public support.

Fortunately, some such evidence exists. One is the vigour of the voluntary welfare sector. This dates back at least a century. The welfare historian M.A. Jones found that "in 1910 there were 4150 friendly societies in Australia, which provided insurance schemes, primarily against sickness, for about a third of the population." Today, voluntary effort survives in thousands of non-government welfare organizations: studies undertaken in the 1980s found about 37,000 of them, employing 600,000 full-time staff. Many Australians undertake voluntary welfare work: one survey found that 27.5 per cent of the population of New South Wales undertook some kind of voluntary work in the year ended October 1986. State Volunteer Centres and Volunteer referral Agencies operate around Australia. And about 60 per cent of Australians make donations to social welfare organizations annually.

Public opinion surveys suggest some welcome change in attitudes to welfare over recent decades. Several surveys have found that, given a choice between increasing spending on social services and reducing taxes, the proportion of respondents favouring tax cuts increased from 28 per cent in 1967 to 83 per cent in 1990.

However, a major survey of public attitudes to state and private welfare undertaken in 1988 yielded a more complicated result. While 68 per cent of respondents preferred tax cuts to higher spending on 'social services', 52 per cent preferred higher spending on health care, and 54 per cent higher spending on education. This suggests that most people think they get a better return on their taxes from major in-kind services than from social security cash transfers.
The survey found strong support for both state and private provision of health care, education and pension schemes. Most respondents perceived no tension between state and private welfare, though they judged private education and health care to be generally superior to their state counterparts.

These results reveal no strong public desire for further welfare reform. But they do suggest that politicians could count on some public support for it if they gave a lead. A reform package could be constructed around two persistent public attitudes: recognition of the legitimacy and effectiveness of private welfare; and reluctance to pay higher taxes. (Further evidence of the latter attitude was provided at the Federal Election of March 1993, at which the Liberal-National Opposition's proposal of a new consumption tax was rejected. A year earlier Britain's Opposition Labour Party was likewise defeated after promising to raise taxes to finance higher welfare spending. Needless to say, in both countries taxes have continued to rise anyway.)

Managing Welfare Reform

Yet broad public support for reform is not necessarily sufficient to ensure its success. Reformers often face opposition from the organized interests that benefit from the status quo; such opposition has defeated several attempted economic reforms in recent years. But the politics of welfare reform is even harder than that of economic reform.

While economic reform typically affects minorities, welfare reform involves virtually the whole population. Reforming the waterfront, for example, brought dislocation to waterfront workers; but the general public stood only to gain. Welfare reform, in contrast, brings into question everyone's entitlement to benefits. Even if most people agreed they would be better off under a reformed social security system, they might still prefer, not irrationally, to cling to their present (certain) entitlements rather than swap them for the future (uncertain) benefits of a reformed system. No clearly defined constituency for social security reform exists.

Serious social security reform would therefore demand imaginative as well as decisive leadership. The general public is most likely to accept and welcome reform if the politicians implementing it explain clearly and vigorously what they are doing and why. Gradual and predictable change stands the greatest chance of success; politicians could commit themselves to delivering the benefits of reform quickly by, for example, immediately translating spending cuts into tax cuts. Without some public support, politicians would find it difficult to resist likely opposition from the welfare state bureaucracies and lobbies.

The experience of the 1980s shows what can be done. As noted above, in that decade Australia moved away from universal benefits and towards means-tested benefits for those most in need. This slowed the growth of social security spending and its share of GDP have risen to record levels. But the Government's will to continue reforming social security has flagged: for example, in the last two years the special means test for pension fringe benefits has been removed, and a Seniors' Health Card introduced.

The current economic revival, however, gives the Government a chance to recover its reform momentum. It is obviously easier to cut spending when demands on social security services are falling, and to cut taxes when revenues are being expanded by economic growth. Renewed action on microeconomic reform would underpin the recovery and so make the task easier still. But fundamental policy changes would be needed to lock in the gains and prevent the political process from eventually reasserting itself and using rising revenues to expand 'popular' spending programs.

Concluding Remarks

Private welfare is not just more efficient than state welfare; it embodies a different ethos. It encourages individuals to take primary responsibility for their own and their families' welfare, and to exercise some direct responsibility for the welfare of others. It recognizes that, whatever residual role the state retains in distributing welfare, the sole source of welfare lies in the spontaneous and diverse activities of private individuals and their freely-formed associations.

The recession of the early 1990s has shaken public confidence in reform. But steady economic growth could eventually lift our spirits and give us the courage to break decisively from the mediocrity to which dependency on the welfare state condemns us.


I am grateful to James Cox for his constructive comments on the first draft of this article.
All is Revealed  Buried in a long article on pornography in The Bulletin was the disclosure that one of the kings of Australian porn, John Lark, and his partner Michael MacGregor had been given an export development grant to make X-rated videos in Australia. (The sale of X-rated videos is banned in all States except the ACT and the Northern Territory.) The grant of $110,000 was given four years ago by the Federal Government. But according to MacGregor, there was a special condition attached: he and Lark had to promise not to speak publicly about the grant.

Revolutionary Studies  The Victorian Government's closure of Richmond Secondary College last year led to a long-running occupation of the school by local and not-so-local militants. One outcome was the production of a booklet entitled Handbook for Occupation. The Age enthused: "It covers fund-raisimg, defending the school-buildings from a Government offensive, employing staff and managing the media. It gives new insights into direct action and could encourage more schools to resist decisions to close them. For the students, it is just another part of their busy, and highly educational, school curriculum." This gives a whole new meaning to occupational training.

Not for the Birds  A Tale of a Few Australian Cities, written in cartoon form for schools by Bruce McClish and Bronwyn Halls and published by the Gould League, takes a benign view of the impact of immigration on Australia — except when it comes to birds. In a section headed 'Aerial Invaders' (not to be misread as 'Asian Invaders'), exotic birds are rebuked for taking away nesting sites, stealing, and fouling the city. "Of greater concern, not all introduced birds are staying in the city. Some of them are invading farm land and bush areas, eating crops and threatening more native birds." The cartoon strip concludes with speculation on the solution (the final solution?): "Even traditional urban dwellers agree that introduced birds are harmful. Yet there is still debate over if and how they should be exterminated."

Off the Planet  In January, Deakin University hosted a Women's Studies summer school. Dr Marian Sawer of the University of Canberra was its 'Feminist in Residence'. Among the most intriguing courses were 'Beyond Psychoppression: A Radical Feminist Alternative to Therapy' and 'Star Gazing: The Theory and Feminist Appraisal of Astrology' conducted by Kaye Moseley, described as an astrologer and "long time feminist activist." Unfortunately I could attend neither course because men were barred from enrolling.

Poor Vision  Why isn't revolutionary socialism more popular in Australia? To me, this is like asking why bungee jumping doesn't have wider appeal. But not so Ian Syson, writing in Social Alternatives. The reason why Marxism fails to enthuse more people, Syson suggests, is the sexism, racism and homophobia within communist organizations. This has had a "disastrous consequence" — even the Left now characterizes "the socialist vision of a revolutionary proletariat as being naive and utopian." The problem, however, "is that the proletariat, by virtue of its power at the point of production, is the only social group with any hope of bringing society to a standstill, a power necessarily central to any revolutionary movement." Syson has managed to hold onto his naivety and utopianism while completing a PhD on 'working-class literature' in the Department of English at the University of Queensland.

Factory Fantasies  That highly sought accolade, The Beryl Henderson Prize, has this past year been won by Caroline Ainsworth. Her study of inequality and discrimination at a metal finishing factory in Sydney (which she names 'Paradise' — ironically, of course) was published in a recent issue of Australian Feminist Studies. Ainsworth reveals a situation so oppressive to women that it denies them the heaviest, dirtiest and most dangerous jobs — which are done by men — and leaves them the boring work. In case we are insufficiently outraged by this, Ainsworth boldly proclaims, "The women who work at Paradise are probably the most discriminated against group in Western society. They face three times the discrimination experienced by other Australian workers. They are disadvantaged because of their gender, race and class."

No doubt with the 'take the toys from the boys' campaign against nuclear weapons in mind, Ainsworth explains that a man controls the spray guns in the factory, "because guns symbolize masculinity; these sorts of 'toys' enable men to live out fantasies about power and domination..."

Never Say Die  Vincente Navarro, author of Medicine and Capitalism, a widely-prescribed text in Sociology of Health courses in the 1970s, continues to try to rescue socialism from its ailing condition. In a recent issue of the journal Science and Society, he argues that when it comes to health (as measured by life expectancy, infant mortality rates, etc) socialism (in both its Leninist and its social democratic forms) fares better than market-based societies. For example, he compares China with India and finds the former healthier. China is the world's leading surviving example of Leninism, but India is hardly an exemplar of free enterprise. Why didn't Navarro compare China with Korea or Japan? Perhaps because these countries are not destitute — but isn't that the point?
University Lecher  With the gradual erosion of the convention against academics engaging in sexual relations with their students, several American universities have introduced explicit bans. *Harper's* magazine invited four academics, all of whom opposed the bans, to ‘debate’ the issue in its pages.

If *Harper's* plan was to discredit the bans, it backfired. The reason was that among its invitees was William Kerrigan, a Professor of English and Director of the Program on Psychoanalytic Studies at the University of Massachusetts (Amherst). An inferiority complex is not one of Kerrigan’s ‘hang ups’: “I have been the subject of advances from male and female students for twenty-five years. I’ve had them come at me right and left. I’ve had people take their clothes off in my office. And there is a particular kind of student I have responded to. I am not defending Don Juanism, you know, sex for grades and so forth. But there is a kind of student I’ve come across in my career who was working through something that only a professor could help her with. I’m talking about a female student who, for one reason or another, has unnaturally prolonged her virginity. Maybe there’s a strong father, maybe there’s a religious background. And if she loses that virginity with a man who is not a teacher, she’s going to marry that man, boom. And I don’t think that marriage is going to be very good.”

How magnanimous of Kerrigan to deflower students for their own therapeutic benefit. “Prudery,” he says, in an aphorism no doubt irritatingly familiar to his students, “is a great offense against life.”

No Longer Down Under  Toward the end of last year the third annual Lesbian, Gay and Bisexual Workplace Issues Conference was held at Stanford University in the United States. It was sponsored by more than 40 companies, including computer giants Apple, Borland and Lotus Development. One of the speakers at the conference was Karen Wickre, co-founder of Digital Queers, who described the advantages of Electronic Mail in raising awareness of gay rights in the workplace.

Meanwhile, Sydney has lost to Amsterdam its bid to host the international Gay Games, despite the support of Prime Minister Keating; the Leader of the Opposition, John Hewson; the Lord Mayor of Sydney, Frank Sartor; and former Olympic swimmer, Dawn Fraser. The bid to secure the Gay Games was organized by a Sydney team which went under the name Victory DownUnder.

Room for Interpretation  Reuters reports that in February art-lovers queued to see an empty room at the Tate Gallery in Liverpool (England). The creation of American artist Ann Hamilton, the room is called ‘Mneme’ (Greek for memory). The Tate’s officials speak of its “charged emptiness” and the way it “is laid bare, and the outside world can be seen and felt through the windows.” Those unschooled in art theory were less impressed.

History Out of Date  “The fact that there is still lingering prejudice against Aboriginal people in the wider community can,” according to the Federal Minister for Aboriginal Affairs, Mr Tickner, “be directly traced to the fact that generations of non-Aboriginal schoolchildren have been taught that the east coast of Australia was discovered in 1770.” Mr Tickner’s statement was in response to the Queensland Premier Mr Goss’s objection to the use of the term “invasion” rather than “settlement” to describe the European arrival in Australia in a new Year 5 social studies book.

Associate Professor of History and Politics at James Cook University, Noel Loos, pointed out that Goss’s view was a threat to the progressive education of Queensland children and frightfully unfashionable. Mr Goss’s “objection to the terminology might have been acceptable just after World War II,” he told The Australian in February, “but [now] it’s out of date.”

Wayne Beswick, of Queanbeyan, writing in The Canberra Times, would agree: “Racism is endemic to the Australian character,” he says. “...It is up to the post-Mabo generation to thwart racist dogma and purge the Australian character of the cancer which blights its soul.”

Christ in Drag  The traditional portrayal of Christ as a man needs to be revised, according to a religious historian at the Uniting Church’s Women Remembering the Future conference held in Adelaide in January. (Would ‘Forgetting the Past’ have been a more apt conference title?) The historian, Hilary Christie-Johnson, said she had found a medieval statue in a French village portraying Jesus Christ with breasts, and this was more inclusive than the historical, masculine image which repelled women from the church. “It’s a very powerful image for women because it has a Christ-like face, a head with a beard and the crown — but it was obviously a woman’s body, with frilly pantaloons, obvious bustline and the beautiful dress kilted up around the waist,” Ms Christie-Johnson said.
Playing with Fire

A significant shift in thinking is needed in Australia if the problem of ‘street kids’ is to be solved. Successful programs overseas point the way.

NATHAN STIRLING

Open Family was established in St Kilda in 1978 to help Melbourne’s street kids. Today it also operates projects in Ballarat, Canberra and Brisbane. Open Family is unique among youth welfare agencies in receiving less than 50 percent of its funding from the government, and in using volunteers extensively. Nor, with its forthright views, is it any stranger to controversy. Last year’s banned ‘Roo Cull’ television advertisement is an example.

THE recent horror of bushfires burning throughout much of New South Wales was perversely instructive in many ways. Fire-fighters gathered from all over the country. Australians showed a tremendous sense of sacrifice and generosity. Kerry Packer was moved to donate $3 million.

There was a palpable sense of urgency and emergency. Why? The bushfires were a very tangible thing. There was no disputing the damage and chaos being wreaked. And after all, a fire can be put out.

A similar sense of catastrophe is common when we hear of floods and famines. Most often they are located overseas in Africa or in Asia. Civil War is not a bad rallying point either. But what about the suffering that is occurring daily to Australian children: teenagers who are dying from drug abuse, or ending up in jail, or killing themselves; adolescents whose relationships with their families lie in tatters, unlikely ever to be healed? Why do we lack a sense of urgency regarding the plight of these children? Is it apathy or bad marketing? Or is it because no one really believes that the fire can be put out?

Having now worked for 13 years in the youth welfare sector, nothing shocks me any more about the madness and methods of the pyromaniacs who dominate this politicized industry. I’m sure that most young adults who pursue a career in youth welfare initially do so for the best of intentions. They really do want to help people, but such altruism is quickly knocked out of them.

The recent draft of core competencies for youth workers (an elaborate document of over 200 pages produced by the National Youth Training Council in Canberra) waxes lyrical about changing structures and the needs of youth workers, but has hardly anything useful to say about the youth the workers are presumably being trained to assist. Similarly, a recent leading book review in one of the better youth work magazines is nothing less than a comprehensive user’s guide to political activism. It contains ‘useful tips’ on what to do when arrested, and so on.

The whole tenor of mainstream youth work in Australia is adversarial: society is wrong; young people are oppressed; access and equity are the imperatives; more housing and more income support are the answer; and, of course, children’s rights are being ignored.
The concept of children's rights itself is an intriguing one. Brian Burdekin certainly got plenty of mileage with it in 1989 when his Human Rights Commission produced its report, Our Homeless Children. The so-called Burdekin Report evoked unparalleled media interest in 'street kids' — a term which has since become one of the most misused in the country, with most of those who claim to be acting on behalf of 'street kids' in fact quite out of touch with the reality of the streets. Burdekin's document produced a flurry of government activity and lots of new jobs for youth bureaucrats, in both the public and the private sectors. Yet four years on from Burdekin, the situation among the hard-core alienated is worse than before — despite the investment by government of several millions of dollars.

Is there any hope of change? If I had been asked that question a year ago, despair might have led me to the conclusion that reforming such an entrenched system would be a mission impossible. But now I'm not so despondent. Thanks to a Churchill Fellowship, I have discovered what some other nations have achieved. For three months at the end of last year I visited the USA and most of Western Europe, looking at how these countries respond to their marginalized young, and which of their experiences could be translated to Australian conditions.

The Courage to Measure Results

The United States lived up to its scary reputation. I managed to end up in places from which taxis refused to collect me, and the daily doses of media read and sounded like an Arnold Schwarzenegger movie. Yet, while certainly in no way uniform across the country, the Americans appeared to have some great ideas, and some of their projects were demonstrably excellent. I suspect that the key to much of their innovation is the value they place on outputs.

Americans like results, and they're not afraid to measure them. Unlike in Australia, their successful programs have realistic performance indicators that do not rely on artificial short-term results like obtaining housing, income support, or jobs. For instance, rather than measuring occupancy rates in youth shelters (which encourages double-counting anyway), the best American projects measure the stability of the young person's living arrangement. Similarly, they measure productive day-time activity rather than counting the number of youth entering training programs or work, because even though these youth may embark on training or work, experience shows that they often quickly drop out again — a failure that our system conveniently neglects to record. Other indicators, like decreased criminality, a lessening of substance abuse, and better relationships between youth and their families are also tracked. The American programs also unashamedly 'name names', forcing youth-workers to put a face to each individual success or failure.

Within the youth work field in Australia there is enormous resistance to collecting and acting upon relevant data. Little effort is made to track the young person through the system, or to distinguish between the different needs and options of the hard-core alienated and

The whole tenor of mainstream youth work in Australia is adversarial: society is wrong; young people are oppressed; more housing and more income support are the answer

do the transitory homeless, such as the 14-year-old who has had a row with his or her parent and stormed out of home. In the latter case, family reconciliation ought to be pursued as a priority; in the former, this may not be an option.

Ironically, the Australian industry's entrenched ideology regarding homelessness suggests no real consideration of the diverse needs and well-being of young street kids. For instance, I went to a youth workers' conference three years ago (with hundreds of zealots and several token youth flown in from interstate) where Burdekin's numbers man (a sociology professor from Adelaide) said to loud applause that "the problem of youth homelessness has nothing to do with family disintegration." What on earth has it to do with then? Housing, of course — housing and poverty. The solution: give them a roof over their heads and more money — after all, they "eat as much as adults." And if you beg to differ with this twisted ideology, then you get labelled a fascist; or worse, an economic rationalist.

This whitewash generally doesn't wash with the Americans. They don't regard housing and income support as the panacea for all youth welfare ills. Instructively, one leading US practitioner told me that they don't take Australian youth workers on exchange any more because the Australians were lazy. You see, the Americans — at least in the programs that are working — actually want to get measurable, long-term results for these kids. As a consequence, the whole paradigm is different.

At the centre is the child. All of the variables follow the child. The child is not expected to 'fit' into any preordained program like some best fit/second best solution. Yet that is exactly what we misguidedly do in Australia. True, in Australia if a child needs accommodation, the system provides a roof; if a child needs training, he or she is put into a course; if a child needs accommodation, the system provides a roof; if a child is unhealthy, information on free clinics is provided. But there is no co-ordination. The housing personnel don't talk to the health personnel who don't talk to the employment personnel, and so on. It is a mish-mash approach that is program-centred: if the child doesn't fit the program, too bad.

Add to that the fact that the most alienated kids — the real 'street kids' — the majority of whom will end up in jail, psychiatric institutions, or dead — these kids themselves have jigsaw personalities that cannot possibly be assisted by a program-fit approach. They may have a chronological age of 15, while educationally they may be eight; emotionally they might be 12, and yet they are probably 50 street years old.

Yet Federal and State Governments spend millions of dollars on categoric programs that look good, but are not responsive to the individual needs of children, and do not
realistically measure outputs. Is the young person really being helped, or is it only that some of his physical needs are being met artificially and temporarily? These are the hard questions that must be answered.

Interestingly enough, most of the cutting-edge research in the United States which shifts the focus of welfare policy towards the individual needs of the child stems from the experiences of Alaska in the mid-1980s. The Alaskans, without the necessary in-house facilities, found themselves having to send their most difficult adolescent cases interstate to justice, welfare or health institutions — noting no real decrease in their recidivism, and costing loads of money as well. The Alaskan Youth Initiative of 1987 experimented with a service-follow-the-child approach, while in Ohio an amalgam of government and non-government agencies has also successfully tried a dollar-follow-the-child approach. This model of using available community resources creatively and flexibly and tailoring them according to the individual needs of each young person has become known as a “wraparound”. The results so far clearly indicate improved outcomes for clients. Many are also noting the cost-effectiveness of this approach. These hard-to-place kids are extraordinarily expensive. They are high-risk costs to themselves, and also to the community at large.

The emphasis on outcomes being pioneered in some parts of the US contrasts markedly with what appears to be the norm in the United Kingdom. Here, the British accent is the only real difference from the Australian youth sector’s rhetoric.

There also appears to be a disturbing trend in the UK which tries to legislate away social ills. The murder of toddler James Bolger by two 10-year-olds has stirred up a law and order hysteria. There are calls to build more jails. This has political appeal, but it does not confront the root of the problem. It is an expensive ‘bricks and mortar’ solution to a social problem, like Australian youth workers demanding more and more emergency accommodation as a solution to homelessness.

So if the UK had no inspiration to offer, what about the rest of Europe? My visits to the Nordic countries made it clear that they were already pursuing a holistic, child-centred approach. But unfortunately for countries like Denmark, their triple-A welfare rating has been paid for with the rest of the world’s money — and pay-back time is fast approaching.

Integrating the Alienated

The French also had several good ideas. Ever since the end of World War 2, most villages have established foyers. The foyers combine youth accommodation with employment and lots of healthy mainstreaming. Accommodating between 50 and 100 young people, foyers are similar in design to our university residential colleges. They offer affordable accommodation and meals, provide vocational guidance and support, and encourage the social integration of young people.

Their funding is through a combination of rent, government subsidies and private enterprise, with most foyers maintaining a small business on site (usually a restaurant). Foyers cater for a cross-section of youth: students, workers, the unemployed and the homeless. The foyer concept works. It is innovative and enterprising, and most importantly, it is a natural part of the life of the community. This model of inclusion, as exemplified by the foyers, was in marked contrast to what I had seen in the United Kingdom, and to what is current youth welfare practice in Australia.

Alain Minc, a prominent French intellectual, wrote in a recent article in The European, “Exclusion is contrary to our vision of citizenship. We feel guilty over moral and ethical questions, but we also worry that the social order will be violently upset. In some ways, the odd riot is not such a bad thing, because it encourages even conservatives to work towards reintegrating some outcasts into society, with less regard to cost. I think the French Right can be trusted to try and fight against exclusion in French society, because it is much more worried by the ghettos than the Left.”

However, on the whole, the problem of widespread youth exclusion and marginalization has barely touched the continent. The poorer environs of Italy, Spain and Portugal have their scugnizzi (street urchins) or their equivalent, but there is little of the urban middle-class alienation of America, Britain or Australia.

New Methods Needed

There is little doubt that in allowing the problem of youth welfare to grow in Australia we are playing with fire, and the tragedy is that it is a solvable problem. The fire certainly can be put out — but we need new fire fighters — or, alternatively, the current brigade needs to accept another method of fighting.

Youth welfare and all its implications needs to be viewed as a national emergency. The controversy surrounding the Department of Social Security’s Young Homelessness Allowance, which effectively risks paying minors to leave their families, is only the tip of the iceberg. Young people are too often being encouraged into the welfare system and enabled onto a downward spiral. There is a lack of assessment and proper consideration of individual case needs. Put simply, too many young lives are being messed up for no good reason.

In fact, the system is so full of ‘nice kids’ flirting with the adventure of homelessness that the really needy, not-so-nice cases can’t get help and are often forcibly removed from the system. Is it any wonder then that they are alienated and angry?

Uncharitably, some might suggest that there is a benefit to the youth industry in not getting results — in allowing the problem to remain unsolved.

Kerry Packer can in good conscience donate $3 million to the bushfire appeal because he can see results. Personnel, trucks, equipment, water: he knows the bushfire can be extinguished. If more people like Packer were equally aware that the problem of street kids could be extinguished, then the community — and the kids — would be a whole lot better off. But for now, Nero, fiddle on.
Central Planning, Anyone?
Why we must never confuse Polanyi M. with Polanyi K.

ROGER SANDALL

NOTHING more than the thickness of an old-time catalogue card separates Karl Polanyi from Michael Polanyi in the library, and at first glance this seems appropriate. Karl (1886-1964) and Michael (1891-1976) were brothers. Both of them began life in Budapest, both served in the Austro-Hungarian army in World War I and both moved to England after Hitler's rise. Yet intellectually these two remarkable and widely influential men had little in common. And their views of central economic planning were sharply opposed.

Karl Polanyi was a sort of anthropologist — the bookish sort, not the sort who does fieldwork or who has actually lived in a primitive society with its hardship, its discomfort, and its smells. This lack of practical experience in no way inhibited him from laying down the law on primitive economics, however, and wherever anthropology students are being taught today, the economics they learn are largely his. He had three main ideas:

- In healthily ‘organic’ cultures economic activities are ‘embedded’ in other human activities — social, political, or religious.
- All societies (or cultures) are economically integrated in three ways. Firstly by Reciprocity: I give you a yam, and sometime later you give me a yam. The outcome is non-accumulative, but creates a social bond. Secondly by Redistribution: we all give our yams to the chief who then stages a feast and sponsors a religious ceremony for the gods. Some accumulation may occur, but the most important benefit is group solidarity. Thirdly by self-regulating Market Exchange: we all act independently, related by contract, profitability alone determining what kinds of action survive. The outcome is individualistic ‘accumulation without end.’
- The historic triumph of market exchange over reciprocity and redistribution is an unmitigated evil. It leaves the entire traditional social fabric of society (the ‘culture’) demoralized and in disarray. Somehow the old days of ‘embedded’ social production must be restored, our best hope being centralized redistribution under rulers who are both powerful and wise.

Karl Polanyi first came to public attention in 1944 with a forceful, erudite and persuasive socialist tract, *The Great Transformation*, nine-tenths of which depicts “The Rise and Fall of Market Economy.” In the course of a sweeping denunciation of industrial capitalism and all its works he parades the villains one might expect, from Adam Smith to Ludwig von Mises. What is entirely unexpected is that despite the fact that his scheme owes a good deal to Martian theory, the long list of the benighted also includes “the state-socialist” Karl Marx, who, here and elsewhere, Karl Polanyi regularly lumps in with the liberals. From his point of view Marxism and liberalism are opposite sides of the same coin. Both are too materialistic, and lopsidedly emphasize economic matters at the expense of everything else.

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Anthropological Socialism

Socialism of some sort is plainly what he wanted. But since the Marxist varieties were unacceptable, what sort of socialism could it be? Christian socialism? Or Tory socialism perhaps? Neither of these. Instead Karl Polanyi seems to have had in mind what might be called ‘anthropological socialism’— in other words, the emotional other-culture-worshipping muddle which has become noticeable with the disintegration of Soviet communism, and the disappointments of democratic socialism elsewhere.

This new communal enthusiasm first surfaced as the ‘counter culture’. Romantic and unrealistic through and through, it draws most of its energy from a fantasized vision of primitive life and a violent distaste for industrial civilization. Because it is so emotional, it is also highly coercive. Anthropological socialism has virtually no interest in western notions of individual rights and limited law, holding that ethnic culture is a superior reality, a supreme value and a source of legitimate compulsion to which individuals should and must submit.

Karl Polanyi’s ideas about reciprocity and redistribution proved popular, and soon became part of the received wisdom of economic anthropology. The prominence he gave to redistribution in his portrayal of the ancient world was just what the emerging New Class wanted to hear: transfer payments were evidently as old as Egypt. And if he had only left it at that, my story would be shorter. But he didn’t. Obsessed with finding an ideal historical example of the sort of redistributive polity he had in mind, and inspired by travellers’ reports from the 18th and 19th centuries, this armchair anthropologist chose to construct an improbable utopia out of the old West African kingdom of Dahomey.

In Dahomey, he says approvingly, “the economic process” was “implemented” by the state, and “production was under the control of the monarchy...” What seemed to be “a kind of ten-year-plan” is mentioned with respect. The King himself “enforced cultivation”, while “agricultural affairs [were] in the hands of a ‘minister of agriculture’” with the power to tell farmers what they should grow. In the whole kingdom only 12 forges were allowed to make hoops, “each of which was under the watchful eye of an official.”

Carriers in Dahomey were bound by official rules. “The load for carriers was fixed,” and when a delay was reported the Prime Minister himself “immediately sent forth fresh men with orders to punish the villains who had hung back, as, he said, he had himself examined each of their loads and found them all considerably under the regulated weight for carriers.” Census data were a state secret, the penalty for disclosure being garotting. Economic rationalists today might feel the bureaucracy was larger, perhaps, than strictly necessary; but then it was traditional for each official in Dahomey to be paired with another who was assigned to watch him. Security was maintained by a system of state spies.

Hundreds of slaves and prisoners were brutally sacrificed each year, and regular wars were undertaken to obtain them. But Karl Polanyi remained unmoved. “Admittedly,” he said, “acts of repulsive cruelty, religious mass murder, and endemic techniques of treachery in the political field were the accompaniment of these high achievements. Nevertheless, Dahomey’s was an unbreakable society, held together by bonds of solidarity over which only naked force eventually prevailed.”

With minor changes, much the same might have been said of Hitler’s kingdom — the very place from which Polanyi had fled in 1933. Whatever happened to life, liberty and the pursuit of happiness, under a government “deriving its just powers from the consent of the governed”? How does a humane and intelligent man, whose economic ideas genuinely illuminate the primitive world, and who spent much of his life agitating on behalf of those less fortunate than himself, arrive at such an unusual vision of the ideal society?

All too easily, alas. Little more is needed than an infatuation with primitive ‘culture’ as a supreme value in itself and a belief that the unbreakability of “bonds of solidarity” is a moral consideration which outweighs all others.

* * *

One feels that Michael Polanyi would have been less impressed than his brother by the King of Dahomey. By 1935 he had already seen for himself what despotic redistribution looked like, having visited the Soviet Union a number of times. In Moscow he met Nikolai Bukharin, who had not yet been shot, and asked him about the place of pure science in Soviet Russia. Bukharin explained “that pure science was a morbid symptom of a class society...” and that under socialism scientists would find fulfilment working for the Five Year Plan.

Polanyi, himself a distinguished chemist, mentions this exchange in a number of places. It was something he never forgot. The setting of ‘research quotas’ for scientists that had to be filled — let alone the news reports claiming that between 80 and 90 per cent of each month’s quota was being zealously met — seemed to him a “disgusting comedy.”

It was a comedy because, of course, how could anyone make scientific discoveries to a timetable — Relativity by May Day, Quantum Theory by Christmas? It was disgusting because it made a mockery of human nature itself — something which for Michael Polanyi was always exploratory, uncertain, creatively striving toward forever unclear goals. This view of human nature and human personality was central to his view of political and economic life. Here too it was essential for the unpredictable and the innovative to have a place.

That place would be assured so long as spontaneous order was the main foundation of social life, and deliberate order was only supplementary. But what exactly was spontaneous order? It was simply the dynamic self-adjusting order of classical economic theory. “My argument for freedom in science,” he wrote in 1951, “bears a close resemblance to the classical doctrine of economic individualism.” Scientific discovery will proceed best, he continued, and will be best co-ordinated “if — and only if — each (researcher) is left to follow his own inclinations.” As in the economic realm, free men and women independently pursuing their own purposes would ensure the best result.
Spontaneous Order

Polanyi's vision of the world was evolutionary. Spontaneous order could be seen in nature at a number of levels. You found it in chemistry when fluids, gases and liquids crystallized at low temperatures, and the molecules in a well-stirred mixture spontaneously sorted themselves out on their own. You could see it in biology, where growth and form in plants were spontaneously regulated by internal processes. And in the world of men and women, "when order is achieved among human beings by allowing them to interact with each other on their own initiative — subject only to laws which uniformly apply to all of them — we have a system of spontaneous order in society."9

The alternative to spontaneous order was the regulative constraint of deliberate order. This was the kind you found in the well-kept garden or the well-drilled regiment. It "consists in limiting the freedom of things and men to stay or move about at their pleasure, by assigning to each a specific position in a prearranged plan." For all sorts of reasons intellectuals love plans. They find the idea of a designer world appealing. But while the deliberate order beloved by such people might be fine for making gardens or regiments or rockets, Michael Polanyi thought it was a hopeless way of making economic decisions about the goods ordinary people wanted and the products which factories should make.

It is now 75 years since Lenin announced that Russia's economy could be run more or less like the Post Office, and since then the stories have never stopped — from the factory which made 13,000 pairs of sunglasses so dark that you could hardly see the sun through their lenses, to the routine shipping of identical products from Omsk to Tomsk and back again from Tomsk to Omsk. The Post Office view of economic management produced chronic shortages, featherbedding, false statistics, and universal sloth, corruption and deceit. All this is well known. But exactly why was 'central planning', in principle, demonstrably absurd?

Polanyi's answer to this question was original. It was not only because, as von Mises had argued, that the billions of transactions were beyond calculation (though he agreed with von Mises on this). Central economic direction was downright impossible, Polanyi said — "impossible in the same sense that it is impossible for a cat to swim the Atlantic."10

How so? Because of natural limits of energy and time. Buyers and sellers in a spontaneously ordered social system make millions of mutually-agreed-on adjustments directly and simultaneously every second of every day. A social system with vertical lines of authority up and down, by contrast, must make them indirectly and intermittently, involving many more stages and steps, so that far more time is needed.

Imagine the free-flowing, ever-changing relations of soccer players on a football field, constantly making positional adjustments by mutual agreement. Such play represents spontaneous order in action. But what would happen if decision-making by the 11 footballers involved (a) referring the proposed move to the captain, (b) an order from the captain to one of his two chief subordinates, and (c) the relaying of the order for the move from one or other subordinate to the player or players concerned. Would it look like soccer or some kind of alfresco chess?

For a full account of Michael Polanyi's time-and-energy objection to central planning (and a mathematical treatment of its principles) one should read "The Span of Central Direction" in his The Logic of Liberty, following it with two later essays in the same book, "Profits and Polycentricity" and "Manageability of Social Tasks". But the passage below indicates his argument:

"I affirm that the central planning of production —
appreciation of the freedom and prosperity to be found in contrast, Michael Polanyi learnt from these same events a deeper to confirm and quicken Karl Polanyi's utopianism. By con-

western thought to correct the errors of his time. European catastrophes of the period 1914-1945. These served had never experienced and could never for a moment have ized' cohes ion' and 'solidarity' in an African tribal kingdom he 
tivism; Michael equally committed to human individuality. For that reason the way forward was to build on what we already have. “We shall advance even more rapidly and smoothly in future, if we fully recognize at last that we must take our stand on (the capitalist) system and improve and develop its possibilities.”

The two brothers present a classic contrast of mind and spirit. Karl, the passionate radical; Michael, the cool and moderate liberal. Karl strongly drawn to collectivism; Michael equally committed to human individuality. Karl, the educated heir to 2,000 years of European political thought, tossing the whole lot overboard in favour of an idealized 'cohesion' and 'solidarity' in an African tribal kingdom he had never experienced and could never for a moment have endured. Michael, drawing on his deep understanding of western thought to correct the errors of his time.

The thinking of both men was profoundly affected by the European catastrophes of the period 1914-1945. These served to confirm and quicken Karl Polanyi’s utopianism. By contrast, Michael Polanyi learnt from these same events a deeper appreciation of the freedom and prosperity to be found in England and America. Instead of fantasizing about worlds

1. A useful selection of Karl Polanyi’s work can be found in George Dalton (ed.), Primitive, Archaic, and Modern Economies: Essays of Karl Polanyi, 1968.
2. See, for example, Dalton, p. 61.
3. And not only in anthropology. Dalton notes that Robert Heilbroner’s The Making of Economic Society contains “an expository account of Polanyi’s leading ideas” which is “inexplicably unacknowledged”, 1962.
5. Ibid, pp. 41, 51, 56.
6. Ibid, p. 9
10. Ibid, p. 126.
Are women benefitting from economic development?
Evidence from the Asian region

FRANCES PERKINS

The countries of the Asian region have pursued a range of development strategies over the past four decades. Some, like Hong Kong, Singapore, Taiwan and Korea, and to a lesser extent the ASEAN countries, have been highly successful in terms of their growth levels. On the other hand, several of the South Asian countries and The Philippines have been almost stagnant. In some countries in the Asian region, as well as in some circles in developed countries, there is a perception that economic development brings few benefits to women. This article challenges that perception.

It examines the impact of the trade and macroeconomic policies of 13 countries in the Asian region on women's participation in the modern economy and other indicators of well-being. These include life expectancy of women, mortality rates of female infants, educational participation of girls and relative wage rates. The article summarizes the results of a larger study which also examines the impact of structural adjustment, taxation and financial sector policies pursued by Asian countries on women.

### Trade policies and the economic participation of women

In the period since the Second World War, but more particularly since the mid-1960s and early 1970s, there has been a marked divergence in the trade policies pursued by countries in the Asian region. The newly industrializing economies (NIEs) of East and South-East Asia — Hong Kong, Singapore, Taiwan and the Republic of Korea — while starting from very low per capita income levels in the 1950s, have pursued export-orientated, open market-economy policies and experienced a rapid growth of industrial employment and living standards. In the 1970s, several countries of the ASEAN grouping, notably Malaysia and Thailand, adopted similar policy mixes, though their labour and capital market and trade regime policies have been somewhat less flexible and open than those of the NIEs. Nevertheless they

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**Table 1** Average GNP per capita growth rates and export orientation, Asian region, 1965-90

<table>
<thead>
<tr>
<th>Country</th>
<th>Average annual GNP growth 1965-90, %</th>
<th>GNP per capita 1991 (US$)</th>
<th>Exports (% GNP)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NIEs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hong Kong</td>
<td>6.2</td>
<td>13,200</td>
<td>68.9</td>
</tr>
<tr>
<td>Singapore</td>
<td>6.5</td>
<td>12,890</td>
<td>79.9</td>
</tr>
<tr>
<td>Repub. Korea</td>
<td>7.1</td>
<td>6,340</td>
<td>15.0</td>
</tr>
<tr>
<td>Taiwan</td>
<td>6.7</td>
<td>9,070</td>
<td>32.6</td>
</tr>
<tr>
<td><strong>ASEAN</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Indonesia</td>
<td>4.5</td>
<td>570</td>
<td>13.9</td>
</tr>
<tr>
<td>Malaysia</td>
<td>4.0</td>
<td>2,320</td>
<td>41.7</td>
</tr>
<tr>
<td>Philippines</td>
<td>1.3</td>
<td>730</td>
<td>19.0</td>
</tr>
<tr>
<td>Thailand</td>
<td>4.4</td>
<td>1,420</td>
<td>17.0</td>
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<tr>
<td><strong>SOUTH ASIA</strong></td>
<td></td>
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<td></td>
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<tr>
<td>Bangladesh</td>
<td>0.7</td>
<td>210</td>
<td>10.0</td>
</tr>
<tr>
<td>Myanmar</td>
<td>-2.1*</td>
<td>500</td>
<td>5.9</td>
</tr>
<tr>
<td>India</td>
<td>1.9</td>
<td>350</td>
<td>4.3</td>
</tr>
<tr>
<td>Nepal</td>
<td>0.5</td>
<td>170</td>
<td>8.0</td>
</tr>
<tr>
<td>Pakistan</td>
<td>2.5</td>
<td>380</td>
<td>7.6</td>
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<td>Sri Lanka</td>
<td>2.9</td>
<td>470</td>
<td>20.9</td>
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<td>China</td>
<td>5.8</td>
<td>370</td>
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<tr>
<td><strong>INDUSTRIALIZED</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>New Zealand</td>
<td>1.1</td>
<td>12,680</td>
<td>21.0</td>
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<td>Australia</td>
<td>1.9</td>
<td>17,000</td>
<td>14.0</td>
</tr>
<tr>
<td>Japan</td>
<td>4.1</td>
<td>25,430</td>
<td>11.8</td>
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<tr>
<td>East Asia &amp; Pacific</td>
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<td>1,790</td>
<td>11.0</td>
</tr>
<tr>
<td>South Asia</td>
<td>1.9</td>
<td>330</td>
<td></td>
</tr>
</tbody>
</table>

**SOURCES:**


National Centre for Development Studies, Asia Pacific Profile, Australian National University, Canberra, 1990.

Dr Frances Perkins is a Research Fellow in the National Centre for Development Studies at ANU.
have been the second most successful group of developing countries after the NIEs. In the 1980s Indonesia made considerable progress in opening its economy and has experienced more rapid income growth as a consequence.

The countries of South Asia and The Philippines, on the other hand, have adopted and maintained more inward-looking, import-substitution policies, as well as a range of domestic policies which have inhibited factor market flexibility and, in some cases, macroeconomic stability. As can be seen from Table 1, in these countries the growth of real per capita GNP has been much slower. Table 1 indicates the rapid rates of per capita income growth achieved in the NIEs and to a lesser extent the ASEAN countries compared to the South Asian countries and The Philippines. The same table compares the export-orientation of these countries. There is clearly a positive relationship between the rate of growth of GNP per capita and the outward orientation of the economies concerned.

The question I wish to explore is whether there is also a relationship between the adoption of neutral trade regimes (which enable these economies to be outward orientated), supporting domestic policies and an improvement in the economic position of women in such countries. There may be several reasons for such a connection, including the following:

- as it has been shown that growth is more rapid in such countries, it could be expected that a rising proportion of all population groups, including women, will be drawn into modern industrial and service sector activities; and
- outward-orientated economies are able (even forced) to make better use of all their resources, human and physical, as they are exposed to the forces of international competition, and produce in line with their comparative advantage. If women have been an under-utilized and an under-valued resource in the past (at least in the modern sector), then exposure of a country to international competition may well result in the more intensive utilization of women and a rise in female participation rates over and above the growth of male employment.

This hypothesis was confirmed by a cross-country analysis carried out for 78 developed and developing countries. It found that a one percentage point rise in GNP is associated with a 0.147 percentage point increase in male employment but a 0.154 percentage point increase in female employment in these countries. The same study also undertook an analysis within these countries over a period of up to 30 years and found that a one percentage point rise in GNP was associated with a 0.19 percentage point increase in male employment but a 0.27 percentage point increase in female employment. Hence, not only are women gaining greater access to jobs produced by growth than men, but for given income growth rates, this trend has been strengthening over time. The study identified the rapid growth in the output of labour-intensive light manufactures, intensive employers of female workers, as one of the main reasons for the more rapid growth in female employment.

Industrial employment growth has been one of the most dynamic areas of female employment growth in the faster-growing developing countries. In some rapidly industrializing countries like Hong Kong, Republic of Korea, Taiwan, Thailand and Singapore, women make up 40 per cent of the industrial workforce, while in Hong Kong and Taiwan they make up approximately 50 per cent.

One analyst, S.P. Joekes, maintains that the increasing importance of women in the industrial labour force is systematically related to international factors in two ways. The first is that the rate of mobilization of female labour into the work-force has been fastest where the rate of growth of total industrial output and employment has been most rapid. In the period since 1960, the most rapid industrial growth has occurred in countries whose industrial sectors have been most integrated into the world economy and hence have expanded their exports fastest.

"But there is also a direct link. The sexual division of labour takes a very pronounced form in industry in terms of the distribution of male and female workers by industrial branch. Women are typically concentrated in branches making light industrial consumer goods by relatively labour intensive techniques... exports of manufactures from developing countries have been made up in the main of the kinds of goods normally produced by female labour: industrialization in the post War period has
be as much female led as export led. The very rapid growth of manufactured exports from developing countries has therefore led to a specific demand for female labour and a relatively fast growth of female employment in industry."

A further study, measuring the impact of GDP growth and the export-orientation of 15 countries in the Asian region on the participation of women in the non-agricultural sector, found that a one per cent increase in the ratio of exports to GNP (a proxy for the extent of export orientation of a country) is associated with a significant 0.2 per cent increase in female participation rates. Also, a one per cent increase in the annual growth of GNP is associated with a 1.96 per cent increase in female participation rates in non-agricultural sectors.

It does appear that the adoption of more export-oriented trade regimes in the region has not only facilitated more rapid economic growth, but also promoted higher female participation in the modern sectors of these economies.

**Macroeconomic Policies**

A related issue is the effect of macroeconomic policies on the participation of women in the development process, and the benefits they derive from it. Macroeconomic policies include fiscal and monetary policies employed by governments to encourage growth and employment and to reduce inflation and domestic and international debt. If a country operates a stable macroeconomic policy regime, this may be expected to encourage investor confidence and thus contribute to economic growth which, as was shown above, will advantage women workers at least as much as, if not more than, men.

Table 2 gives estimates of the impact of price inflation on savings, investment and growth rates in Asian countries in the past two decades. Over the period 1980-86, the results indicate a strong negative relationship between inflation and growth of GDP (-0.56), growth of GDP per capita (-0.54), savings (-0.52) and investment (-0.53). The same table indicates that there has been a positive relationship between savings and growth of GDP per capita (0.80) and between investment levels and the growth of GDP (0.83).

It is interesting that while during the period 1965-80 inflation appears to have had very little effect on growth performance, during the 1980s inflation had a strong negative impact on growth. This could well be explained by the fact that throughout the region, inflation rates were generally much lower during the earlier period, at least until the first oil shock. At these low rates, inflation had a less marked effect on the relative value of financial and real assets, and hence investors and households had less incentive to seek out hedges against inflation. However, by the 1980s investors had started to act to protect the value of their assets against inflation. Inflation did start to distort the pattern of investment and consumption and therefore had an adverse impact on the growth of countries which still tolerated high inflation.

The preceding section indicated that higher economic growth rates are associated with higher rates of female participation. Since stable macroeconomic policies promote economic growth, they are also likely to encourage growth in female employment.

Macroeconomic policy also affects women by affecting the distribution of income. Periods of moderate to high inflation often provide opportunities for higher income groups to make windfall gains from speculative activities, particularly in real estate. A reduction of inflation improves income distribution by preserving the real value of financial assets held by low income groups (for example, the elderly) who are on fixed incomes. It also benefits those in low-skill jobs or with insufficient industrial muscle to ensure that they receive wage increases which maintain their real incomes at times of high wage inflation. Women workers often fall into this category.

For example, during the period from 1970 to 1976 when the Republic of Korea experienced high inflation, the equality of income distribution declined sharply. By 1984, however, after implementing a package of reforms which reduced inflation to low levels, opened the economy and introduced a number of social reforms, the Republic of Korea experienced a significant increase in equality of income distribution.

**Social Indicators**

The conclusions which can be drawn from Tables 3 and 4

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**Table 2  Relationship between inflation, investment, savings & economic growth, Asian countries, 1965-86**

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<tbody>
<tr>
<td>Growth per capita GDP 1965-86</td>
<td>1.0</td>
<td>-0.05</td>
<td>-0.54</td>
<td>0.32</td>
<td>0.80</td>
</tr>
<tr>
<td>Inflation per annum 1965-80</td>
<td>-0.05</td>
<td>1.0</td>
<td>0.35</td>
<td>-0.09</td>
<td>-0.21</td>
</tr>
<tr>
<td>Inflation per annum 1980-86</td>
<td>-0.54</td>
<td>0.35</td>
<td>1.0</td>
<td>-0.53</td>
<td>-0.52</td>
</tr>
<tr>
<td>Investment Growth 1980-86</td>
<td>0.32</td>
<td>-0.09</td>
<td>-0.53</td>
<td>1.0</td>
<td>0.33</td>
</tr>
<tr>
<td>Growth GDP per annum 1980-86</td>
<td>0.52</td>
<td>-0.29</td>
<td>-0.56</td>
<td>0.83</td>
<td>0.32</td>
</tr>
</tbody>
</table>

reinforce the generally optimistic outlook in the newly industrializing outward-orientated countries of East and South-East Asia. They also confirm the less encouraging performance of the inward-orientated South Asian countries and The Philippines, where the gender gap on most indicators remains very wide.

Table 3, which summarizes women's health and survival statistics in the region, indicates that life expectancy of women has been increasing in all countries in the region since 1970. However, the faster growing East and South-East Asian countries have made by far the greatest gains, with Hong Kong and Singapore now at developed-country life expectancy levels. Furthermore, the ratio of female to male life expectancy in these countries, about 107-109 per cent, is now almost the same as in developed countries, which could probably be considered the biological norm. Maternal deaths in childbirth are lower than in many developed countries, as are female infant mortality rates. Similarly, life expectancy in the South-East Asian countries has been growing rapidly, and reached the high 60s or low 70s by 1990. The ratio of female to male life expectancy has also almost reached the level in developed countries.

In the slower growing South Asian economies, life expectancy is still in the low to high 50s, and female life expectancy relative to males is significantly less than its biological norm, only 98 to 101 per cent compared to 110 per cent in developed countries. This trend is even more noticeable in relation to female infant mortality rates. Not only is female infant mortality in the poor South Asian economies four to 20 times higher than in the ASEAN and newly industrializing countries, but the ratio of female to male infant mortality is unnaturally high, up to 101-111 per cent. This is about 30 to 40 percentage points above the biological norm of about 70 per cent. On all these indicators, Sri Lanka, which has implemented enlightened social policies (such as universal education for girls and boys, and ready access to health and other social services for low-income groups) and also grown much faster than the other South Asian countries, has performed much better than other countries on the Indian subcontinent. This indicates the importance of progressive social policies in improving the benefits received by women for any given level of GNP per capita.

A similar picture emerges in relation to educational participation and attainment and labour force participation. Table 4 shows the rapid improvement in relative educational participation of girls in the newly industrializing and ASEAN countries. In most of these countries, girls' participation is either equal to that of boys, or almost equal. Relative literacy levels of women are also similar, or only slightly lower than those of men. In most of these countries, attendance at primary school is now almost universal and attendance at high school is growing rapidly, averaging about 60 per cent. The Philippines has performed much better in providing

<table>
<thead>
<tr>
<th>Table 3  Female life expectancy, maternal deaths, and infant mortality, 1970-90</th>
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</thead>
<tbody>
<tr>
<td><strong>Country/group</strong></td>
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<tr>
<td></td>
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<tr>
<td><strong>NIEs</strong></td>
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<td>Hong Kong</td>
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<td>Singapore</td>
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<td>Repub. Korea</td>
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<td>India</td>
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<td>Nepal</td>
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<td><strong>USA</strong></td>
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<tr>
<td>USA</td>
</tr>
<tr>
<td>Japan</td>
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<tr>
<td>Australia</td>
</tr>
</tbody>
</table>

Table 4 Female employment, literacy and educational participation, 1970-1990
(females per 100 males)

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educational services to girls and reducing gender gaps generally than may have been expected from its rather poor economic performance in recent years. This again indicates the importance of progressive social policies in improving the status and participation of women, even when growth has not been spectacular. While female labour force participation rates vary considerably, from 88 per cent in Thailand to 45 per cent in Malaysia, levels are generally high in these faster growing economies, on average about 60 per cent.

On the other hand, in many of the slowly growing South Asian economies, the relative educational participation of women and girls remains very low, as are absolute levels of participation. While India and Sri Lanka have achieved almost universal primary education, only 37 per cent of Pakistani children attend primary school, and only 26 per cent of girls. On average, only about 30 per cent of children attend high school in the South Asian economies and only 20 per cent of girls. Consequently, literacy levels of women are only one-third to one-half those of men and years of schooling only one-quarter to one-third those of men. Reported female labour force participation is also low, varying from only seven to 34 per cent.

In general, the ratio of women's to men's earnings in developed, newly industrializing and ASEAN countries (60 to 80 per cent) has been improving as incomes generally rise and is well above that in South Asian countries like India, with an earnings ratio of 45 per cent. Again, Sri Lanka is an exception to this picture. On the other hand, the Republic of Korea is also an outlier in maintaining a low ratio, mainly due to the persistence of traditional cultural prejudices and restrictive work practices in modern sector employment. However, the relative earnings of Korean women have been improving.

Conclusion

Thus, the evidence from cross-country and individual country studies indicates that women are benefitting greatly, even disproportionately, compared to men, from the export-orientated growth that is occurring in many East and South-East Asian countries, but are still suffering from educational, social and employment disabilities in many of the slower growing, inward-orientated economies in the region.

4. Ibid.
5. PERKINS, F.C., op. cit.
A Meeting of Cultures
Overcoming confusion between white and black Australians

LUCY SULLIVAN

THREE FILMS shown at the Sydney Film Festival over recent years have, it seems to me, offered compelling interpretations of the confused conceptions Australians are labouring under as to the proper relationship of the descendants of colonizing Europeans and of the indigenous people of this country. These confusions are suffered by native Australians — both white and black — as we attempt, on the one hand, to provide for all and, on the other, to achieve as a group, material and social well-being and historical and cultural respect. Despite their differing stories and viewpoints, the films suggest some possible ways out of the quandary in which we find ourselves.

Ruby and Rata is a New Zealand film directed by Gaylene Preston and shown in 1991. In the words of the Festival program synopsis:

"Ruby is an old snob, of upper middle class background, who thinks she can stay out of a nursing home if she gets a gullible tenant. Rata (Maori) seems the right sort when she appears dressed for success — obscuring the fact that she's a homeless single mother, with a light-fingered kid called Willy (aged about seven). Rata wants to be a rock-star, but in the meantime she's an office cleaner and a welfare cheat."

Once Rata and Willy are ensconced in the downstairs flat, a domestic war begins, with Ruby rattling the pipes in the middle of the night in retaliation for Rata's loud music in the daytime. Ruby sets herself to lure Willy onto her side by enticing him with the chocolate-coated marshmallow fish which we have already seen him stealing from the corner shop. Willy, who seems never to attend school, is immediately fascinated by Ruby's 'things'. Ruby has had relatives in the British Colonial Service, in India and elsewhere, and the objects among which she lives are a record of these associations. Willy is particularly entranced by her china cabinet, which contains many small curiosities from India and China, as well as Europe, and in particular by a small, carved Indian buffalo, which he first steals and is later given as a gift.

Ruby's cabinet is an important symbol, because it makes the point that what white Australians think of as our culture, European or Western culture, is by no means all ours, but is made up of the contributions of many civilizations, races and nations. This cultural tradition, from its vantage point of outreach into many parts of the world, has accepted into itself much that other cultures have achieved. It has been transformed, as much as transforming. There is thus no way in which I, as a white Australian, can claim that Western culture is mine, in the way that Aboriginal culture belongs to Aboriginals. It is the exclusive creation neither of my race nor of my nation.

Why, then, should it be considered culturally oppressive to pass on these intellectual achievements to Aboriginals through formal education? An activist on behalf of Aboriginals might object to the teaching of Greek myths to an Aboriginal child living in Australia, while regarding them as appropriate for a fourth generation Australian of British stock. But what have Greek myths of 2,000 years ago to do with a white Caucasian living in Australia today, or an English child in England, for that matter, any more than with an Aboriginal child in Australia? The one is taking on an important part of the world's cultural heritage as much as is the other, and neither is oppressed. Their relevance for both the Caucasian and the Aboriginal child, in Australia 2,000 years after their origin, is the superb manner in which they speak to the human condition, shared in experience across race and time.

The fourth generation Australian of British stock has no racial and national claim on Christianity, a Middle Eastern religion with origins 2,000 years ago, on Greek philosophy and science, equally the work of a different people and a different time, on the mathematical tradition begun in India and transmitted through Arabia, on the Renaissance paintings of Italy, and the great German music of the 18th and 19th centuries. Even our claim on Shakespeare, viewed in these terms, seems a little weak. These cultural achievements have overlaid what might have been our native British/Anglo-Saxon culture because they have been found good, by generation and succeeding generation, across races, across nations, across languages, across cultures. As my Burmese colleague says, everyone

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should have the best, meaning the best of what all human culture has to offer. The educator who would deny Aboriginal Australians access to their human heritage in the world's culture is doing them a disservice.

Willy's response to Ruby's china cabinet is immediate and direct. These *objets d'art* of many cultures speak to him aesthetically as a member of the human race. He does not have to be classified as Maori, or they as Indian, Western or indigenous, in order to decide which he should like or know. Ruby does not oppress him with her lovely house and furniture, but provides access to a new view of the world to which his nature responds. (And don't think this means he rejects his mother and her friends — see the film and find out.)

**Coming to Terms with Past Misdeeds**

*Island of Lies*, also shown in 1991, is an "exploration of the great silence" of our culture, the refusal to acknowledge the bloody history of the white colonization of Australia in the last 200 years." The film tells the story of efforts, by local residents white and black, to give a place in local history to massacres of Aboriginals at Bingara and Fraser Island, both terrible tales of wanton mass murder, though also clearly against the law at the time, and punished by law.

In the audience-discussion with the director, following the film, someone (of American accent) expressed his surprise and disapproval at not finding a historical marker recording a similar massacre at Kingaroy. My immediate private reaction was that this was an unreasonable demand, as one does not make a display of one's most shameful actions as a society, but rather of one's high achievements. However, he went on to point out that in Germany there are monuments at the sites of the infamous concentration camps of World War II, recording these dark episodes of German history.

And it is indeed true that we have turned our eyes away from these monstrous elements of the white settlement of Australia. They were not part of the Australian history taught in schools for the first two-thirds of this century, and this meant that the history my generation absorbed was not a shared history — it excluded Aboriginals; and Aboriginals were, at the same time, denied an important element in their history. While representing lapses from accepted humane and civilized standards to the majority of Australians who took no part in them and abhorred them, these dreadful events are, for Aboriginals, central to their history and therefore must have a place in the education of Australian children, if we are to view ourselves as one nation.

Nevertheless, the way in which they have re-entered history is equally unrealistic and divisive. Somehow, these happenings in the past are being presented as if white Australians today, many of whom are born of parents who were not even in Australia at the time, are somehow responsible for them and bear a guilt; and as if Aboriginals today who, several generations on, have no personal experience of them, and may not even belong to affected tribes, are somehow deserving of personal reparation.

Other nations have regrettable and reprehensible passages in their histories — the religious massacres and the slaughter of aristocrats in France; the Tolpuddle martyrs, the Peterborough massacre, and the many victims, child and adult, of the cruel factory systems in the early 19th century in England. To know of these events does not imply an irrevocable burden of guilt borne by the nation concerned and a duty to seek out the descendants of those who suffered and isolated them from the society at large as a special victim class.

It should be remembered that Aboriginals too, at the time, had a culture in which the killing of other human beings was less outrageous than today. For example, Tom Petrie relates that among the tribes of the Moreton Bay area in the mid-19th century, every death was considered to be caused by a human agent and demanded a death in retribution. Battles in which one or two people might be killed were a regular, institutionalized accompaniment of inter-tribal corroborees.

The historical treatment of such events and practices has been to see them as stages which have fortunately been transcended, and as lessons directing the rejection and avoidance of such behaviour now and in the future. History has also given attention to how such social catastrophes have been ameliorated so that they do not recur, and so that society moves in a direction of greater care for all its members. As we now look more clearly at the sufferings of Aboriginals in the past, our response should not be to wallow in a vicarious guilt, but to look at what we have done as a society to prevent the recurrence of such incidents and to provide a decent place for Aboriginals in Australian society.

**The relevance of Greek myths for both the Caucasian and the Aboriginal child, in Australia 2,000 years after their origin, is the superb manner in which they speak to the human condition, shared in experience across race and time.**
Failed Efforts in Aboriginal Welfare

If we have not been entirely successful in our efforts (and I mean joint efforts, of both white and black Australians), as we most certainly have not, we need to try to understand why; for efforts have certainly been made, although the latest versions of history try to obscure this ongoing truth. These attempts, also, need to become part of our history, as the knowledge of mistakes which we need in order to move forward; not, however, as shrieks of accusation, as, for example, in the current presentation of the mid-century ‘welfare’ measure of taking Aboriginal children into care, at a time when bonding and attachment were generally unrecognized, as witness the similar treatment of British war-time refugee children and the system of adoption of illegitimate white children.

If we followed the English model, the land, although owned for cattle-raising or mining purposes, could retain public rights of access on dedicated paths to specific landmarks of folk significance.

Exile and the Kingdom, directed by Frank Rijavec, was shown at the 1993 Festival and on television shortly afterwards. The Aboriginal narrator, Roger Solomon, of Injibindi and Ngaluma descent, marks out the first two achievements of the ‘rights’ approach to Aboriginal welfare as major mistakes, committed in this process. These were the equal pay and the full citizenship entitlements campaigned for and achieved in the 1960s. For the Aboriginal communities of Roebourne in northern Western Australia, the first of these resulted in unemployment and exile from their traditional lands, and the second in the destructive alcoholism which remains a problem today and was exacerbated as increasing welfare money was won for Aboriginal groups.

According to the narration of the film, which was developed by the communities at Roebourne, Aboriginals of the area still lived on their tribal lands, and maintained their tribal structures and law, up to the time of the equal pay decision which enforced white wage standards for Aboriginal workers on cattle stations. This decision meant that station owners could no longer afford to maintain such large numbers of workers, and the majority were forced off the stations (and their tribal lands) to the neighbouring town of Roebourne. Thus a conflict between cattle-raising and access of Aboriginals to tribal lands was created where none had existed before. One is reminded of the enclosure movement in England in the 17th and 18th centuries when the replacement of agriculture by sheep-farming forced large numbers of the peasantry off land to which they had historic rights, causing a similar drift to the towns with poverty, alcoholism and social breakdown. The plight the Australian Aboriginals now suffer has been suffered in previous centuries, elsewhere, and by Europeans as well.

The endowment of full citizenship rights, occurring at this critical juncture, was a further disaster because it gave free access, for a group already under cultural stress, to alcohol. The accepted justification of Aboriginals’ partial citizenship had been the constraint on drinking, for reasons of protection, and the unsuitability of a system of compulsory voting for a remote and nomadic people. The Aboriginals in the film had little to say of the advantages of voting, but were very clear as to the destructive effect of alcohol on their communities. Suddenly, as one of them said, they were coming home from school to drunken parents. Obviously, Aboriginals could not be denied full citizenship and equal pay for ever, but the simplistic ‘rights’ approach to introducing them was, with hindsight (and also with foresight, in some cases), little short of catastrophic.

Also contradictory of the current establishment approach was the assessment of the role of the Christian churches by Aboriginals in Roebourne. Far from being destructive of native culture, the missions, beginning in the 1970s, were seen as aiding the communities in re-establishing self-command because they provided a social context of respect. In Christianity, if not in secular society, every human being is of equal value. Following the film, the director and a member of the Roebourne community were asked if the missions presented a problem for the maintenance of tribal tradition, and the answer affirmed that there was no awareness of such a problem: in the period of Christian influence there has been a resurgence of the teaching of folk history and the exercise of traditional customs and rites, with no experience of conflict. And, indeed, why should we expect one to supplant the other? Christian Europe at the time of the Renaissance took in pagan Greek philosophy, and the two have co-existed ever since in Western culture.

Access rather than Ownership

Aboriginal claims for tribal lands today often sound spurious and opportunist to the uninvolved citizen. What seemed to emerge from this filmed account of tribal history from the time of white settlement, as recorded in local recollection, was that it is not so much ownership of land that is required, as access. In Australia, these two things tend to be taken as identical and inseparable rights — without ownership there are no rights of access. But this is not necessarily so. In England there is an intricate system of ‘public footpaths’ criss-crossing the countryside and villages, giving walking rights on private as well as public land. Many of them pass embarrassingly close to farm houses or they may lie across the middle of a cultivated field, so that one treads down a farmer’s crop while exercising one’s historic rite of passage — but that is his fault for ploughing up the path.

The film includes some strikingly poetic narrations, folk tales, of the passage of folk heroes and mythic beasts over the land, which are accompanied by aerial photography of the places described. It became illuminatingly clear that access to these places is essential to the maintenance and teaching of folk history for these Aboriginal people. The European folk
traditions, like international culture, have been put into books and paintings, and so are preserved independently of their places of origin, and we, divorced from their origins, accept them in this form. But this divorce has not yet occurred for the Roebourne tribes: the land is their book and they must have access to it in order to tell their story. It was saddening to learn that, having recently failed to secure ownership of a large cattle property which contained many of the important landmarks of their folk tales, they were now denied access. If we followed the English model, the land, although owned for cattle-raising or mining purposes, could retain public rights of access on dedicated paths to specific landmarks of folk significance.

The Need for Folk Tales

In thinking of this, I was also a little saddened to realize that I, as a non-Aboriginal native Australian, have no folk literature to relate to, and to enliven, the country I know. Although I am devoted to Orpheus and The Sleeping Beauty, it is not the same as having tales set in one’s own loved places. This is something which Aboriginal Australians could give us as a people, and which we cannot obtain from any other source. It is not a substitute for international culture, nor in competition with it, but something additional, to enrich our lives specifically as Australians. Folk literature differs from national literature (as in Lawson, Patterson and Rudd) in the sense it gives of a human relationship with the land which has not been overlaid by international culture.

An academic researcher, Margaret Gummow, was recently reported in the University of Sydney News as recording old songs, dances and other details held in the fading memories of old people in the Woodenbong area of southern Queensland (near Mt Barney). “Three singers insisted that they would not sing in their community because the young people did not respect the songs and there were too many interruptions,” but “a consequence of her activities was that younger members of communities began asking older people about the songs.”

Probably the Brothers Grimm had similar experiences when they were collecting their folk tales of Europe. The work of securing the folk culture of Europe was done largely in the 19th century, before first, education, and then, the media invaded its precincts, and both children and adults of Europe and the world today still benefit from the work of these pioneers. There have been persistent efforts to introduce Aboriginal tales to Australian children throughout this century (as witness the numerous tales of the origin of Australian species in the Victorian and Queensland school readers of the middle decades) but they have been retold in a bland, doctored style which one feels has omitted the probable vigour, poetry and specificity of their originals in the mouths of gifted narrators. Dick Roughsey’s illustrated Aboriginal folk tales for children and the poems narrated in this film give a glimpse of what is there, if only it can be captured. We must hope for workers of a brilliance comparable with that of the Brothers Grimm, to provide a unique cultural identity for Australians, rooted in our Aboriginal past.
The Separatist Slide

An uninformed observer may think that Australia has been engaged in a wide ranging debate about Aboriginal issues since the High Court handed down its decision in the Mabo case in June 1992. Certainly, there has been plenty of controversy about the decision itself, the Federal Government’s legislative response, and the implications for Australia’s prosperity. But related matters that should have been the subject of frank discussion were largely ignored in the media. Issues such as the likely effect of the Government’s present Aboriginal policies on the future shape and unity of Australia, or the relation between land rights and Aboriginal welfare, or the extent to which affirmative action and other policies of beneficial discrimination cause long term damage to both Aborigines and racial harmony did not receive the fierce scrutiny that investigative reporters bring to other policy areas.

An article by Gay Alcorn in the Melbourne Age, just days before Parliament passed the Native Title Act, offered a not untypical example of the tunnel vision that usually characterizes media discussion of Aboriginal issues. Ms Alcorn noted, quite fairly, that Aborigines are the most unhealthy people in Australia, and that in many respects the Northern Territory has the sickest Aborigines. Aborigines in the Territory have the highest rate of sexually transmitted diseases, 20 per cent of children are suffering from malnutrition, 50 per cent of the men die before they are 50, and domestic violence is now an epidemic. But Ms Alcorn failed to make the obvious connection: Northern Territory Aborigines are also the least dispossessed and most traditionalist Aborigines in Australia. In the past 15 years around 40 per cent of the Territory has been returned to Aboriginal land owners under the Land Rights Act. So how much credence can Australians give to the lynch pin in the Government’s justification of its current policies: the claim that dispossession is “central to the social, economic and physical problems experienced by Aboriginal people since colonization”?

Some honourable exceptions aside, official and media rhetoric consistently encourages Aborigines to see themselves as being both different in kind from non-Aborigines, and to harbour a continuing sense of grievance towards Australia and her institutions. One of the outcomes is the increasing move towards some form of self-government for Aborigines and Torres Strait Islanders. This would have been dismissed as wild extremism a decade ago, but now it is openly canvassed by some members of the Federal Government. Legal scholars such as Professor Garth Nettheim argue that aspects of the Mabo decision support an inherent right to Aboriginal self-government in parts of Australia. Regional self-government on the Norfolk Island model is the goal even of Aboriginal ‘moderates’ such as Noel Pearson. Indeed, according to a recent sympathetic article in The Weekend Australian Magazine, Mr Pearson has not entirely abandoned the more radical notion of Aboriginal sovereignty. Just as ‘self-government’ is inexorably replacing ‘self-determination’ in the mainstream discourse of the Aboriginal industry, so too, when ‘regional self-government’ fails to deliver on expectations, will ‘sovereignty’ eventually replace ‘self-government’.

Not So Different

For many people who are influential in Aboriginal affairs, the only legitimate identities for Aborigines are those which have been constructed in strong opposition to those of other Australians, and a lot of incentives for Aborigines lead in this direction. Nevertheless, there are indications that the aspirations and values of many who identify themselves as Aborigines...
or Torres Strait Islanders — perhaps even the majority — are not dissimilar from those of other Australians.

Although most documents written by people who present themselves as sympathetic to Aboriginal causes — including the Royal Commission into Aboriginal Deaths in Custody — give the impression that Christianity is very much a minority religion among Aborigines, the reality is rather different. The 1991 Census shows that 74 per cent of people who identified themselves as Aborigines or Torres Strait Islanders said they were Christians. This is the same as the figure for Australia as a whole, and is up seven per cent from the 1986 Census.

The separatist Australian Indigenous People's Party (AIPP), which stood candidates in a number of Queensland seats in the last Federal election, did very poorly. Even using conservative estimates about the number of Aborigines and Torres Strait Islanders on the electoral roll, and on the unlikely assumption that the AIPP did not receive a single vote from a non-indigenous person, less than one in three Aboriginal voters made it their choice. And less than one in three Aborigines voted in the recent elections for ATSIC, the Aboriginal parliament-cum-executive-cum-administration (see my article on page eight in this IPA Review). This was a little worse than the dismal turnout for the 1990 elections. While some prominent Aborigines reject ATSIC as too conservative, it is a reasonable guess that a great many other Aborigines reject it as too separatist.

Last year, using information from an Australian Bureau of Statistics (ABS) booklet on the 1986 Census profile of the Aboriginal population, I calculated that at least 54 per cent of Aborigines (including Torres Strait Islanders) lived in households that contained one or more non-Aborigines. It seemed an extraordinary figure, and at first I feared that there was a mistake in either the booklet or my logic. But the ABS did its own calculations and confirmed that the statistic was correct.

This and the other statistics I have mentioned suggest that the gulf between Aborigines and other Australians is being exaggerated by people who seem to benefit from maintaining division. I sent the information about household composition to a number of people active in Aboriginal affairs, including the Deputy Chair of the Council for Aboriginal Reconciliation, Sir Ronald Wilson. I pointed out that it could be a wonderful portent for the future. I had hoped that the Council would be keen to publicize such a positive development.

A Modified Picture

Since then the statistical picture has become more complex. Results from the 1991 Census suggest that something very intriguing is occurring; although, as it touches on some highly-charged political issues about the definition of Aboriginality and the relation between Aborigines and other Australians, it is unlikely to receive much open discussion.

The ABS profile of the Aboriginal population based on the 1991 Census appeared in December last year. It did not contain the data necessary to calculate the statistic for household composition, so the IPA commissioned the ABS to provide it. The percentage of the Aboriginal population living in households containing one or more non-Aborigines was around 38 per cent. This figure, while still much higher than conventional expectations would suggest, represents a striking drop over the five-year period since 1986. And when the figures are analyzed further they show even greater changes.

In 1986 around 17,000 Aborigines were living in non-Aboriginal households, but in 1991 the comparable figure was 40,500. (An Aboriginal household is one where the reference person, the spouse or a lone occupant identified as an Aborigine.) In 1986 around 106,000 Aborigines were living in households where an Aboriginal person was married to a non-Aboriginal person. In 1991 the figure had plummeted to 46,000.

I cannot provide a decisive explanation for these changes. Have the Government's misguided Aboriginal policies really been that effective in breaking up mixed households? Even if they had, it would not account for the more than doubling in the numbers of Aborigines living in non-Aboriginal households. Perhaps the figures are the expression of people's increasing willingness to identify as Aborigines, and the incentives for them to do so; with the drop from 106,000 to 46,000 also explicable in terms of formerly non-Aboriginal spouses coming to think of themselves as Aborigines by 1991. Or perhaps they point to the fluidity of identifications of Aboriginality, with some people stating they are Aboriginal at some times and occasions, but not at others. This would suggest that the figures generated from Census identifications of Aboriginality do not necessarily mean what most people, including the Government, think they mean.

The explanation probably lies in some combination of all three factors, and perhaps some others. Further light on the puzzle might come from breaking down aggregate data into different regional and social classifications, although many questions would still remain, and the cost of extracting the relevant Census information would run into many thousands of dollars.

In a genuine liberal democracy these questions, however intriguing, would be of little more than academic interest. But when racial identification is the basis of discriminatory government programs and institutions — whether positive or negative — the definition and meaning of Aboriginality and the number and distribution of Aborigines in Australia become sensitive political issues. They will become even more sensitive as a result of the Native Title legislation and the forthcoming social justice package, and as sections of the Aboriginal movement continue to widen their demands on the Australian Government and nation. Yet at some stage these issues will have to be confronted. The only alternative is to dismantle the whole structure of legislation, institutions and programs that differentiate Aborigines from other Australians. ■
Nailing a Feminist Myth

ANDREW McINTYRE

MAYBE the times are changing, and the dreamed of swing of the pendulum is actually happening. I will not hold my breath, but it is pleasing to see the first genuine male apostate of the feminist movement coming out with a valuable new book that will earn him a fatwa as surely as Salman Rushdie earned his. Farrell’s contribution, however, will be of great value in changing the perceptions generated over the last 20 years or so by the media and the skilled feminist lobby groups. They have, to a large extent, captured Western leaders and created in them a “female vote dependency” like heroin to a junkie. Unfortunately our own Liberal Party is as much addicted as the Federal and State Labor Parties and the book is thus a valuable starting point to question many of the policies implemented in this country.

Warren Farrell served on the board of directors of the National Organization for Women in New York City and lectured and made his career supporting and feeding the prejudices of the more extreme elements of the American feminist movement with catch phrases like “women are enlightened, men Neanderthals.” He is well positioned to turn the tables, and he does so powerfully.

The book is constructed in an unrelentingly polemical way, and it is marred by new-age Californian clichés and smug and inaccurate generalizations about human nature that could put off some readers. Nevertheless, one should persist. The book’s value comes from the copious amounts of hard statistics and anecdotes that systematically turn upside down the various myths propagated about inequality of power between the sexes. It should be compulsory reading for any policy-maker in almost any area, but especially health, education, defence and the law. The information applies to the United States but research in Australia suggests that the trend is very similar.

In compiling the book the author scoured thousands of publications and news clippings with the help of a huge research team. All facts and anecdotes were double-checked, and hundreds were rejected if there was any doubt about their reliability or accuracy. There are 50 pages of sources and references.

Farrell’s essential concern is that male power is a myth propagated by radical feminists and the media to the point where it becomes difficult to think any other way. He asks where else in history do we find a victim group in society who has 53 per cent of the vote, who lives on average seven years longer than men, who has more net value in assets, who spends up to six times more discretionary income on themselves than men... The list goes on and on.

To dispel the obvious criticism that men do have real power in government, the military, industry and the financial world, Farrell correctly points out that the power elite is a very small minority, and that his task is to focus on the majority of men, who by their sex alone are all systematically associated with power in the feminist cosmology. One cannot generalize about power from the sex of a single Prime Minister or a whole cabinet. Modern political elites do not as a rule represent, nor are they elected to represent, only the male or only the female members of society. Feminists, in any case, are always confounded by the likes of Margaret Thatcher, Bronwyn Bishop, Benazir Bhutto or the present reality of a female Prime Minister in Turkey! So let us look at the disempowered majority of males.

Inequality of Health

In discussing minority groups such as Australian Aborigines or American blacks, most commentators employ health and life expectancy statistics as measures of oppression and victimization. The fact that the life expectancy of Aborigines is very much lower than that of white Australians is often seen as a product of powerlessness and dispossession, a lack of control over one’s own life. What do we make, therefore, of the statistical odds of the following four categories of 25-year-olds surviving one single year in the United States?

White females 1,754 to 1
Black females 943 to 1
White males 561 to 1
Black males 311 to 1

Farrell points out that blacks die...
earlier than whites from 12 of the 15 leading causes of death, which he lists and analyzes, but that men die earlier than women from all 15 of the leading causes of death, and that these causes are largely due to industrialization. Industrialization has increased the life expectancy gap between men and women by no less than 600 per cent since 1920.

If you divide Australia into two groups, Aborigines and whites, you discover a lower life expectancy among Aborigines. The immediate response is to pour money into health service access for Aborigines. If you divide Australia into males and females you discover a lower life expectancy among males (at retirement-age women can expect to live twice as long as men). What does the government do? It pours spending into health services for women. Over 60 per cent of the Australian national health budget is spent on women, and the feminist lobby in Canberra is demanding more.

Farrell analyzes one health item in the United States that is very telling for Australia. Women die marginally more from breast cancer than men do from prostate cancer, but spending on breast cancer research is over six times higher than for prostate cancer research. It is obvious from the press which of the two is uppermost in the public mind. If we educated men to go for routine rectal examinations for prostate cancer and to do routine testicular self-examinations — the way we educate women to do routine breast self-exams — we would keep tens of thousands of men alive just as we are now keeping tens of thousands of women alive. (Some have already said, however, that AIDS research in Australia — aimed at helping predominantly men — has been disproportionately funded in comparison to breast cancer research. Apart from an erroneous comparison — AIDS is a viral epidemic that has the potential to infect both sexes — the extent of funding is best interpreted as an example of yet another special interest group, this time homosexual, getting more attention than it warrants.)

The Victims of Violence

In relation to crime and violence, even the Governor-General, the Hon. Bill Hayden, felt the need to expose the recent scandalous Melbourne Age campaign on 'Violence Against Women' as a demonstration of media bias. The Age (4 June 1993) had a headline under the banner 'War on Women — 321,000 are victims'. When analyzing the figures from its own survey, The Age should have added "of which 140,000 are male victims."1 Men, and particularly young men between 18 and 24, are four times more likely to be exposed to violent attack and murder than are women. According to the International Crime Victim Survey, rape in Australia constitutes only 7.9 per cent of all violent crime, affecting 1.1 per cent of the total female population. Men are the primary victims of all other violent crimes.

Men are also disproportionately represented among the genuinely dispossessed. Eighty-three per cent of America's homeless are men.

In the justice system much attention has been focused on judicial bias against women, but it is common knowledge that men account for around 90 per cent of prison inmates in all countries. Farrell shows that in all categories of crime men are dealt with far more severely than women in sentencing. In the US a man convicted of murder is 20 times more likely than a woman convicted of murder to receive the death penalty. Early prison release schemes, property settlement, child access and almost all other aspects of court dealings are analyzed: the outcomes of most are unfavourable to men. Has any research been done in Australia to expose the double standards?

Educational Injustice

In education we see a glaring inconsistency in policies set to overcome apparent prejudice against girls at school and, as a consequence, inappropriate expenditure, especially on affirmative action schemes. The Victorian Liberal Government set up a Working Party last year on Opportunity for Girls in Education, but recent figures show that three times more boys drop out of secondary education than do girls by Year 12.2 This fact was not even discussed in the guidelines. And, further, 28 per cent more females than males actually commence tertiary studies and well over 30 per cent more females graduate in Australia with primary degrees. The present Victorian Government still maintains an Equal Opportunity Officer in every single primary and secondary school in the State for a staffing cost of around $3.5 million.

One argument used to explain this educational injustice is that professional outcomes for women are still not as good as those for men. Farrell makes an analysis of the types of jobs men and women choose and reminds us of those men who are conveniently forgotten. How many readers are aware that 94 per cent of all occupational deaths occur to men? Farrell lists what he calls the "death professions": fire-fighting

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— 99 per cent male; logging — 98 per cent male; trucking (heavy) — 98 per cent male; construction — 98 per cent male; coal-mining — 97 per cent male. More men die each day working in the United States than the average daily death toll during the Vietnam War. By contrast, those occupations having at least seven of the following 'desirable' work characteristics — ability to switch off at the end of the day, physical safety, indoors, low-risk, desirable or flexible hours, no demand to move, high fulfilment, contact with people — almost all employ over 90 per cent women. A majority of working women value flexibility and part-time work. A recent Institute of Family Studies survey indicated that two out of five working mothers, if they had a choice, would stay at home.

When it comes to women in the armed forces, Farrell plants enough land mines for the budding equal opportunist to make Pol Pot jealous. He employs copious statistics from research by the American Armed Forces, notably concerning the risks women are exposed to (excellent case studies of actual female performance in the Panama invasion and the Gulf War are examined in detail) and the extraordinary double standards that have been adopted in the US Armed Forces, which Australia is likely to copy. There is very little more to be said than that one hopes our political masters and mistresses in Canberra have looked at the same research.

In all, the book is a brilliant exposé of the myths surrounding feminist advocacy, but a disturbing book to read from cover to cover for all of us who somehow doggedly believe in the triumph, just sometimes, of reason, empirical truth and plain common sense over the present hysterical climate of political correctness, moral equivalence and the post-modern deconstructionist dreamtime.

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1. According to *The Age* Saulwick Poll for every 12 female victims, there were seven male victims. On the basis of 321,000 victims and their own survey, 120,000 were men abused by violent women. This was not mentioned in any of the learned commentary provided by *The Age*.

2. Department of Employment, Education and Training figures for 1992. In Victoria, retention rates to Year 12 completion are 79.8 per cent for males and 92.8 per cent for females. 17,497 males and 22,357 females commenced post-secondary education.

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Derek Parker is a Melbourne-based freelance writer.
Thailand, Malaysia and Indonesia have used their resources and large populations to build thriving, broad-based economies. The Philippines, strengthened by several years of political stability, has started on the road to prosperity. Even Vietnam has established a framework for growth.

There are a few special cases: Laos, Burma, Cambodia and Papua New Guinea are likely to remain on the margins of the boom; shackled by political conflict and uncertain of their direction. North Korea is likely to remain a wild card, possibly becoming even more unpredictable as its leadership structure crumbles.

Significantly, Dobbs-Higginson also looks at India, often neglected in assessments of Asia. Until recently, it has been burdened with attempts to impose Soviet-style economic planning, and there is not yet firm evidence that its move towards liberalization has taken root. Another serious problem is its increasingly radical sectarianism, which may yet pull the country apart. But Dobbs-Higginson points out that India has huge potential, and has developed high standards of technology in surprising area. Another advantage it enjoys is a network of Indian expatriates spread across the pacific, providing not only a source of capital and local expertise, but a “connecting tissue” for the region.

India could also provide a balance to China, although China has its own problems. Apart from the question of Deng’s successor, there is the issue of whether Beijing can govern a country where economic warlordism is rampant. The old order is breaking down, with everyone in business for themselves: the military, the Ministry of Finance, even small village communities. Dobbs-Higginson cites the case of a local mayor who taxes his constituents in order to build a new road to a factory he owns.

He notes that China’s new prosperity is concentrated in the coastal cities and in the Special Economic Zone linked to Hong Kong. The growing chasm between the nouveau riche and the peasant culture has the potential to tear China apart — an event which would send shock-waves throughout the region and the world.

But Dobbs-Higginson retains a sense of optimism regarding China: its people recognize that the future of their country will be determined by the next few years, and are likely to pull back from the abyss. And, in terms of economic integration with the region, the presence of Chinese communities throughout South-East Asia could be an “economic backbone” that will play a key role in the future.

The third of the big players is Japan, another country experiencing traumatic change. Dobbs-Higginson believes that Japan is now recognizing that its natural base lies in Asia. The recession has forced the sale of many overseas assets, often at a loss, in America and Europe, but Japan is going to great lengths to retain its assets in Asia.

In this sense, the new Japanese Government represents a change in attitudes, and a shift away from the LDP collusion-style of politics which emphasized the importance of the US market. Even if the eight-party governing coalition does not hold together, there is unlikely to be a return to the old ways.

Sceptical of APEC

Despite his view that a community of Asian nations is desirable — even inevitable — Dobbs-Higginson has little faith in APEC. Initially, he says, APEC represented an opportunity for Australia to play a leading role in the politics of the region. But allowing the initiative to be taken over by the United States was a major tactical error. Now the Asian focus has been lost, and the entry to South American countries will cloud APEC’s development even further.

He believes that there is already an organization which could provide the framework for a larger association within a specifically Asian context. He points to ASEAN as having all the building blocks in place, with committee structures on the environment and security, for example.

ASEAN also has a high degree of credibility, having politically matured over a long period and representing some of Asia’s most successful economies. He sees these elements as essential for the future, and the absence of them as the reason why other attempts at community-building, such as the East Asian Caucus put forward by Mahathir, have foundered.

ASEAN’s Free Trade Association could provide the means for other countries to come in without being a threatening presence to the existing members. The APTA could also be an avenue for Australia to move into Asia in a structural way. He argues that the integration of the Australian economy into the region has reached the point where there is a need for co-operation at the government level.

Yet Australia cannot and should not try to become a de facto Asian country. Indeed, its European cultural heritage could allow it to become a valuable bridge to the West.

Asia Pacific is not without its faults. Dobbs-Higginson sometimes focuses too much on philosophical attitudes: his analysis of South Korea, for example, stresses the importance of an ordered Confucian social system but makes no mention of the US aid program of the 1950s or the preferential trade arrangements granted by many Western countries. Similarly, he deals with the problems of cultural conflict but does not examine the weakness of the capital markets in many Asian countries — a factor which is likely to prove a significant hindrance to further progress.

But Asia Pacific remains a fascinating book, and anyone who has ambitions to understand the future of the region should be aware of its ideas.
How Capitalism Converted the Pope

T.C. DE LACEY

_The Catholic Ethic and the Spirit of Capitalism_ represents a strain of Catholic thought which rarely finds public voice in Australia. Although there must be legions of ordinary Catholics out working in the free enterprise system who appreciate the benefits that system can deliver, their views are not reflected in the statements of prominent Catholic media and of official Church committees, which, as the recent Wealth Inquiry showed, tend to ape the enthusiasms of the socialist Left.

In the USA the situation is different: there, many thoughtful and decent Catholics have stood up in public to defend free enterprise, among them Michael Novak and the Reverend Robert Sirico, who visited Australia in mid-1993 as a guest of the Centre for Independent Studies. Nor is the USA an isolated example, despite what the worldwide depredations of Liberation Theology may suggest. It is one of the theses of Novak's latest book — a thesis ably supported by a mass of documentary evidence — that during the Pontificate of John Paul II free enterprise has won the approval of the Papacy itself.

The book is intended, as its title suggests, as a riposte to Max Weber's famous thesis about the role of the 'Protestant Ethic' in the development of modern capitalism. It is not, however, an historical rejoinder, nor does it need to be. It is now many years since Hugh Trevor-Roper and other historians began to remind us that many of the first capitalist centres sprang up in Catholic cities, such as Liege, Lille and Turin; and that the first 'multinational' enterprises in Europe were the huge medieval farms run by Cistercian monks on a commercial basis. Novak acknowledges this historical work but has a different project: to "offer a vision," as he puts it, of how the Catholic ethic that he espies in the social thought of John Paul II may "undergird, correct, and enlarge the spirit of capitalism." Along the way he recounts the history of Papal statements on social concerns over the last hundred years.

Contra Collectivism

In 1891 Pope Leo XIII issued the founding text of the current tradition of Papal social thought, the encyclical letter _Rerum Novarum_. In this document he condemned those he called (very broadly) "the socialists," on the grounds that were they to succeed in transferring individual property to the community, they would "deprive the wage earner of the liberty of disposing of his wages, and thus of all hope and possibility of increasing his stock and of bettering his condition in life." The socialists' goal (collectivism, in modern parlance) was "manifestly against justice," for every man had the right by nature to possess private property. Property rights, according to _Rerum Novarum_, were "sacred". What is more, not only was collectivism unjust, it was also futile and counterproductive, for "if the incentives to ingenuity and skill in individual persons" which private property offered were to be abolished, "the very fountains of wealth would necessarily dry up; and the equality conjured up by the socialist imagination would, in reality, be nothing but uniform wretchedness and meanness for one and all, without distinction."

As unequivocally opposed to collectivism as he was, Leo XIII found two grave errors underlying the capitalist society of his day: it saw every individual as isolated and also as the equal of every other, paying insufficient heed to the weaknesses of many who could not be expected to compete with the rest on equal terms: "The present age handed over the workers, each alone and defenceless, to the inhumanity of employers and the unbridled greed of competitors." Thus Leo established the direction of Catholic social thought for much of the 20th century — hostile towards collectivism but reformist towards capitalism. Capitalism had three saving
features: private property; an insistence on the limited state; and the space it allowed for free associations, such as labour unions, social clubs, schools and religious organizations.

Novak identifies one essential feature of capitalism which Leo failed to discuss (whether positively or negatively), namely the market. He attributes this lacunae in *Rerum Novarum* to the circumstances in which it was written. Italy was still a predominantly agricultural economy locked in ancient customs. Politics, rather than economics, dominated the minds of its 19th-century leaders struggling to establish a unified State. More than this, however, Catholic intellectual life had been ravaged in the 19th century. After the French Revolution, many colleges, seminaries and monasteries had been appropriated by governments; many libraries disbanded. Leo had to make do with the resources and advisers that were available, and so left considerable scope for refinements by his successors.

The State and Social Justice

In 1931 Pope Pius XI, commemorating *Rerum Novarum*, issued the next major document in the tradition, *Quadragesimo Anno*. This encyclical built upon Leo’s appreciation of free associations and his view of the proper limitations of the state by enunciating the principle of ‘subsidiarity’, to wit: that social tasks should be performed by the smallest possible unit, and that larger units (such as the state) should not take over functions capable of being performed efficiently by smaller ones (such as the family or Church or neighbourhood).

A more problematic addition to the tradition was the concept of ‘social justice’. Novak argues that the usage of the term in *Quadragesimo Anno* falls victim to the charge of F.A. Hayek, that it confuses personal virtue with the state of affairs in a social system (a system, that is, beyond the direct control of any individual, however virtuous), and that the term is thus useless except as rhetoric for the defence of special interests. Novak then spends a good deal of time trying to rehabilitate the term ‘social justice’ as a purely personal virtue, by which individuals associate to alter social conditions.

Paul VI’s *Populorum Progressio* (1967), on a different track, declared that “private property does not constitute for anyone an absolute and unconditional right.” While avoiding the term ‘socialism’, Paul VI began to speak of a necessary process of ‘socialization’. In one sense, Paul was looking back, beyond Leo XIII to the older Scholastic tradition, which had been so deft. He also does a very significant and contribution of entrepreneurship, and argues that the modern (free market) economic process, “throws practical light on a truth about the person which Christianity has constantly affirmed” and ought to be viewed “carefully and favourably.”

As Novak explains, the key to John Paul II’s social thought lies in his philosophical and theological understanding of the human person. Long before he assumed the Papacy, Karol Wojtyla had singled out the capacity to originate action, to conceive of new things and do (or make) them, as the clue to human identity. He found powerful support for his view in the Book of Genesis; man, being made in the image of God the divine Creator, is called to ‘create’ after a fashion himself, doing so not *ex nihilo* (for only God can do that), but by subduing the earth and putting the goods of the earth to his own service. And just as the married man and woman in their sexual acts do not merely reproduce but procreate (that is, co-operate with God in creating new members of his Kingdom), so they are also co-creators in the economic realm:

“Man discovers his capacity to transform and in a certain sense create the world through his own work...carrying out his role as co-operator with God in the work of creation.”

It is this ‘creative subjectivity’ of the human person which prompted John Paul II, in *Solicitudo Rei Socialis*, to speak of a “right to personal economic initiative,” and in *Centissimus Annus* to acknowledge the value of entrepreneurship and to criticize the welfare state in those situations where it tended to stifle personal initiative and responsibility.

Novak’s reconstruction of the tradition of Papal social thought is generally deft. He also does a very good job of countering those left-wing commentators who have tried to play down the extent to which *Centissimus Annus* favours free enterprise. The account is marred, however, by poor organization. There are frequent digressions about the failures of socialism in Eastern Europe, and
though these may have been intended to show how prescient the encyclicals were in their (respective) days, they end up merely disrupting the flow of the analysis. Also, despite managing to capture all the relevant points in the tradition, the analysis is actually less comprehensive in its discussion of John Paul II’s predecessors than was Novak’s earlier book, *Catholic Social Thought and Liberal Institutions*. In the current book, for example, a couple of John XXIII’s and Paul VI’s encyclicals are not even mentioned, and those that are, are not examined at any length.

**Poor Guide to Action**

More serious still, Novak’s suggestions for practical action, which take up the last third of the book, are mostly vague and question-begging; indeterminate injunctions of the “barriers to participation must be broken down” or “moral decay emanating from the adversary culture must be resisted” sort. Other neo-conservative writers, like Charles Murray and Michael Medved, have developed similar ideas far more thoroughly and usefully than Novak does here. And all that his attempt to rescue the term “social justice” really produces is a renaming of the old-fashioned virtue of civic responsibility.

I take it, then, that Novak fails to accomplish his goal of “undergirding, correcting and enlarging the spirit of capitalism.” Despite saying (in the epilogue) that the book was intended mostly for non-Catholics, for much of the time he appears to be engaged in a purely intra-Catholic debate about what the official stance of the Church is towards capitalism and (by implication) which policy commitments it is proper for Catholics to hold as a result. The harder task of persuading non-Catholics that liberty, including economic liberty, is not an end in itself but rather a derivation from human “creative subjectivity”, would require a book of a very different shape.

Yet provided one can shut one’s eyes to the book’s unrealized ambitions, what it does offer may still yield a certain measure of satisfaction. As readers of the *IPA Review* will probably know, relations between the hierarchy and the laity of the Catholic Church in Australia are far from straightforward. Factional fights in schools, in religious orders, in one parish and diocese after another since the Second Vatican Council, with priests and bishops (whether they be ‘progressive’ or ‘orthodox’) behaving like the most unscrupulous of politicians rather than like even-handed men of God, have grievously weakened respect for the authority of all members of the hierarchy. The situation has been compounded by theologians and journalists (not all of them non-Catholics) who have made contradictory claims about what the Church actually does teach, and what obligations Catholics actually do have.

In this context of confusion any book will be a boon which sets out what the highest authorities in the Church believe and teach about an issue. *The Catholic Ethic and the Spirit of Capitalism* is such a book, for all its flaws, and its wider dissemination should re-assure the ordinary enterprising Catholic that, regardless of what bunyip Peace and Justice Commissions might imply, he can go about his business while still retaining his fidelity to the Pope.

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Full Employment Project Launched

High unemployment, said the Secretary to the Treasury, Ted Evans, recently, is “a matter of choice”. Yet Australian governments and those advising them seem to have resigned themselves to the inevitability of long-term high unemployment in Australia.

Concerned to rectify this situation, the IPA, in association with the Institute of Applied Economic and Social Research at the University of Melbourne, has launched the Full Employment Project to explain why unemployment is unnecessary and how it may be avoided.

His Excellency the Governor-General, the Honourable Bill Hayden, has agreed to be the patron of the Project. Professor Helen Hughes, until recently head of the National Centre for Development Studies at the Australian National University, has been appointed Director. Before her position at the ANU Professor Hughes was Director of the Economic Analysis Department at the World Bank. In 1985 she was awarded the Order of Australia.

Full employment has been an objective promoted by the IPA since its inception. The IPA’s 1944 policy program, Looking Forward, stated:

“The supreme task of post-War economic policy will be the prevention of large-scale unemployment, and so far as possible, the maintenance in useful work of every willing worker ... it is, therefore, imperative for Australian governments, in common with other governments, to do everything possible and necessary for the attainment of a permanent state of full employment.”

Pursuing the goal of the Project will involve examining the latest research on employment, applying it to the Australian context, and presenting it in policy-relevant terms to politicians, their advisors, and the public.

Financial support is crucial to the Project’s success.

If you would like further information regarding the Full Employment Project, contact John Hyde on (03) 654 7499.

International Links in Education

The Fall 1993 issue of Kappa Delta Pi Record, an influential quarterly published in the USA, was devoted to a discussion of Australian education. The IPA’s Dr Susan Moore (pictured below) was the guest editor of this issue.

Kappa Delta Pi, which was founded in 1911, is an honour society in education. Its elected members, who number over 80,000, are academics, teachers, education policy-makers, and university students. Internationally it is associated with excellence in education.

Kappa Delta Pi’s Executive Director, Dr Michael Wolfe, visited Australia in 1992 in order to involve Australians in a new international KDP network including Commonwealth countries.

The special issue on Australian education, as well as being edited by Susan Moore, includes contributions by Dame Leonie Kramer and Ken Baker. For many overseas readers this issue will be a key source of information about Australian schooling.

New Fellow

Roger Sandall has joined the IPA as a Visiting Honorary Fellow.

Until 1973 Mr Sandall worked mainly as a maker of anthropological documentary films, one of which won the premier award at the Venice Film Festival. From 1973 he has been on the staff of the Department of Anthropology at the University of Sydney where he is a Senior Lecturer. The Editor of Quadrant in 1988, he has written for Encounter, Commentary, Quadrant, Art International and IPA Review.

His present research interest is relating the thought of Francis Fukuyama (author of The End of History), Max Weber, and Michael Polanyi of whom he writes in this issue of IPA Review.
**Economics and Culture**

In December William Kristol, former advisor to US Education Secretary William Bennett and to Vice-President Dan Quayle, completed a successful series of meetings and speaking engagements in Canberra, Melbourne and Sydney. He was keynote speaker at the IPA conference, ‘A Culture for Full Employment’, held at The Regent Hotel in Melbourne on 1 December.

In his speech to the conference Dr Kristol argued that the conviction that economic problems can be solved by purely economic means has evaporated in the United States. Two-thirds of Americans, when polled two years ago, said they thought their country was going in the wrong direction. At the heart of this unhappiness, said Dr Kristol, are cultural problems: crime, education, the ‘Balkanization’ of ethnic communities, political and legal changes, and family breakdown.

Also speaking at the Melbourne conference were Hugh Morgan AO, Chief Executive of Western Mining Corporation; Paul Kelly, Editor-in-Chief of *The Australian*; Professor Richard Blandy, Director of the Institute of Applied Economic and Social Research at the University of Melbourne; and Professor David Penington AC, Vice-Chancellor of the University of Melbourne. Chairing the Conference was John Stone.

Paul Kelly argued that, to succeed, economic reformers will need to couch their views not just in terms of the benefits of economic growth, but in terms of social justice. Australians, he said, would reject any ideology which they thought resembled Social Darwinism.

The proceedings of the conference are now published in the IPA’s *Current Issues* series under the title *A Culture for Full Employment*. Copies are available for $16.50 (inc p&h) from IPA, 128-136 Jolimont Road, Jolimont, Vic, 3002; or phone (03) 654 7499.

**Speaker on Conflict**

The Essington Lewis Speakers’ Group ended a successful year in 1993 with a dinner at a Melbourne restaurant. Guest speaker at the dinner was Dr Tim Duncan, a former journalist and political adviser, now with Pratt Industries.

Dr Duncan argued that while Australians have focussed on socio-economic class as the engine and source of conflict in national politics, sectoral clashes (involving mining, agriculture, manufacturing, etc.) have been far more important. A key manifestation of sectoral clashes has been the debate over protection. This saw “the export sector pitted against the domestic sectors of the economy and ultimately the formation of institutional responses to endemic conflict usually favouring the metropolitan centres of population.”

“Hence the over-investment in manufacturing industry in Australia, its inward-looking orientation, the insulation of the public sector from international cost pressures and its development as a means to transfer income to city-dwellers, and the formation of a rent-seeking alliance between capital and labour within the protected sector that we call arbitration.”

The Group is planning a full program for the year ahead. For further details contact Helen Hyde on (03) 654 7499.
RECENT IPA BACKGROUNDERS

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 have 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)

Improving the Efficiency of the Public Service by Des Moore
There are reasons for supposing that the Efficiency Dividend scheme is an inadequate mechanism for maximizing public sector efficiency and effectiveness. This Backgrounder explains the need to adopt market-type mechanisms regarding the inputs to public services and to their actual delivery or operation. (February 1994)

1993-94 Budget Backgrounder by Mike Nahan ($15)
Tasmania wins the 1993-94 Award for Most Responsible Budget, while the Commonwealth wins the Lemon Award for the Most Irresponsible Budget. A comprehensive and comparative review of Commonwealth, State and Territory finances in 1993-94. (February 1994)

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)

God and the Greens by David Elder
Radical Greens who call for fundamental changes in Western cultural patterns frequently invoke the ‘White thesis’ which blames the Judaeo-Christian religious tradition for our environmental problems. But the White thesis is based on a series of misrepresentations. (January 1994)

IPA Backgrounders listed above are available individually for $5 (inc. p&h) unless stated otherwise. 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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