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The Malaise in the Welfare State

MICHAEL NOVAK'S article 'The Crisis in the Welfare State' (IPA Review Vol. 46 No. 4) did not see deep enough into the moral malaise to which the welfare state has not only contributed but also, paradoxically, provided a partial solution. Unfortunately he did not highlight the fact that welfare recipients are not the only ones to benefit from the growth of the welfare state.

Novak discusses three principles, articulated by Pope John Paul II, which should limit the intervention of the state in public life: the principle of subsidiarity, the principle of evil effects, and the principle of personal moral agency.

The principle of subsidiarity is violated when a community of a higher order (e.g., the state) interferes in the internal life of a lower community, depriving the latter of its functions. One of the 'evil effects' or unintended consequences of this is a 'sluggishness' on the part of many citizens towards their personal and social responsibilities.

Unfortunately, Novak suggests that this 'sluggishness' is limited to welfare recipients. He asserts that "false excuses" like a "bad back" have increased the number of malingerers in society, and he is probably right. But just as common, if not more so, is the excuse heard among the clinking of cocktail glasses at high society parties: "I pay my taxes! I don't owe anyone anything!" Or worse still: "I and many of my wealthy friends pay no taxes at all, and that is right, because it is the law."

What is reflected here is the fact that many of those who do so much to generate wealth in our society have totally lost sight of their moral obligations to contribute to a just distribution of that wealth. The welfare state has contributed to this attitude. (I say "contributed to" rather than "caused", as Novak might say, because the origins of this moral decay go much further back in time than the advent of the modern welfare state, as RH Tawney has demonstrated in his classic work, Religion and the Rise of Capitalism.) By placing primary responsibility for a just distribution of wealth on the state rather than on those who have that excess of wealth, we have allowed our individual social responsibilities to be reduced to following the letter of the taxation law.

This in turn has legitimized the personal hoarding of wealth through manipulation of the tax legislation.

Novak is fond of quoting Catholic Popes. The papal tradition of social doctrine also teaches that while each individual has the right to private property, this property should be used to promote the common good, and that once a person has provided for his own needs, he should distribute his excess wealth to those in need. The social use of private wealth is a habit practised by very few business people. The late John Bell and the successful Body Shop entrepreneur, Anita Roddick, are two examples. Rather than writing impressive cheques to charities, which is nevertheless commendable, they use the profits generated by their businesses to invest in employment-generating activity. And they do so out of a personal sense of social responsibility. Contrast that with those many business groups who wait with baited breath for the Federal Treasurer, Mr Willis, to announce the size of the budget deficit before deciding whether to increase employment-generating investment. The moral component of an investment decision has been forgotten, while the business community waits, relies and becomes dependent on the state to deliver a risk-free economic environment.

In this context of a reduction of personal moral agency among all sections of society — the wealthy just as much as the poor — the argument that reducing the supports offered to the poor by the welfare state will allow space for private philanthropy to fill the gap, strikes me at best as extremely naive, and, at worst, as merely an ideological justification for reducing the taxes of the well-off. In the absence of any sign that those with wealth are willing to exercise the moral dimension of liberty and take some personal risks to invest in the common good, the state has little option but to continue to provide economic support to enhance the economic freedom of the most disadvantaged members of our society. The welfare state does not so much "crowd out" private charity as make allowance for the moral weakness of those with excess wealth.

David de Carvalho,
Blackburn South, Vic

Wayward Children

MOST WRITING on the subject of 'street kids' (including IPA Review, Vol. 46 No. 4) talks about how we should treat the children who are already living away from home. Perhaps instead of treating the symptom, we should be trying to prevent the conception of babies who will become the next crop of wayward children.

Homeless children come, to a large extent, from single or step-parent families, from a background of fighting parents or from drug-addicted parents. Of course, some come from apparently stable and well-off families. It is not possible to predict infallibly how a particular child will turn out, but there is a tendency for people in certain circumstances to produce a disturbed family atmosphere and disturbed children. How, then, does society discourage these
people from bringing babies into the world?

Two ingrained dogmas need to be examined. These are the assertion that human birth is a miracle, or a gift from God, or some such thing rather than a natural consequence of a previous natural act. Birth is no more miraculous than the germination of a seed or the metamorphosis of a caterpillar. The other dogma holds that people have a right to procreate at any time and in any state of preparedness and on no better pretext than whim.

These beliefs and the knowledge that the state will give support, lead to a casual attitude to both conception and the permanence of marriage. Society needs to make clear to prospective parents that the work and the cost involved in bringing up a child are the responsibilities of the parents. The state should not be seen to encourage the lone-parent family by making support automatically and readily available. This is not to argue that single-parent pensions be abolished, but to suggest that the availability of such pensions be restricted to those really in need. Support should be forthcoming from both parents and grandparents before resort to state aid. When public support is warranted, it may be better channelled through existing charities.

We know that problem children are an expensive malaise of society, and that by the time the bad behaviour is manifest it is too late for a cure, and we know from what backgrounds the continuing supply of these children is likely to come. If this supply could be interrupted by persuasion or legislative disincentive, it would benefit both the potential parents and the babies that might have been conceived.

H.C. Griffin,
Sherwood, Qld

An Australian Monarchy

IN THE debate generated by Keating, Kenenally, Turnbull and others, the real issue concerns the nation's political independence. As well as being independent, we must be seen to be independent. Although our political independence has been firmly acknowledged by our former colonial masters and never questioned by our international trading partners, doubt about our independence has been cast by the republican movement, particularly in the minds of those (including Young Liberals) who have not attained wisdom through age or inheritance.

Yet many of the doubters would abhor the thought of living in a republic dominated by politicians with an elected and therefore, more often than not, partisan political 'President'.

Some republicans (with or without chips on their shoulders) adopting a so-called minimalist position, have said that partisanship can be overcome by the two Houses of the Federal Parliament electing the Head of State by a two-thirds majority. To endorse such a change to the Constitution, a referendum would be required, with no guarantee of endorsement!

All objective doubts about our political independence could be laid to rest if our present Monarch could be persuaded to pass her Crown of Australia to the Australian people on her death, or, if she decides to 'retire', to bypass son Charles by granting her Australian Crown to the Australian people.

The only real change needed would be in the appointment of the Governor-General and this would not need a change in the Constitution, only the adoption of a convention that the Prime Minister and Leader of the Opposition jointly appoint the Governor-General. (In the surely unlikely or rare event of there being no consensus between the political leaders, a bill could be enacted in Parliament to enable an election by the people. With such provision, consensus is highly likely!)

To effect the hand-over of the Crown to the Australian people, all that would be needed is an Act of the Australian Parliament, as requested by Her Majesty. Only in the likelihood of the current Monarch refusing to bequeath her Crown to the Australian people should a referendum be necessary to effect such change.

The situation in each of the States would parallel that of the Commonwealth in all respects, but individual States could, of course, exercise their right to retain the British Monarch as Head of State. The advantages of this proposal include:

The use of the honourable term 'Crown' can be retained in all legal documents, otherwise all references to the Crown would need to be changed to 'the People of Australia', or 'the People of Victoria', etc.; alternatively, the disreputable term 'State' would be required. (The horrendous waste of time and money to effect such changes would be avoided).

The maintenance of the traditional titles in our defence forces — Royal Australian Artillery, Royal Australian Air Force, Royal Australian Navy, would avoid a very large waste of time and money in effecting name changes, as well as satisfying the vast majority of our servicemen and women.

It will aid in returning social unity to the Australian community and in dissipating the bitterness which has developed in the community after more than a decade of inadequate, inappropriate political leadership.

There would be no need for a referendum to change a system of governance to confirm Australia's absolute political independence — there is no need to fix what ain't broke!

Our political 'independence' would be confirmed for all time, at least in narrow terms which do not impact on our economic dependence on our major trading partners and defenders.

David Svenson,
Brookfield, Qld
Where the IPA Stands

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

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

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

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

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

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

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

The Way the IPA Operates

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

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

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

Funding

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

"Where is the wisdom we have lost in knowledge?
Where is the knowledge we have lost in information?"

T. S. Eliot

THE FOUNDER of this journal, Charles Kemp, thought that higher education had failed in its purpose if it had not made its recipients aware of the depths of their own ignorance. Instilling an awareness of human fallibility and of the limits of the rational mind would teach humility, Kemp believed. "Our greatest danger," he contended, "lies in those terrible twins, arrogance and dogmatism." Arrogance tells us that we are infallible; dogmatism insists that the world obey our theories rather than vice versa. The man who believes he is omniscient, or even that omniscience is humanly possible, will soon begin dreaming of omnipotence.

Failure to appreciate the limits of our knowledge is easy in modern times. We live in the midst of an information revolution. Never before has so much knowledge been available to so many. Computers have enabled the analysis and organization of vast mountains of data. Cognitive scientists have developed computer simulations of complex brain functions. Econometricians have created sophisticated, dynamic models of the economy, which take into account hundreds of variables.

Never before have we had a greater proportion of our population so highly educated. Since 1950, a period in which Australia's population has little more than doubled, enrolments in higher education have increased almost 17 fold. Thirty percent of all 17- to 22-year-olds now attend university.

The weight we give to textbook knowledge has increased. The apprenticeship model, with its emphasis on practical learning on the job from a master practitioner, is being pushed aside by formal theoretical training gained in institutions of higher learning. (Nursing training is a current example of this trend.) Increasingly, we rely on credentialled experts. Management consultants advise us on how to reorganize our businesses: psychologists on how to reorganize our lives. In child rearing, parents who traditionally would have looked to a combination of instinct, common sense and the advice of their own parents and relatives, now seek the advice of textbooks and formally-qualified experts.

To an extent this is the outcome of a modern economy and society which demand high levels of technical proficiency and specialization; in which knowledge is increasingly sophisticated and its rate of redundancy high.

DANGERS Yet, there are dangers. The reliability of some areas of knowledge and some experts is plainly much less than others. We can normally depend on a bridge designed by a qualified civil engineer not to collapse. But we should not expect anything like the same degree of reliability from a community designed by a social scientist, or a therapy designed by a psychoanalyst, or an economic plan produced by an economist.

The 19th-century French father of sociology, Auguste Comte, envisaged a 'scientific' society of the future in which social scientists, having replaced priests, would rule alongside industrialists. This is not a vision which we should welcome. The judgment displayed by a remarkable number of our most erudite, socially-aware intellectuals, particularly concerning one of this century's worst forms of tyranny, communism, has been too profoundly mistaken to trust intellectuals with power. Paul Hollander has extensively documented the romance with communism among European and American intellectuals in Political Pilgrims (1981). Australian intellectuals were not immune. As late as 1960, in Meeting Soviet Man, Manning Clark wrote full of hope regarding the creation of a new communal identity in the Soviet Union. A decade later he contributed an admiring preface to Humphrey McQueen's The New Britannia, a book which concludes: "It is this class [the Australian proletariat] which can have no solution to its problems other than the establishment of a communist society." Here was one socially-engineered bridge destined to collapse.

One of the appeals of communism to intellectuals was the power and status it implied for them. A centrally-planned economy needs central planners; scientific socialism needs social scientists, at least in theory. (In practice, of course, intellectuals have been persecuted by communist regimes.) For men and women to attempt to build from scratch a new society along rational lines requires an enormous faith in the capacity of the intellect; a belief, in fact, in the possibility of human infallibility.

FALLIBILITY Centrally-planned economies fail, not only because the structure of incentives is wrong, but because of their failure to recognize the limits of the rational mind. In any modern market, as the Austrian economists Von Mises and Hayek recognized, there are millions of exchanges and millions of prices subject to constant readjustment as resources and consumer preferences change. No human agent, even with the aid of modern computers and a team of researchers, can make the calculations necessary to simulate the efficiency of the price mechanism.
But the complexity of the information, and the logistical difficulties of collecting and analysing it, are not the whole problem. Centrally-planned economies fail also because some of the most important knowledge required just cannot be codified: it cannot be captured in a formula, a model or a plan. When producers and consumers make decisions, some of the knowledge on which they draw is tacit: it is embedded in practices, skills and habits; it includes entrepreneurial flair and business instinct, common sense and the sense of judgment gained from experience; it may be local knowledge which cannot be abstracted from its context; often the producer or consumer concerned is not even fully conscious of it. Yet the difference it makes is crucial. It is like the difference between two dishes made according to the same carefully worded recipe; but one is cooked by a novice, the other by a seasoned chef.

It is this tacit knowledge which our own society, with its growing emphasis on textbook learning, is in danger of undervaluing. In public affairs, a heavy reliance on codified knowledge - the theory, the formula, the plan, the model - is always imprudent, sometimes disastrous. The English philosopher, Michael Oakeshott, called it political rationalism.

BENTHAM'S CALCULUS The philosophical father of political rationalism in the English-speaking world is Jeremy Bentham (1748 - 1832). Bentham is best known for formulating the principle that the moral value of an action, or indeed of government legislation, is the extent to which it advances the greatest happiness of the greatest number. The influence of this superficially appealing principle in the politics of the English-speaking world rivals all others. More than any other single principle, it underpins the Welfare State.

Australia is no exception. In his classic account, Australia (1930), W. K. Hancock wrote that, although the Australian policy was fairly resistant to doctrine, its proclivities were utilitarian: "Thus Australian democracy has come to look upon the State as a vast public utility, whose duty it is to provide the greatest happiness for the greatest number."

Despite Bentham's admiration for Adam Smith, his principle is in fact fundamentally illiberal. It can be - and has been - used to over-ride individual freedoms in matters ranging from social security to the determination of wages and conditions. As a moral principle it is alarmingly inadequate.

The problem of what constitutes happiness and how governments can possibly know in advance the effect of their actions on the sum of human happiness led Bentham to embark on a science of human happiness.

OUT knowledge of some things has grown exponentially since Bentham's day, but we are (perhaps fortunately) no closer to a science of human happiness.

one of the silliest projects in the history of modern English politics, a project which underlines the absurdity of his attempt to apply rationalistic formulae to politics. He set about constructing a calculus which would measure happiness: the units of pleasure generated by an action or an Act of Parliament would be added and the units of pain subtracted. Their intensity, duration, propinquity and probability would be built into the calculation.

Subjecting the happiness evoked by different events to any sort of quantitative comparison is problematic enough; but added to this, the same event will be experienced differently from individual to individual, not just as a function of each one's relation to it, but according to the psychological disposition of each individual. In practice, Bentham simply discounted such differences of disposition. The fabric of happiness was thus cut to fit Bentham's design, rather than the reverse, resulting in a profoundly impoverished view of human fulfilment. Happiness, as the poets had described it, or as real men and women feel it, eluded formulation; so Bentham settled for the more prosaic phenomena of pain, pleasure and material comfort.

Armed with Bentham's simple principle and rationalistic calculus, a government could persuade itself that it was well justified, both morally and scientifically, in intervening extensively in the affairs of society in order to contribute to the sum of human happiness. Our knowledge of some things has grown exponentially since Bentham's day, but we are (perhaps fortunately) no closer to a science of human happiness.

A revealing, if disturbing, footnote to Bentham's career is his long and enthusiastic interest in prison design. He personally developed the panoptican, a penitentiary modelled in such a way as to enable every cell to be fully viewed from a central tower. A keen advocate of social improvement and a great believer in the power of education and in the plasticity of human nature ("...the mind of man possesses a happy flexibility...a new habit is easily formed"), Bentham saw his panoptican as an instrument of reform: "a mill for grinding rogues honest, and idle men industrious." The idle men Bentham had in mind included the unemployed, the poor and the vagrant.

It never occurred to him that even the warden at the centre could not see everything - not, for example, into the hearts and minds of the inmates - just as some knowledge, crucial knowledge, will always elude the planners of a community or an economy. Bentham was a man unaware of the depths of his own ignorance.

Ken Baker
When interest rates soar the banks are blamed; when inflation rises it's the retailers' fault. High unemployment has similarly spawned false beliefs about what in reality is a failure of policy.

unemployment

who or what is to blame?

Helen Hughes

Among the unfortunate products of high unemployment is the search for scapegoats. Machines, women, immigrants, cheap labour in developing countries, a lack of demand, 'dole bludgers': all are being used to shift the blame from fundamental policy failures.

New Technology

When water- and steam-driven looms began to replace handlooms at the beginning of the 19th century, handloom workers were convinced that the total number of workers employed would be reduced. Miserable as their earnings were, they wanted to keep out of the poor-house. In desperation, they banded together to break up machinery. They called themselves Luddites after an 18th century stocking worker, Ned Lud, who wrecked mechanical knitting machines to preserve jobs.

It is not surprising that Ned Lud and the original Luddites did not understand the beneficial effects of mechanization on employment and living standards. But some 200 years later there is little excuse for the use of essentially the same arguments to explain unemployment.

Mechanization—and more broadly, the application of science and technology to production, by enabling capital (savings turned into investment) to combine with labour for greater productivity—has enabled living standards to improve immeasurably. The availability of material goods has increased beyond all expectations. Consumers' choices are constantly being widened. The majority of children finish secondary school and many go on to further education.

People are healthier and live longer. The hours worked in a week have been halved since Ned Lud's day. Technological progress has brought environmental problems, but has also given us the capacity to solve them.

But possibilities have to be translated into actualities through public choices. Bad public choices in Australia have resulted in queues for hospital beds, university places and jobs.

To achieve the high standards of living possible (in terms of private consumption and social goods) society needs full employment. People have to be well educated to be able to do most of the jobs that are coming up. This means producing enough to be able to save and invest in high-quality education for the mass of the population. Most youngsters will have to take part in prolonged education, and re-train several times during their lifetime, if we are all to enjoy the standards of living and leisure that modern society can offer. Those at work will not only have to support those being trained but also the growing proportion of society who are aged. Whether this is done through private or public saving, people have to work to save as well as consume. Unemployment, part-time work or job sharing are not going to deliver the private and social goods that people want.

In the world in general, but in Australia in particular, we are a long way from making the good things in life available to the whole population. It is not machines that have put people out of work, but inappropriate economic and social policies. Further scientific progress will enable

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UNEMPLOYMENT: WHO OR WHAT IS TO BLAME?

us to increase leisure and to have the means of enjoying it, but at present, with low savings, low investment and low productivity the emphasis must be on getting people back to work to produce the goods and services we do not have in adequate supply.

WOMEN The entry of large numbers of married women into the work-force is not the cause of unemployment. Their work has made a major contribution to the rise in living standards. Girls and women from poor families have always had to work and they very often had to take onerous, unrewarding and low-paid jobs. Until the 1960s, married women could not have a permanent public service career and were kept out of many other jobs. The burden of looking after old and ill family members often fell on women who could not marry because of these responsibilities. Breaking down barriers against women in employment has been one of the great social advances of the past half-century. By creating a new stream of productivity and income, enhanced demand for consumer and public goods has been satisfied. Despite the contribution of machines to productivity, for all but very wealthy people, it takes two people to earn one acceptable family income.

While the number of women in the work-force in Australia has risen, their participation rate is lower than in the United States, the United Kingdom, Sweden, France, Canada and several other countries. A higher proportion of women than men are part-time or casual workers. This is only in part because it suits some women to combine care for children and work. It is also because women are usually not given a choice of how much work they want to do. Unemployment is lower for women than men because they are encouraged to drop out of the work-force by the system of social security payments. This may change as a result of the recent reforms introduced in the Federal Government's Working Nation.

A country that does not integrate those women who want jobs into its work-force loses a major source of productivity. Contrary to the Government's expectations, it seems that increasing numbers of women will enter the work-force if unemployment declines in the 1990s.

IMMIGRANTS Immigrants, like women, are blamed for taking jobs that would otherwise go to the unemployed. Yet skilled immigrants are generally trained at another country's expense. Immigrants of working age tend to be a self-selected, highly entrepreneurial group. Their productivity is consequently likely to be above average. They contribute to competitiveness and raise demand for consumer goods and housing. For Australia, immigration is particularly important for language skills and commercial contacts to expand trade. While there may be difficulties in the case of unskilled immigrants, cutting off immigration per se reduces employment opportunities.

LOW-PAID LABOUR IN DEVELOPING COUNTRIES By producing goods and services in which they have a comparative advantage, people in developing countries are making it possible to raise their living standards. By selling their goods to richer countries, they can buy goods and services we produce at a comparative advantage. Increasing world trade has been a key component of rapidly rising living standards since the Second World War. But if countries do not adjust their production structure to changing world trade, they get left behind, as Australia has. We cannot blame developing countries for this.

LACK OF DEMAND Except for farmers, mining companies and some tour operators, most Australian business has focused on domestic demand for 200 years. Protectionist attitudes are so deeply ingrained that most Australian businesses still look to domestic demand for the bulk of their market. Many look back with longing to protectionist policies, refusing to acknowledge that this was the period when Australia fell from third to about 15th place in world per capita income.

'Buy Australian made' policies are suicidal. They undermine efforts to restructure the economy. While these policies give comfort to inefficient Australian producers, they do not help us in our markets abroad. If we buy Australian regardless of quality and price, we shall diminish the competitiveness of our producers in their sales to foreign markets.

Australia has too small a population to be able to exploit economies of scale on an internationally competitive basis in the domestic market. The huge Asian market has been beckoning during the past 30 years as it grows at some five per cent a year, with about a billion and a half people in East and South-East Asia accomplishing growth rates of seven per cent and more a year. Imports in leading growth countries have risen by 10 to 15 per cent a year. Although most people are poor in Asia, at a conservative estimate Asia has a 'middle-class' purchasing-power population of some 300 million people with similar preferences to Australian consumers. There is no dearth of demand for competitive Australian goods and services.

'DOLE BLUDGERS' About 900,000 Australians are unemployed. Of these 350,000 have been unemployed for more than a year. In addition, the number of people only 'marginally attached' to the work-force has risen alarmingly. Including part-time and casual workers who would like to work longer hours than they do and those who have dropped out of the work-force, the 'marginally attached' are estimated to number about 1 million people.

Some of the unemployed have become so dejected by rejection and poverty that they are no longer looking for jobs. Illness, including a disproportionate incidence of mental illness, has driven others out of the work-force. The drop-outs include youngsters who have not worked since they have left school. Many of them are the victims of appalling educational standards. Some of these are now in their mid-twenties. Some unskilled and semi-skilled workers, tradesmen, clerks, shop assistants, supervisors and managers in their thirties and forties have also dropped out of the work-force. The worst affected are people in their
fifties and early sixties who feel that they will never work again.

Most of these people have not chosen the dole as a way of life. Australian society has short-changed them all the way, starting with primary education, then allowing them to vegetate in inefficient work environments and ultimately throwing them out of the work-force. Only as we approach full employment, that is unemployment levels of three per cent or so, will we be able to see how many of those damaged by the policy failures of the past will need help to get back into the productive work-force and how many real ‘dole bludgers’ there are.

Australian unemployment is high for the same reasons that cause high unemployment in a number of Western European countries. In Europe, in addition to the policy problems that plague Australia, national governments are crippled by the powers they have given up through regional integration as well as through international treaties. European countries are thus becoming as un-competitive as Australia even as their unemployment rises. It is no accident that Hamburg has replaced Melbourne as the highest-cost port in the world.

Study of advanced and developing countries in the 1980s clearly demonstrates that macro-economic stability for continuous processes and a few well-managed firms (at last count about 11 per cent of the manufacturing work-force), manufacturing does not work its capital intensively. This means that investment is not profitable on an internationally competitive basis. Some enterprise agreements have overcome rigid ways of working to introduce economic shift-work on a 24-hours-a-day, seven-days-a-week basis. But such dynamic agreements are a small proportion of the enterprise agreements that in any case only include six per cent of workers in private business that are covered by federal awards. Whether enterprise bargaining can become an instrument of labour market flexibility under the Industrial Relations Reform Act is moot.

Agriculture and minerals are internationally competitive because they have been exposed to international competition for years. In agriculture, capital is worked day and night when weather dictates it. Shift-work is almost universal in mining. But these and other industries are crippled by the high costs of services such as transport, the waterfront, shipping, power and other public utilities. In many primary industries marketing authorities are the cause of high costs. Although Australia’s productivity in infrastructure has improved during the past decade, the pace of reform is so slow compared to that of many other countries that we are less internationally competitive now (relative exchange rate movements apart) than we were at the beginning of the 1980s.

Businesses with fewer than 20 people employ nearly 40 per cent of all workers. The complexities and costs of compliance with a large range of regulations make the cost of adding workers so high that such businesses prefer to buy an extra machine rather than put on an extra worker. But industrial awards and other regulations do not permit them to work the new machines for more than about 25 per cent of the time available. Investment is not as profitable as it should be. So small firms are perpetually short of capital. Subsidising capital without changing the conditions which make investment unprofitable, however, merely accentuates the tendency to replace workers by machines.

Australia’s primary education has been slipping so badly that many children leave year six without basic reading, writing and mathematical skills. They never catch up. Young people, particularly boys, complete high school without the social skills necessary for productive and enjoyable working lives.

Children in poor families suffer most from the deficiencies of poor state education. In March 1994, not one Victorian state school candidate performed well enough to gain a place in the Premier’s Top Ten list of VCE students.

Trends in state education bear much of the blame. Some ‘back-to-basics’ action is emerging, but changes are not being made rapidly enough. Schools alone cannot bear

Creating jobs in community services out of budget deficits is thus not an option.

— low inflation, equilibrium interest rates, and equilibrium and stable exchange rates — is essential for economic growth and full employment. Australia had high inflation in the 1980s. It has a critically weak fiscal revenue and expenditure system. Savings and investment have been low and falling during the time that unemployment has been rising. Fiscal profligacy, high interest rates and hence overvalued exchange rate regimes of the late 1980s only managed to bring inflation down to its present levels by bankrupting thousands of small businesses, undermining exports and throwing an additional half a million out of jobs. If Australia continues to fund investment and social welfare out of budget deficits, the economy will be undermined further. Creating jobs in community services out of budget deficits is thus not an option.

To make Australia internationally competitive, the reduction of protection has to be accompanied by market flexibility. This includes labour markets. Australian wages are relatively low and Australians work relatively long hours by OECD standards. Production costs are nevertheless high because employers and employees have not been allowed to reach sensible agreements on working arrangements.

Because of the structure of industrial awards and in some cases State legislation, Australia’s capital stocks — machinery and buildings — are idle most of the time. Except
all the blame for the failures of basic education. Parents have the prime responsibility for the education of their children, notably for the basic moral and social attitudes on which teachers have to build formal education. The education system cannot be reformed without parental responsibility.

Like most OECD countries, Australia is not competitive because it uses the workplace to deliver welfare instead of providing income support directly to needy people. Social security support is so structured that it discourages people from working by reducing their incomes when they take up employment opportunities. The most important contribution of Working Nation is that it has begun to improve the structure of social security to encourage people to get jobs.

As long as voters continue to blame the wrong things for unemployment, politicians will remain free to fob them off with policies that led to, and maintain, high unemployment. Full employment will not even be targeted because unemployment levels of five, six, seven and even eight per cent will be accepted as inevitable.

The high incidence of fatal shootings by police in Victoria is creating consternation. But the situation is more complex than some critics realize.

Eric Horne

Since 1988 21 people have died from police shootings in Victoria, a fact which has provoked one criminologist to accuse the police of recklessness and caused considerable concern to the public, the State Government and the police. The Victorian Chief Commissioner, Neil Comrie, has created a police task force to investigate the deaths, and a number of government-appointed independent inquiries are proposed, including one conducted by the Australian Institute of Criminology. The most significant questions arising concern Victoria Police firearms training and policy regarding gun use. The fact that only three deaths by police shootings have occurred in New South Wales since 1988 adds to the concern of Victorians; as does the knowledge that in 1991/92 of the 723 occasions on which London's unarmed Bobbies called for the support of specialist firearms units, shots were fired on only six occasions, and only once at an armed offender — the other five being to destroy dogs used by criminals as protection.1

Clearly there is a problem; one which in various forms has been extensively debated and researched in most Western nations. The United States, with its 38,000 gunshot deaths annually, struggles to find a nationally acceptable system of gun control. In Britain 12 police officers have been shot, stabbed or beaten to death since 1987. Between April 1992 and March 1993, nearly 3,000 armed robberies involving firearms have occurred in that country.2 Many British police hold the view that some of those 12 murdered officers would be alive today had they been armed.

A recent survey conducted among Britain's police revealed that some 54 per cent wanted to be armed.3 However, some of that number felt that some officers lacked the attitude and aptitude to carry a gun safely. Some 40 per cent of those surveyed strongly opposed being armed but called for an increase in the number of specially-trained armed response teams patrolling in vehicles. This measure has been introduced since the survey, and for the first time in police history the Bobbies are allowed openly to wear their weapons.

It is generally recognized that there is limited value in the debate in making comparisons between countries. In some countries, such as Japan, all police are armed and criminal assaults with weapons are minimal. In other countries, the USA for example, armed police and criminals are frequently engaging in gun battles. The most heavily armed nation in Europe — the Swiss, who have a military weapon of some sort in almost every house — is also amongst the most peaceable. International evidence points strongly to social and cultural conditions being important in determining the use of firearms.

Much of the criticism of police firearms use it ill informed. Few critics have ever had to carry a gun on a daily basis. Few can conceptualize the emotional quandary in deciding whether or not circumstances require the removal of a gun from its holster — a decision not made lightly by police. To shoot or not to shoot, to gamble with one's own life, are terrible decisions to have to make. Only a very small proportion of police, and an even smaller proportion of the general public, ever face that dilemma.

All police know that to shoot a citizen for whatever reason will result in their actions being exposed to media...
scrutiny and the meticulous examination of the Internal Investigations Division, the Coroner and possibly the Director of Public Prosecutions. The Police Forensic Laboratory also plays an important role in the investigations subsequent to a shooting.

It is not widely known that Victorian police on afternoon and night shifts have been carrying pistols for most of the Force’s existence. It used to be a matter of each member’s choice and the pistol was always concealed under the uniform. But following the introduction of the Occupational Health and Safety Act 1985, the Police Department as an employer had a duty under Section 21 to provide a safe working environment for its employees. This Act was largely responsible for the 1992 decision requiring police on operational duties to carry a firearm suitably placed in a visible holster.

Training and policy for the use of firearms are provided by the Firearms Operational Survival Training Unit (F.O.S.T.). Its standards are highly regarded by Australian police forces. All police carrying guns must qualify every six months in accordance with a high standard of marksmanship. The emphasis is on enabling police and citizens to survive when confronted with potential criminals or deranged killers. The rules governing the purpose for which a firearm may be used are simple:-

1. to enable police to protect themselves and the public;
2. for the lawful destruction of animals.

It is police policy that a firearm must not be drawn from its holster unless extreme danger is anticipated. The issue and use of shotguns are rigidly controlled and require the approval of a Police Inspector for each specific occasion on which such a weapon is carried. A category of non-standard weapons, presumably automatic types, can only be used on the authority of a Deputy Commissioner. Any discharge of a police firearm, even accidentally, is investigated to a degree commensurate with its consequences.

Usually overlooked by critics of police shootings are the physical effects of being confronted with sudden danger. Up to 150 physiological changes occur as part of our survival mechanism: the heart and respiratory rates increase, blood thickens, the digestive system shuts down, adrenalin and other substances are released into the bloodstream and bodily strength may be increased. These changes are automatic. Training and discipline can do little to modify them.

In seeking a solution to the problems involved in police shootings, it is worth noting the report of the National Committee on Violence. It affirms that the causes and remedies of community violence are complex and that the temptation for simple solutions must be resisted. This cautionary note is even more important to remember when considering those cases where police use firearms to save their own lives or the lives of others.

The theory that an unarmoured police force will reduce fatalities is attractive. But how many innocent lives of police and citizens are we prepared to sacrifice in the experiment? Who will take the responsibility? It should be remembered that it is the criminal or the deranged person who sets the agenda for weapons use. It might be tempting to agree with the academic who stated to the press: "it would appear unfortunate that the deaths have occurred when a different response might have avoided them." But consider this: a different response may have resulted in the deaths of police officers, the acquisition of police firearms by homicidal maniacs and the deaths of innocent bystanders. There is no simple formula which can be taught for responding to such situations. As one writer has aptly noted: "deadly force decision making has proven to be a highly individualistic task where personal judgment and small amounts of information play an important role in decisional outcome."

One source of criticism of police killings, misleading, but influential in some quarters, is Richard Harding's book Police Killings in Australia. Harding argues that a systematic abuse of police rules exists in arrest situations leading to fatalities. To prove that the abuse is systematic he analyses two shootings in Victoria, three in New South Wales and one in Western Australia. Six incidents widely spread over Australia and several years apart hardly merit the status of a system. In one case Harding wishes that the Coroner had "viewed the evidence of the police and civilian witnesses from a less credulous, more hostile angle." No police appear to have been involved in the research. This kind of ill-informed criticism does little to assist in finding solutions to a problem which is distressing to the community at large and to the police.

One British authority on police affairs, Professor P.A.J. Waddington, not only attended police operations but also completed the rigorous training of the London Metropolitan Police Firearms Training Unit. His research emphasizes the unpredictability of both criminal actions and police responses in crisis situations—a situation which in war is described as the 'dogfight' stage. He describes the

Social Differences in Crime Control

"Los Angeles, roughly equal to Singapore in population, had 1,063 murders in 1993. Singapore had 58. Los Angeles had 38,167 robberies. Singapore had 1,008. Three – three! – involved guns. In the last three years, not one kidnapping. And this with a police force less than half that of Los Angeles. This is not an argument for flogging vandals. But it is an argument for re-examining America's own deluded ideas about crime and punishment ..."

Charles Krauthammer, Financial Review, 11 April

IPA Review, Vol. 47 No. 1, 1994
problems police face when acting on information of an intended armed hold-up. Should the police avoid an armed confrontation in case of danger to bystanders? Should they arrest after the robbers have done the deed and left the scene? If so, what if the robbery is bungled and civilians are killed? The range of possibilities is enormous and the time available to make a decision is very short. As Mr Justice Holmes, in the case of Brown v. United States, commented: “Detached reflection cannot be demanded in the presence of an uplifted knife. It is not in a condition of immunity that one in that position should pause to consider whether a reasonable man might think it possible to disable his opponent rather than kill him”.

The reasonable man is, of course, entitled to use reasonable force in his defence. Victoria’s Justice Fullagar has stated that: “It is lawful for a man who is attacked or who is in reasonable apprehension of being attacked, to defend himself, provided that what he does in defence of himself does not go beyond what is reasonably necessary for that purpose.”10 But what is judged reasonable will depend on the circumstances. And as former Chief Justice Lane of England states: “one does not use jewellers’ scales to measure reasonable force”. Those who use “jewellers’ scales” are likely to pose such questions as — why not negotiate; why not shoot to disable; why not retreat; or even, why not let the criminal have the first shot? These questions are worth asking, but to the police officer who has a second or less to decide whether he or a criminal dies, they become merely academic.

Most of the police shootings under consideration in Victoria have already been meticulously investigated and found to be justifiable homicides. In 21 shooting incidents since 1986, the evidence in 19 cases shows that police fired in order to survive. In one case a man shot himself dead after being wounded by police. In the final case an officer perceived a threat to his life, but was mistaken.

But the number of shootings clearly indicates the need for a comprehensive public inquiry. What can be achieved by such an inquiry? First, it is to be hoped that the primary police role of protecting life — criminal, deranged or otherwise — can be enhanced. Second, if skills or attitudinal problems exist within Victoria’s Police Force, then they should be identified and corrected. Finally, it may be possible to identify social factors within Victoria which are contributing to the use of violence. The possible presence of the US phenomenon of ‘suicide by cop’ may also have to be considered.

Police in Victoria are aware that their lives have become more dangerous. The trend toward deinstitutionalizing the mentally unstable has added to the unpredictability of street life. The criminal execution of two young policemen in South Yarra in 1988 and the Russell Street bombing (outside police headquarters) in 1986 affected police deeply.

The use of firearms by criminals is increasing. The London experience is that since 1950 licensed firearm owners have dwindled significantly, but robberies with guns have increased hugely. Criminals can easily buy or hire a gun. Most of the attempts tried to reduce the criminal use of guns have failed. Several unarmed policemen have been shot to death, one most recently by a gang of drug dealers who, having killed a Community Relations Policeman who accidently crossed their path, ran away laughing. One writer in London recently wrote: “The unpleasant truth is that firearms crime exists and is getting worse and there may not be much anyone can do about it.”11

One can only hope that the inquiries in Victoria will conclude on a more optimistic note than that. But many of the police, the lawyers and the criminologists know that those conducting the inquiries will have no easy task.
There are several important ways in which the Australian Defence Force could make its involvement with the Australian community more productive.

**a peacetime role for the defence force**

David Evans

One could hardly be overly critical of the Defence Review 1993, for the simple reason that it is 90 per cent 'motherhood'. However, I suppose there is a need to issue a report now and again simply to let the public know the lights are on in the Department of Defence. Actually the Review does make a couple of good points; recognizing the changing circumstances of our region and the increasing part Australia will be called upon to play in United Nations operations, peacekeeping and peace enforcement.

Of course, it is sensible to establish a closer defence relationship with our regional neighbours. The fact is that defence relationships have been good over the years, even when other Departments of State have had problems from time to time. But now, with the real interest of the United States in the Western Pacific a little less certain than in the past, all nations in the region should look more seriously at a self-reliant capability for regional security. Australia can, and should, play a lead role in bringing this about.

However, there is, in the Review, one statement that caused me a cynical grin, albeit a grin of despair. And yet it was so predictable. This was the reference to 'Early Warning and Control' aircraft.

"In current circumstances some flexibility in acquisition timing can be accepted to take advantage of evolving technology and in the light of the availability of resources."

And so procrastination has won once again, as it has for all of 20 years. In the meantime, the north of Australia is wide open for anyone to fly into at any time, day or night, without Defence, Customs, Immigration, police or anyone knowing. Incidentally, the extant technology offers all that is required. Evolving technology, as known at this time, offers nothing more than marginal improvements in performance, a higher price ticket and higher technical risks. One wonders how these people can continue to get away with this procrastination that leaves the north of Australia so vulnerable. No, not to invading hordes, but to any wrongdoers who want to enter—bringing whatever contraband they like.

The Review proposes that Australia continue to play a significant role in multinational security and peacekeep-

*Air Marshal David Evans AC, DSO, AFC is the author of A Fatal Rivalry - Australia's Defence at Risk (Macmillan)*
One wonders how these people can continue to get away with this procrastination that leaves the north of Australia so vulnerable.

And what about coastal surveillance? For years this has been carried out, rather imperfectly, by civilian contractors. Surely it is a job that the ADF could do very well. The Defence Force would certainly need to undertake the task in time of tension or war. Why not now?

The immediate answer from the Department of Defence will be the well-worn assertion that it is wasteful and extremely expensive to use highly sophisticated defence equipment for this task. Yes, it is. However, could not the Department charter more modest commercial aircraft of the type currently being used for coastal surveillance by civilian contractors, and fit them only with the sensors needed for peacetime surveillance — not for war? The advanced, highly sophisticated ADF vehicles would be available to be called upon in special circumstances when their superior capability is required. In the meantime, a corps of ADF personnel would be contributing to a civil task of importance to the country and, at the same time, providing a more substantial base from which to expand in emergency.

Why not open the many excellent Defence training establishments to training civilians? In these times when the threat is assessed as low and the ADF is reducing its numbers, it is difficult to keep many training establishments operating at an efficient level. By increasing student populations, training units could be kept operating efficiently and ready to expand training of ADF personnel should the need arise. Another factor of some importance is that more Australians would gain technical and other skills, thus adding to the skill level of the nation.

Of course, I am not naive enough to suggest that these proposals do not pose some problems — but surely a defence force that reckons to overcome the myriad problems of war should not baulk at such a challenge.
An Explosion of Population Policies

1994, it seems, is going to be a year of revived debate about population control. President Clinton is scheduled to attend a United Nations conference on population and development in Cairo later in the year and, once senior political leaders take an interest, there is a serious risk of an explosion of attempts by governments to solve the wrong problem.

The Federal Government has already submitted Australia's national report to the UN. While this cheerfully tells the world that we do "not have an explicit or formal population policy directly aimed at influencing the level of population", it notes that "strong opinion persists that the development of a formal population policy is desirable and that there is a need to stabilise population numbers and resource use in Australia." Though claiming that the report was drafted "after considerable public debate", no mention is made of the alternative "strong opinion" that the size or growth of populations is not an issue to which government economic or environmental policies should be directed. Judging by the composition of the committee which prepared the report, the debate was largely confined to special interest groups. The committee did not call for submissions.

Australia's report also claims that, while "immigration no longer seeks to meet population goals", we are "relatively free of 'minority' problems associated with immigration". It argues that "this is a significant achievement given the diversity of Australia's migrant intake and, until recently, Australia's history of assimilationist policy towards immigrants and indigenous Australians". Yet surely having an immigration policy that was assimilationist has helped us to minimize 'minority' problems: the concern is that the abandonment of that policy and the excessive encouragement to retaining ethnic differences will mean we cease to be relatively free of such problems.

Not to be upstaged by the UN, Federal Labor President, Barry Jones M.P., is chairing a Parliamentary inquiry into Australia's population carrying capacity which has brought forth no fewer than 250 submissions. Stirring the debate along, Jones was recently reported as running the scare that water and other resources might have to be rationed if Australia's population rises dramatically. Presumably, like many others with a scientific bent, he does not understand that "shortages" can be prevented by raising the price so as to encourage supply-increasing investment and demand-restraining conservation.

With the prospect of increased research grants, scientists are also buying into the argument. A symposium organised by the Australian Academy of Science issued a statement in April urging: "Australia should aim for the lowest population reasonably attainable (23 million) for two reasons. Lower population will ease the management of all our ecological problems, and the lower population will be stable and therefore potentially sustainable." When I asked the organiser of the symposium why no economists had been invited to point out some of the defects in scientific understanding, he claimed that he couldn't find one prepared to do so.

There was also an almost hysterical response to the partial suspension of aid for family planning. In doing so Mr Bilney drew particular attention to the "very sobering findings on food production" and asserted that "we know for a fact that the world's population will at least double to 11 billion between now and 2050". Yet with declining fertility rates in most developing countries, that is one thing we do not know for a fact; and even if we did, so what? Even the report acknowledged that "experts are cautiously optimistic that it will be possible to feed a projected 9 to 12 billion adequately on a sustainable basis".

ECONOMIC GROWTH All these outpourings - with (doubtless) more to come - reflect what American economist Julian Simon (who has demolished population alarmist Paul Ehrlich in debate on more than one occasion) described in 1990 as "the erroneous belief that population does economic and ecological harm" and as a failure to recognize "the factor that we now know is central in

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determining a country's economic development - its economic and political system. 1 There is wide agreement that systems conducive to the investment of capital and the division of labour on an economic basis will result in growth in per capita incomes even in countries with rapidly growing populations.

Population increases provide increased numbers capable of producing as well as consuming and there can be no presumption that increases in population will reduce growth per head; rather the contrary. The problems of countries that are supposedly the most over-populated, such as China and India, are primarily political and cultural (and they are in any event far from having the highest density). The experience of Australian States in the 1980s suggests that there is no necessary correlation between rates of population growth and rates of growth in per capita incomes. Of particular interest is the marked difference in per capita income growth between the two States with the fastest rates of population growth.

Simon is, however, despairing of changing the popular view that living and environmental standards are adversely affected in countries with high population densities or rates of growth because he considers many people want to believe that that is the problem. He also points out that, while there is not a single organisation advocating population growth, there is a whole raft opposing it.

As the experience of many developing countries shows, rising standards of living reduce birth rates. The improvements in education and health, and the changes in cultural mores and living patterns (particularly of women), that economic development brings, all act powerfully to reduce fertility. Also, fewer children are needed to provide for their parents social security. In effect, economic growth is a powerful contraceptive and Australia's aid should focus on measures to increase growth rather than to control population.

AUSTRALIA What all this means for Australia's population carrying capacity is that we could absorb a considerably larger population without adversely affecting per capita incomes or environmental standards. 2 At 2.2 persons per square kilometre Australia has the lowest density of population of any OECD country and if we had the same density as the US our population would be around 200 million. True, 70 per cent of Australia is presently desert or unsuited to cultivation. But there is enormous scope to develop the remainder and, notwithstanding one scientist's suggestion that we already have about 10 million more people than we can sustain, an inability to feed ourselves is the least likely constraint on our population carrying capacity. Even if such a constraint were to arise, international trade could overcome the problem, as it has for a number of countries which are not self-sufficient in food.

Moreover, Australia's environmental problems are not so large that they could not be overcome at higher population levels by adjustments to environmental and resource management policies, including by giving greater emphasis to property rights and to the pricing of resources.

But with Australia's fertility rates now below replacement rates, any talk of population carrying capacity being stretched seems out of place. In the absence of net immigration, the Australian population would peak at around 19 million in 2031, only about 1.3 million more than at present. With net immigration of 125,000 a year, the population would reach 25-26 million by 2031. 3

In these circumstances, Australia's population carrying capacity should be determined primarily by the requirements of social and cultural policy. While there are obvious economic constraints on the rate at which migrants can be absorbed, the main need is to ensure that the level and composition of the immigration program does not water down the freedom preserving institutions and core values that make Australia a land that is attractive to migrants or risks the divisiveness that can be seen in many other countries. Were that to occur it is likely that Australia's living and environmental standards would deteriorate.

The Government's national report to the UN was quite correct: Australia does not need a population policy. But it does need an immigration policy - one that returns to the assimilationist policy that served us so well in the past.

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<th>Population Growth</th>
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<td>% p.a.</td>
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<td>Western Australia</td>
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2. The issues are explored in greater detail in my submission to the Parliamentary Inquiry into Australia's Population Carrying Capacity, March 1994.

3. ABS 1990c, 'Projections of the Population of Australia, States and Territories, 1989 to 2031', Cat. No. 3222.0.
Should the authority of a United Nations committee be invoked to over-ride Tasmania's anti-homosexual laws?

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<th>Editorial Source</th>
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<tr>
<td>The Canberra Times 9 April</td>
<td>“The law is unacceptable ... However, a heavy-handed Commonwealth approach is likely to be counter-productive.”</td>
<td>The Advocate (Burnie) 13 April</td>
<td>“It thus seems inevitable that Tasmania will have a fundamental right, the right to determine its own affairs, denied once again.”</td>
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<td>West Australian 14 April</td>
<td>“The challenge for governments is to see that treaties are explained in advance and that Australia honours them, preferably by cooperative Federal-State arrangements.”</td>
<td>Mercury 13 April</td>
<td>“... to use federal powers under international treaty obligations is to tread a path full of pitfalls.”</td>
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<td>Sydney Morning Herald 14 April</td>
<td>“If the Tasmanian Government can’t bring itself to do the right thing, the Federal Government will be forced to act.”</td>
<td>Commentaries</td>
<td>“… there is in the practice of the HRC no such thing as the rule of law…”</td>
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<td>Herald Sun 13 April</td>
<td>“… Mr Lavarch should think very hard before allowing a distant, unrepresentative body such as the UN Human Rights Committee to be involved in the affairs of an Australian state.”</td>
<td>Geoffrey Barker The Age 21 April</td>
<td>“A sceptic might conclude that the Government is prepared to acquiesce in a significant surrender of Australia’s sovereign independence.”</td>
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<td>The Age 12 April</td>
<td>“… none of this would have been necessary had the Tasmanian Government been less obstinate and better informed of development in the rest of the civilised world.”</td>
<td>Geoff Kitney Sydney Morning Herald 22 April</td>
<td>“On this real issue – the unacceptability of the Tasmanian law and the compelling need for it to be changed by national legislation if necessary – it is Hewson who has got it wrong.”</td>
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<td>The Australian 9 April</td>
<td>“Federal intervention in State policy should never be taken lightly, but should be supported in this instance.”</td>
<td>Piers Akerman Daily Telegraph Mirror 19 April</td>
<td>“... we are old enough and mature enough to govern ourselves without recourse to dubious committees run by doubtful characters on the international cocktail circuit.”</td>
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OVERVIEW: The least controversial of the questions raised by Tasmania’s anti-homosexual laws is whether they are good or bad laws. Most editorials have had no hesitancy in condemning them as a violation of privacy and personal freedom.

But for a number of commentators more difficult questions arise. The Australian Government’s ratification of the First Optional Protocol to the International Covenant on Civil and Political Rights recognized the competence of the UN Human Rights Committee to make rulings about Australian domestic affairs. Although it cannot make Australian law, the Committee carries influence. Yet, of the 18 members of the HRC only one is an Australian citizen. Several come from countries with a record on human rights much inferior to Australia’s. The proceedings of the Committee take place in private and there is no cross-examination of witnesses. These have all been raised as criticisms of the Committee’s influence in Australian affairs. A further issue is whether the Commonwealth Government, given its treaty obligations, should use its constitutional powers to over-ride Tasmanian law. Is not the making of Tasmanian law the business of Tasmanians?
Share ownership by employees can enhance productivity and loyalty to a company, but there are pitfalls, and serious conflicts of interest can arise.

Employee share schemes - a mixed blessing

Nick Renton

EMPLOYEES sometimes use the stock exchange in order to buy shares in the company which employs them (or the parent company of their group), possibly in the belief that their greater knowledge of the company or the industry enables them to spot bargains more readily than outsiders can.

Apart from that, some listed companies have formal schemes in place which enable their employees (or those in associated entities) to take up newly-created shares either at the market price or at a discount to the market price, and free of brokerage and stamp duty (up to some limit, possibly dependent on wage levels and/or length of service).

It should be noted that a zero-sum game is involved here — every dollar of discount for new entrants would be at the expense of a dollar market capitalization for the existing equity stakeholders in the company. However, a modest discount on the lines used in dividend reinvestment plans would seem an acceptable perk.

Different schemes can, if desired, be targeted at various groups — for example:
- full-time employees;
- employees at large;
- employees with a certain minimum period of service;
- specific employees by invitation;
- executives;
- executive directors;
- non-executive directors.

Sometimes the shares in such special schemes, instead of being fully-paid, are contributing shares, paid up to only one cent or some such, possibly on the basis that dividends will be applied towards paying up the balance of the cost and/or that regular deductions each pay period will be made for this purpose. Alternatively, the company may (subject to compliance with certain legal formalities) offer interest-free or low-interest loans to employees to assist them to take up fully-paid scheme shares, with similar repayment arrangements.

There may be special rules limiting the voting power of scheme shares and/or restricting their disposal. Shares, while subject to such provisions, could naturally not be quoted on the stock exchange. Similar schemes involving options also exist.

Participation in schemes is normally voluntary. However, the Australian Shareholders' Association feels that: “Ideally, a percentage of the executive's total package should be earmarked for the purchase of the company's shares.”

Nick Renton is the author of Company Directors: Masters or Servants? (Wrightbooks) and Understanding the Stock Exchange (Information Australia).
Interest-free or low-interest loans could involve a subsidy element, but the undesirable aspects of such a feature can be avoided if a realistic "total employment cost" approach is used when evolving the entire remuneration package and if it is a requirement that the outstanding loan balances automatically become repayable on termination.

**ADVANTAGES** The theory underlying such arrangements from the perspective of the company is that:

- they can reward good performance and the attainment of specific business objectives;
- they give the recipients a positive incentive to increase their company's productivity and profitability;
- they increase industrial harmony;
- they help to create a greater awareness of the company's operations;
- they encourage greater employee identification with shareholder interests;
- they assist in remunerating staff properly and in line with overall market conditions;
- they can keep the fixed component of wage costs at a lower level than would otherwise be the case;
- they are a motivational tool which is good for morale;
- they can inspire greater loyalty to the company;
- they can provide another form of saving for retirement and that they can do so without restrictions applying to conventional superannuation;
- they are tax-effective;
- they help to attract and retain key staff.

(The above points are not set out in order of importance). Properly-designed schemes ensure that the fruits of the company's success are shared between the two groups which made it possible - the suppliers of capital and the suppliers of labour.

Anecdotal evidence suggests that the incentives work in practice and that such schemes do indeed make a useful contribution to work-force stability and work-place productivity.

From a wider point of view, employee share schemes may help to increase the national pool of savings. This will happen to the extent that they can attract some money which would otherwise have been devoted to consumption.

Such schemes may also be useful in introducing employees to the stock market and in helping them to learn how the stock exchange system functions.

**DISADVANTAGES** However, there are some problems with the above-mentioned theory.

A company's share price can move down for reasons completely unconnected with employee performance - for example, mistakes at board level, interest rate increases, new taxes, government intervention, changes in exchange rates, changes in commodity prices, natural or man-made disasters, or even because the market as whole is temporarily in a state of slump.

In such an event any shares which were taken up by employees in earlier times at higher prices - even if they represented good value at the time - may result in a negative reaction from the employee-shareholders.

Particular embarrassment can arise if the outstanding balance of loans used to make share purchases and secured by the relevant shares later on exceeds the then-current market value of those shares or if the amount still to be paid on contributing shares exceeds the market value of the corresponding fully-paid shares. A device which was meant to provide a boost to employee morale then does the reverse.

On the other hand, special arrangements under which outstanding debts of this type are "forgiven" or under which employees are allowed to cash in their shares at cost (while having been able to pocket any capital appreciation for themselves) are hardly fair to shareholders generally.

If things go wrong in a more serious way then some employees may well lose both their jobs and a major portion of their life savings - in the form of shares in the employing company - at the same time and from substantially the same set of circumstances.

In the case of partly-paid shares the possibility can even arise that a liquidator will seek to enforce through the courts the collection of calls involving large sums in respect of shares which at that stage are completely worthless, possibly leading to the financial ruin of the employees concerned.

Apart from those aspects, serious conflicts can arise. The interests of outside shareholders and employees do not always coincide. (For example, a worker who is made redundant in the interests of corporate efficiency will hardly regard a small improvement in the share price as adequate compensation.)

The statutory prohibitions on insider trading pose another disadvantage, severely restricting the ability of employees - especially senior executives - to sell any shares owned by them at times of their own choosing, even if those shares are held by them unconditionally and the motive for disposing of them relates to their personal situation and is unconnected with the performance of the company.

Employee shares have one further advantage for the company - they represent a modest additional source of working capital. If this capital is usefully employed then it can directly increase earnings per share - although, of course, if the company has no real need for additional cash then the reverse might apply.

Apart from that, any discount usually constitutes a hidden cost which is not reflected in the profit and loss account, and furthermore one which - unlike all other labour costs, such as those for wages, bonuses or conventional superannuation contributions - is not even tax-deductible to the employing company. Of course, a modest discount on a relatively small number of shares (in relation to the total size of the issued capital) would do little harm.

Naturally, in order to judge whether the special terms are excessively generous or not, it is necessary to look at the
relevant remuneration package as a whole.

From the perspective of employees the receipt of shares at a discount can still be a mixed blessing:

- the amount of the discount, despite being a non-cash benefit, constitutes assessable income under Section 26AAC of the Income Tax Assessment Act (although an exemption of up to $200 may apply);
- shares subject to encumbrance under scheme rules are not as valuable as corresponding unencumbered shares;
- the shares involve an investment risk — they may fall in value to a figure below even the reduced purchase price.

One way for the company to avoid the watering of capital is for the trustees of the scheme to buy existing shares on the market rather than for the company to just create new shares.

Employee share issues made above par but at a discount to the market price at the time can still involve substantial credits to the company's share premium account, facilitating bonus issues to shareholders down the track. These features are sometimes cited as a justification for the practice. However, despite some myths to the contrary, such bookkeeping adjustments really do nothing for shareholders. The original discount remains as a diluting factor and the bonus issues have no effect on shareholders' equity.

DISCRIMINATION Both the Australian Shareholders' Association and the Australian Investment Managers' Group favour non-discrimination in employee share schemes, meaning that they should not be confined to the top people in a company and should instead be made available to all employees in proportion to their actual remuneration.

There is some logic in such an approach in the context of lifting morale, of creating better identification by employees with the interests of shareholders and of providing rewards. However, while all employees have a role in implementing company policy only the more senior people can help to shape that policy and make things happen.

Apart from that, the issue of a parcel of options can be a particularly useful device in inducing, say, a chief executive officer being recruited from outside the company to make the change. To some extent such an issue can also help to replicate some of the rewards available to the businessmen running their own shows.

On a separate aspect, the exclusion of non-executive directors from employee share schemes is sometimes suggested. In the light of the above-mentioned objectives of the schemes, such discrimination does not seem particularly logical.

It is, of course, true that non-executive directors might play some part in the design of the rules governing share and option schemes. However, under the listing rules of the Australian Stock Exchange the beneficiaries of such arrangements and their associates are specifically precluded from voting on resolutions relating to them in general meetings.

COMPANY PERFORMANCE A number of recent studies have claimed that the performance of companies with employee share schemes exceeds that of companies without such schemes. This may well be true, but which is cause and which is effect?

It seems highly likely that companies which are doing well are also better able to provide generous staff benefits, including employee share schemes on attractive terms. Furthermore, it is probably that managements which are skilful in building up profits are also good at devising mechanisms to enthuse employees.

It should also be remembered that a company's productivity can rise for reasons totally unconnected with that company's work-force, as when the shareholders and/or lenders put in more capital in order to increase the degree of mechanization or computerization. Thus, comparing ratios such as earnings before interest and tax to total assets, or net profit to shareholders' funds, for companies with and without employee share schemes can be misleading.

On the other hand, a comparison of the turnover per employee or of the pre-tax profit margin per dollar of sales may be more useful. However, even such figures will not show whether any enhanced performance was really due to the, extra contribution of the management team or to that of the rank-and-file workforce.

Arousing and maintaining employee interest in such schemes require an adequate level of communication with the staff.

Employee share schemes by themselves will not achieve much if the basic 'culture' of a particular company is rotten. To illustrate, a company which insists on taking its existing customers for granted and thus losing them while spending large sums in trying to lure new customers away from its competitors will get less out of an enthusiastic work-force than a company which goes out of its way to retain all customers already on its books.

Again, a company which believes its customers are always wrong and which prefers to spend $1000 in executive time and telephone charges in resisting a customer request to rectify a $10 error will only cause frustration to employees expected to carry out such management policies. The existence of a staff incentive scheme will only serve to increase the level of frustration in such circumstances.

On a separate aspect of the morale question, hard work and genuine efforts by employees do not automatically lead to increased share prices. Implied promises to that effect can thus rebound on employers who make them.
Greenhouse Update

BASED ON coverage in the daily press, the years from 1988 to 1992 can fairly be called the golden years of greenhouse panic. Since 1992 — or more specifically since a couple of months after the United Nations Conference on Environment and Development in June that year — the volume of media coverage has dropped. A cynical interpretation of this trend would suggest that by this time the four C's of the greenhouse industry — conferences, campaigns against fossil fuels, cash from governments and consultancies for mates — were firmly in place.

The environmentalists’ version of the precautionary principle dictates that once dubious scenarios have become embedded in the public mind, and the appropriate international conventions have been signed or domestic legislation passed, the direct attention given to an issue should be reduced lest unwelcome questions are raised. Campaigns dependent on the scenarios can then shift to the law and our ‘international responsibilities’. An example is Greenpeace’s attempt to stop the construction of the Redbank Power Company’s coal-fired power station in the Hunter Valley by filing a suit in the New South Wales Land and Environment Court to “try to enforce an international treaty, to which Australia is party, at the local level”.

CARBON DIOXIDE

Reputable research which raises serious questions about the gloomy greenhouse scenarios should be newsworthy, but apparently is not. The following two examples received only a few paragraphs in one or two newspapers, and made no dent whatsoever in the greenhouse bandwagon.

One of the pillars of the anti-fossil fuel strategy of the greenhouse industry has been the argument that increasing levels of CO₂ in the atmosphere will lead to increased temperatures. There is no doubt that the amount of CO₂ in the Earth’s atmosphere has shown a steady rise (though coupled with regular, relatively minor seasonal variations) since direct measurements began at Hawaii’s Mauna Loa observatory in 1958. The February 1994 issue of Scientific American reports that in the past four years, however, the situation has changed: “First a decline [in the rate of accumulation] set in, followed by a plateau. After that, the decline resumed — sharply”. What is even more surprising is that this change began during an El Niño. In previous El Niño events the level of atmospheric CO₂ has risen faster than at other times.

Scientists are unable to provide an explanation. There has been no decline in the amount of CO₂ released from fossil fuels. The scientists interviewed by Scientific American thought that the decline in the accumulation rate was only temporary, although one admitted that “it shows we don’t really know what’s happening with respect to the most important man-made greenhouse gas”.

SUNSPOTS An even more interesting finding provides further ammunition to those who suggest that the atmospheric concentrations of man-made greenhouse gases play little part in global temperature variability. In 1991, two scientists from the Danish Meteorological Institute published the results of their research in the highly prestigious journal Science. They showed that the correlation between Northern Hemisphere temperatures since 1870 and the length of the sunspot cycle was extremely high: the shorter the cycle, the warmer the temperature.

Subsequent work carried out by Dr John Butler at the Armagh Observatory in Northern Ireland, where records of daily temperature go back to 1795, has shown that this high correlation can be extended back to the late 18th century. The precise mechanism involved is currently unknown, but Dr Butler and his co-researcher D.J. Johnson state that “it seems evident that a speeding up of the solar cycle is accompanied by an increase in the efficiency of the solar dynamo, a consequent increase in the sunspot number, total flare energy, etc., and ultimately to an increase in the temperature of the Earth’s lower atmosphere”. While they concede that their findings do not imply that greenhouse gases could not be responsible for future changes, their research “suggests that they have not been the principal agent of change over the past two centuries.”

Until May, Dr Ron Brunton was Director of the IPA Environment and Aboriginal Affairs Unit.

Ron Brunton
TO AN OVERSEAS VISITOR THE
ARGUMENT IN SUPPORT OF NATIVE
TITLE IS DEPRESSINGLY FAMILIAR.

M A B O
A EUROPEAN PERSPECTIVE

Martin Mears

HAVING arrived in Australia from England a few months ago, I was asked at a party, “Have you heard of the Mabo case in Britain?” I made the frivolous reply, “Heard of it! In the pubs and supermarkets, they talk of little else.”

The true answer was that it would be very hard to find anyone in Britain who had heard of Mr Mabo and his litigation. And anyone who had heard of it would find the whole thing baffling.

A local lawyer explained to me that both the decision of the High Court in *Mabo vs Queensland* and the Commonwealth Government’s response to it ultimately derive from notions colourfully expressed by Mr Keating in a speech on 10 December 1992: “We took the traditional lands and smashed the traditional way of life. We brought the diseases, the alcohol. We committed the murders. We practised discrimination and exclusion.” Weighty crimes all and those responsible for them should surely be arraigned, punished and forced to make restitution. Bring forth the guilty men, therefore, that justice may be done.

It is at this point that the outside observer has to be told that when Mr Keating talks of “We” as being the takers of traditional lands, bringers of diseases, etc, he is not referring to anyone alive today but to wicked persons who carried out their crimes a century or two ago: responsibility for these crimes being in some way inherited by modern Australians. How so? Because, Mr

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Keating would no doubt reply, it is modern Australians who have inherited and now enjoy the booty assembled by their profligate ancestors. It is as though my great-grandfather had forcibly evicted Smith from the house in which I now dwell with Smith's modern descendants living in squalid poverty on vacant land next door. Surely, the argument goes, I owe something to these descendants who are in some sense the true owners of my house.

To Europeans, this kind of argument is a very familiar one. In 1870, Prussia annexed the provinces of Alsace-Lorraine from France claiming that these had originally been stolen from the old Holy Roman (i.e. Germanic) Empire. Of these "lost provinces" a French politician at the time said, "Never speak of them. Never forget them" and the statue representing Alsace-Lorraine in the Place de la Concorde was draped in mourning to ensure that their memory would, in fact, be kept green.

Ultimately, the resentments and bitterness inspired by such memories found release in the 1914-18 war. In 1918, the provinces reverted to France. Hitler seized them in 1940 and the game of tennis ceased only in 1945 when Alsace-Lorraine once more became French.

But why should the game of tennis ever cease? Applying the notion of historical entitlement, there is no reason why a modern German politician should not revive the old claims yet again.

What, too, about the land between the rivers Oder and Neisse forcibly occupied by the Poles after the Second World War? This land had been occupied by Germans for centuries though, again, the Poles could (and did) assert an even older claim to it.

Who are all the people with Scots names and quasi-Scots accents living in Northern Ireland? They and their ancestors have been there only for two or three hundred years, having chased out the original inhabitants.

Who is 'rightly' entitled to Bosnia or Georgia? The answer depends on whom you ask. What rights should be accorded to the Russians living in Estonia (49 per cent of the population)? They have been in that country for an even shorter period, less than 50 years. The 'native' Estonians say that they should have no civil rights at all, being mere interlopers.

The truth is that all title to land rests ultimately on an act of more or less forcible dispossession. The Welsh live in Wales because they were pushed out of England by the Angles and Saxons.

Normandy is the part of France seized by the Norsemen from the French (who themselves had taken it from the original Celtic inhabitants).

To assert that a nation or people not in actual occupation of a territory has a superior right to it for 'historical reasons' is a recipe for permanent unrest, turmoil and, ultimately, war. Most Europeans (not all, alas) have learnt this lesson to their cost.

The notion of inherited guilt is even more dangerous than that of inherited right. As a small boy, I remember my Irish grandmother describing the iniquities of Oliver Cromwell, her point being that the English were a bad lot who had shamefully mistreated the Irish and who therefore owed an everlasting duty to make reparation. We see the consequences of this kind of historical memorizing in the Northern Ireland of today with its endless bloodletting and preoccupation with ancient grievances.

This brings us back to Mr Keating's "We". Who is included in this "We"? Only a tiny percentage of modern Australians derive their ancestry from those colonizers who dispossessed the Aboriginals. What of the others? Should an Australian of Greek ancestry whose parents came to the continent 25 years ago feel historical guilt? What about the Vietnamese boat-person immigrant? Does he also have a duty to make restitution?

In what sense can it be rightly said that several hundred thousand Aborigines ("nomadic hunter gatherers", as they are described by Robert Hughes) were occupying a whole continent? If 200,000 could be said to 'occupy' it, why not 50,000 or 10,000?

Even accepting the ideas of historical rights, inherited guilt, etc., was not adequate restitution made by the Aboriginal Land Rights (Northern Territory) Act 1976 which has given the Aboriginals title to 39 per cent of the Northern Territory.

From a European perspective, the whole Mabo issue is primarily interesting as an extreme example of the deep-seated need of white liberals everywhere to feel guilt towards someone, to set up and institutionalize a Victim whom notionally they have treated badly. In Australia, the Aboriginal is the obvious victim figure and the white breastbeaters will not readily let him go. Whatever is done for him, Australians (no matter what their ancestry or when they arrived) will still be expected to recognize themselves as stealers of land, bringers of diseases and committers of murders, crimes for which the handing over of an area the size of the United Kingdom is thought to be a very inadequate recompense.

Well, every nation has its own folly and its own cant, but Mabo is very bizarre indeed.
In their strategy to combat AIDS, public health professionals are too often ignoring the lessons gained from the control of epidemics in the past.

_Lucy Sullivan_

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SOCIAL anthropology in the first two-thirds of this century had a rationalist and functionalist bent. That is, it saw the beliefs and customs of primitive societies, markedly different from our own, as nevertheless fulfilling adaptive functions and therefore interpretable in rational terms. When this approach was applied to religion, as in Malinowski's *Magic, Science and Religion and Other Essays*, London, Souvenir Press, 1974, it was found that many practices which were justified in religious terms, as deference to the gods or ancestors, in fact carried a strong central theme of sound practice in scientific terms. Thus religious sanction was found to determine and control activities and prohibitions the adaptive reasons for which were not understood.

The controlling hand of religion was observed in areas which we would now consider outside the scope of its concerns. Malinowski, for example, describes the making of canoes by the Trobriand Islanders for the long sea voyages of their Kula trading, all the essential stages of which were marked by ritual magic, some of which required the services of a specialist magician. In particular, repetition of some of the magic prior to every long trip was required, including that relating to lashing of the outrigger with creeper, and caulking, and this ensured that these important materials were renewed, with obvious safety implications. The caulking and the caulking magic were seen as equally essential, to prevent the canoe from leaking. Ritual, in itself impractical, gave value to, and hence exerted control over, practical actions which could not be varied without risk of adverse effects; and observing the rituals of canoe-making was a part of moral behaviour.

Science expects to make such forces of conservatism unnecessary. When the reasons for the adaptiveness of a particular complex of actions are not understood, it is perilous to vary any of the components, as the crucial one may unknowingly be discarded. Thus the repetition of the painting magic and the re-painting might be discardable without practical harm, but if the lashing magic and the re-lashing were discarded at the same time, disaster might ensue.

But if we understand, scientifically, how and why something works, then we achieve the freedom to vary extraneous features, or even to improve on the central functional ones. Ideally, the religious function of quality control then becomes redundant.

As science, over the last several centuries, increasingly and successfully determined the way in which we manage the practicalities of life, the control of social behaviour primarily became the preserve of religion. As we have seen, it is perilous to vary any of the components, as the crucial one may unknowingly be discarded. Thus the repetition of the painting magic and the re-painting might be discardable without practical harm, but if the lashing magic and the re-lashing were discarded at the same time, disaster might ensue.

The AIDS story seems to me to provide an illuminating case study from among the many ills which have befallen us as a result of the premature application of social science, before it was knowledgeable enough to supplant religion and custom as a guide to social behaviour. The World Health Organization's initial decision, which has set the pattern for all subsequent public health activity, was to approach the AIDS epidemic from the standpoint of the social sciences rather than, as historically logical, of medicine. This decision cannot be justified on the grounds that the medical approach to control of epidemics of infectious diseases had been unsuccessful; far from it, for the defeat of infectious diseases was the major medical triumph of the middle decades of this century. Simply, the early identification of AIDS with homosexuality and with sexual transmission allowed social scientists to claim it as within their preserve, which included the study of sexual behaviour.

The prescriptions of social science for sexuality have differed markedly from those of religion, and it is probably for this reason that social scientists have been unable to account for the distribution of the disease, and instead focused on discrimination issues affecting homosexuals, but not directly related to AIDS.

There is considerable circumstantial evidence of a link between changes in sexual behaviour in the late 20th century and the onset of AIDS. I will begin with some data demonstrating the concentration of HIV in homosexual populations in the English-speaking world.

In the USA, the first 100,000 cases of AIDS occurred in the years 1981 to mid-1989 (eight-and-a-half years), and the second 100,000 in mid-1989 to 1991 (two-and-a-half years). In the first 100,000, 61 per cent of cases occurred among homosexual or bisexual men with no history of intravenous drug use, and five per cent were attributed to heterosexual transmission. For the second 100,000 the
figures were, respectively, 55 per cent and seven per cent. This is a huge disproportion in itself, and more so given that homosexuals and bisexuals make up less than two per cent of the male population, under current estimates. The explosion of the epidemic at the end of the decade cannot be attributed to migration of the disease into the heterosexual population.

In Britain, to the end of 1990, approximately 80 per cent of cases of AIDS were acquired by homosexual or bisexual transmission and only six per cent by heterosexual transmission. In Australia, also, AIDS has remained overwhelmingly a homosexually-acquired disease with, to date, somewhere between four and six per cent acquired heterosexually, and an even smaller percentage by intravenous drug use if dissociated from homosexuality and bisexuality. The most recent annual figures, for 1992, show no great change in this pattern with 11 per cent (137 of 1,199) recorded as by heterosexual transmission; upwards of 80 per cent of new cases of HIV are by homosexual transmission. Again, given the difference in size of the homosexual and heterosexual populations, the distribution is extreme. Further, it has been argued, both in Australia and the USA, that there is substantial over-reporting, through misclassification, of HIV by heterosexual transmission.

AIDS research of the last decade has indicated a strong association between promiscuity (or multiple partners) and HIV infection, both within and between the heterosexual and homosexual populations. Epidemiological estimates of the likely progress of AIDS have consistently stressed the role of number of sex partners. For example, the authors of the recent French survey of sexual activity state:

“The rate of transmission of STDs and AIDS in a given population depends on a large number of behavioural variables: the most important of these are the rate of acquisition of new partners, the type of sexual practice and patterns of sexual ‘mixing’ ... between populations with differential disease prevalence.”

The origin and continued expression of the AIDS epidemic in the homosexual populations of Western nations and its failure to move, as an epidemic, into the heterosexual population accords with this aetiology, if we look at what is known of levels of promiscuity in the two populations.

In the recent major British survey (approximately 20,000 respondents), the mean number of heterosexual partners for men aged 16-59 was 9.9, while for women it was 3.4. For men and women aged 25-34, the figures were 10.3 and 4.3 respectively; 86 per cent of men and 94 per cent of women had had only one or no sexual partners during the previous year.

Findings reported in the equally-large French survey at about the same time (mid-1992) were very similar — 88 per cent of men and 95 per cent of women had had one or no sexual partners in the previous year; 0.2 per cent of men and no women reported more than 15 partners in the previous year.

A 1978 study found that 83 per cent of homosexual respondents had had more than 50 sex partners, almost half had had 500 or more sex partners, and 28 per cent more than 1,000. A study of single men in San Francisco in 1984 found that 27 per cent of homosexual men, compared with three per cent of heterosexual men, had had 10 or more partners in a six-month period. By 1986, as a result of knowledge of AIDS, number of partners of homosexual men fell by 60 per cent, and this was accompanied by a substantial fall in the seroconversion rate. The mean number of partners (over six months) for homosexual and heterosexual men in 1984 was 10.8 and 2.8 respectively, and in 1986, 4.2 and 1.8 respectively.

The differential rates of promiscuity in homosexual and heterosexual populations could therefore be integral to the appearance of AIDS, and its continuation at high rates, in the former rather than the latter, among the Western nations. In regions and countries in which HIV has made substantial inroads on the heterosexual population, there is evidence that heterosexual promiscuity is substantially above normal levels in Western populations. This has been documented for Belle Glade (Florida), San Francisco and New York in the USA, and is generally understood to underlie the heterosexual AIDS epidemics in Africa, and southern Asia (particularly Thailand, with its high level of prostitution).

The association of disease with promiscuity is not exclusive to HIV, and exists for all the venereal and sexually-transmitted diseases. As a group, homosexuals suffer higher rates of syphilis, gonorrhoea, genital herpes, genital wart virus and hepatitis than do heterosexuals; while among heterosexuals, infection with these diseases is associated with promiscuity. Further, the relationship of multiple partners to HIV infection is not a simple statistical one of chance of exposure, but is mediated by infection with other STDs, largely as a result of genital lesions which admit the virus. A large number of studies in the mid- to late 1980s found associations between a history of STDs, particularly genital ulcers, gonorrhoea and chlamydia, and infectivity with HIV.

The association of promiscuity with AIDS may appear to be merely circumstantial, but if the understanding of epidemics of infectious diseases which was gained as a result of the great 19th-century epidemics is applied to AIDS, it appears likely that exactly the same biological forces are at work with AIDS.

The fundamental knowledge gained from these epidemics was that the crucial sites for care in disease transmission are the entrances and outlets of our bodies — mouth, nose, anus, and genitals — and what goes into and out of them — food, water, excreta, saliva, mucus, and now semen. Both personal rules of hygiene, such as washing hands after visiting the toilet and not sharing food and eating utensils, and publicly institutionalized standards of cleanliness (for restaurants, motels, etc. and in handling of sewage) are concerned with breaking pathways of germ
transmission between people.

The current formulation of the rules of hygiene is the product of the last century's experience, when ignoring them in cities without sanitation and public health regulations created terrible epidemics of gastro-enteric diseases — cholera, typhoid, fever — and also tuberculosis. High rates of transmission of bacteria or viruses between individuals provide the condition for epidemics of lethal diseases, and their control has depended more on the practical impedance of this transmission than on strictly medical intervention. Cholera and typhoid were carried in water contaminated by excreta and by flies: sewerage, clean water programs and fly control eradicated these diseases. Diphtheria and tuberculosis were air(breath)-borne or transmitted directly from person to person and, as epidemics, were largely products of over-crowded living conditions: improved housing, as well as quarantine, drugs and immunization, were important in their control.

Thus, the development of excessive biological contact between people can be seen as the behavioural cause of epidemic diseases, whether direct or via intermediaries. We cannot expect to exterminate the viruses, as the recent resurgence of cholera and TB demonstrates. Freedom from epidemic infection is dependent on keeping our bacteriological and viral distance from one another, and the current STD epidemics demonstrate that this is as true for sexual behaviour as it is for eating, drinking and breathing. Promiscuous sexuality breaks all the rules of personal hygiene and, when a social norm, sets up pathways of transmission between large numbers of individuals.

The two waves of epidemics which we have experienced can be understood in the context of the functional role of religion and custom with which I began. In primitive and traditional societies, there are invariably rules, some clearly having a disease-preventive function although not understood in these terms, for the preparation of food and disposal of human waste, and these are often enforced by religious sanctions. Industrialization and the move to cities created a vacuum of such rules of effective hygiene in Western societies. We also see the effect of their loss on the hygiene of indigenous peoples when their way of life is disturbed by colonization.

The traditional control of sexual behaviour, administered by the Christian churches as well as existing in custom and secular morality, provided for sexual hygiene in Western nations in exactly the same way as religious custom provided for gastro-enteric hygiene in primitive societies. The explicit, recognized functions of monogamous marriage were mutual care, companionship, procreation and the raising of children. The hygienic function of monogamous sexual relationships was neither noticed nor understood.

The moral control of sexual behaviour survived into the 20th century, although with periods of considerable collapse in the 19th century, which were accompanied by epidemics of venereal disease. By the 20th century, monogamy within marriage had been largely reasserted, in no small part due to the public campaigns of feminists such as Josephine Butler and Ellice Hopkins, who were appalled at the disease which men brought into marriage, as well as by the harm done to women by prostitution; and also through the work of the extraordinarily ubiquitous, active and well-supported social purity societies which they and others established.

The work of this movement was largely obliterated as an ideology by that of the sexologists, such as Havelock Ellis, Wilhelm Reich and Marie Stopes, who extolled the physical joys of sexuality, although its practical effects lived on in that this exuberance was seen as taking place within, rather than outside, marriage. By the second half of this century, post-'pill', these theories had achieved a position of hegemony, while the traditional social structures, supported by religion and custom, were discarded without recognition or understanding of the functional importance of many of their elements. With them, as I have argued, went sexual hygiene.

Control of epidemics means breaking paths of transmission. With monogamy or near monogamy, this is achieved because there are no, or few, paths. The establishment of sexual networks creates STD epidemics: their disestablishment will control them. It has been seriously hypothesized that the AIDS virus has been around for a century or more, but has only been given its chance of ascendency by recent changes in sexual behaviour.

The condom strategy of course fits into this picture, as a means of interrupting transmission, but it is a very ad hoc and short-term response, unlikely, even if effective, to provide a long-term solution — something akin to boiling household water rather than providing a clean water supply. The exclusive attention given to this strategy, and the denial of any need to modify the conditions of sexual networking which had created the epidemic, can be seen as a sign of the continuing hegemony, among social scientists, of the sexologist ideology.

Although the condom had been considered inadequate for the control of the earlier venereal diseases, it was pulled out from the doldrums in which it had languished since the advent of oral contraceptives, and presented as the panacea for AIDS. A huge promotional campaign for the condom was engineered. We were expected to forget our tribal knowledge of raincoats and holes, and the condom became lovable and reliable. It also became complicated, with special educational programs needed to teach people to use it.

No comparable time and money, however, was devoted to ensuring that the condom is indeed an effective barrier against AIDS transmission, which one might have thought to be an essential precursor to the campaign, given the condom's poor reputation where other STDs were concerned. It is interesting that in Holland the condom was rejected as a prophylaxis against AIDS because of its unreliability, and there the public health campaign focused entirely on avoidance of anal sex. Only recently was it decided to combine the two, as two unreliable measures are, it is hoped (not known), better than one.

Accumulating evidence on the safety of condoms is not encouraging. A Manchester study, for example, found
that among 'educated' and experienced condom-users, 52 per cent had experienced condoms bursting or slipping off in the previous three months. In a 1987 study, 23 per cent of women partners of HIV-infected men became infected: transmission was associated with the number of exposures and anal intercourse, but use of condoms did not affect the outcome. A study of married couples in which one partner was infected with HIV found that 17 per cent of the partners who used condoms for protection were positive for the virus within a year and a half.26

A recent World Health Organization review of nine research studies found that people using condoms faced a risk about two-thirds that of non-users of developing gonorrhoea, trichomoniasis, or chlamydia. When data from 10 studies on HIV infection were combined, condom-users were found to enjoy a risk of 0.4 that of non-users: that is, infection rates were reduced by not much more than half. This level of reduction, combined with continuing high rates of promiscuity, can in no way be guaranteed to return transmission rates to below the epidemic threshold.

Even technically, the case for safety of condoms is not good. Because the AIDS virus is 450 times smaller than sperm, the effectiveness of condoms for AIDS prevention is actually worse than for contraception. Heavy rubber gloves are considered necessary for pathologists handling animal cadavers infected with the rabies virus which is of a size similar to the AIDS virus.

Seven years down the track it is clear that the condom campaign has been virtually without impact in Australia. The rate of new cases of HIV has remained steady since the beginning of the campaign, although it was falling beforehand. According to the social scientists who have engineered the campaign, their theories of safe sex based on the condom are well understood in the homosexual community and homosexuals have obeyed instructions to a degree which puts heterosexuals to shame. Yet AIDS has remained stubbornly in the homosexual population and has not moved to any substantial degree into the heterosexual populace who are, in condom safe-sex terms, taking all the risks.

The certainty with which AIDS educators laid down the rules of infection, for a patently ill-understood disease, was one of the most alarming and disreputable aspects of the public health response to AIDS in Australia. The early safe-sex messages which were delivered to the Australian people were quite simply wrong. Oral sex was promoted as safe, but it has since been found that the virus is present in high numbers in the mucosa of the mouth, particularly in advanced AIDS cases. When people must be advised to use not only condoms, but also dental dams and rubber gloves, barrier protection has obviously become an absurdity.

Because it is a particularly horrifying killer, AIDS has attracted a great deal of attention as a sex-related infectious disease of epidemic proportions. But the warning signs of the dysfunctional nature of promiscuous sexuality were already out before AIDS came on the scene, in the rise to epidemic proportions of a whole range of new STDs in the heterosexual population. These, though not generally killers, have savage implications for reproductive health, both through the creation of infertility and in their devastating effect on the foetus and newborn as a result of infection from the mother.

'New' STDs which came to attention in the 1970s and 1980s are chlamydia, genital herpes, cytomegalovirus, group B streptococcus and E. coli, which are largely familiar entero-pharyngeal organisms, but novel in the genitals. Their movement from the mouth to the genitals would seem to be the result of oral sex, promoted by sexologists since the 1960s (and as recently as last year by the NSW Family Planning Association in its Teen Sex Diary). Thus this deliberate ignoring of the rule of isolating oral and genital contact has resulted in harm, not as we were predisposed to fear through germs in the excreta entering the mouth, but through germs from the mouth entering the genitals. Here they either colonize or infect the vagina, and if the foetus or newborn is infected, can cause prematurity, severe neurological damage, and death.

Genital wart virus, also becoming epidemic, is associated with infertility and cervical cancer. Pelvic inflammatory disease causes sterility in 15 per cent of women on first infection, and 30 per cent after two infections. It is also a cause of ectopic pregnancy which has risen alarmingly in incidence, and is the second leading cause of maternal death in the USA.

The English and French surveys mentioned above have documented the actuality of earlier, and increased levels of sexual activity, which has accompanied these epidemics. Younger cohorts reported starting sex at an earlier age and having more partners.

Thus, although promiscuity among heterosexuals in Australia does not appear to have yet reached levels such as to make them vulnerable to AIDS, the rise in incidence of other STDs seems poised for a dramatic and destructive effect in the coming decades.

What then is the status of personal sexual choice, for or against promiscuity and the variety of forms of sexual 'creativity'? In a culture, or in a culture sub-group, in which most of the population conforms to patterns of sexuality which maintain sexual health, it is obviously possible for a minority of individuals not to conform, without much risk either to themselves or to the group. When hygienic standards are generally good, one can ignore the occasional fly, or omit the washing of hands, or engage in a one-night stand without much fear of infection, because the general prevalence of disease is low.

However, when the numbers failing to observe hygienic precautions rise to a level which causes infection to reach epidemic proportions, then personal choice becomes another matter entirely. One's choice to ignore the rules of hygiene unavoidably entails a burden of risk of disease and, of course, the reality of disease. Further, one's choice as a contribution to the continuance of the epidemic assumes an anti-social seriousness which it did not carry as a minority action which did not rock the boat of public health and security. As a member of society, one now has
an obligation not to engage in actions which will endanger the public, and not just one's own, health.

AIDS is not yet curable; and at present it seems that the choice available to the homosexual population is either for AIDS or for attention to sexual hygiene, which implies an abatement of promiscuity. The possibility of choosing AIDS is not so far-fetched as it might seem, given the general tenor of resistance from the gay lobby to tried and successful public health measures which necessarily put the public welfare above individual autonomy.

This standpoint of resistance is not new and was energetically defended in the 19th century by opponents of the then-new public health developments within medicine. The objections were on much the same lines with which we are now familiar from the gay lobby. Thus, a leading article in The Times in 1854 celebrated the downfall of two early proponents of the public health approach to disease control as follows:

"If there is such a thing as a political certainty among us, it is that nothing autocratic can exist in this country. The British nature abhors absolute power ... The Board of Health has fallen ... We all of us claim the privilege of changing our doctors, throwing away their medicine when we are sick of it, or doing without them altogether when we feel tolerably well ... Esculapius and Chiron, in the form of Mr Chadwick and Dr Southwood Smith have been deposed, and we prefer to take our chance with cholera and the rest than be bullied into health."

The successful control of the first round of culturally-induced epidemics of infectious diseases was only made possible by the eventual defeat of such views. The choice is one of living without or with disease; of altering behaviour at the level of lifestyle, or a constant entrapment in merely palliative activity. Public health professionals have failed their discipline in approaching AIDS at the level of personal protection rather than of public health.

what makes Democracy Work?

What do choral societies and football clubs have to do with prosperity and good government? A surprising amount.

Robert D. Putnam

Why do some democratic governments succeed and others fail? This is a burning question today in all parts of the world — from Moscow and Mogadishu to South Central Los Angeles. Just when democratic ideals are held in highest global esteem, growing numbers of observers fear that democratic government is faltering in its heartland, America.

Revitalizing democracy will require an answer to this question: what makes democracy work? I want to suggest one possible reply, by recounting two stories and a parable. Each seems distant from our immediate concerns, but all three are thought-provoking for those of us concerned with civic life in our communities.

A botanist who wants to study plant growth might plant genetically identical seeds in different pots of soil, water them differently, and watch to see which flourish and which wither. A political scientist wishing to study similarly the development of political institutions would need somehow to implant the same organization — as conceived on paper — in different political, economic and cultural contexts, and watch the results.

That sort of research is ordinarily impossible, but in 1970 Italians laid the groundwork for precisely this experiment by creating a new set of regional governments all along the Italian peninsula. All had the same formal structural organization, and all had important powers and much money to spend — nearly one-tenth of the entire GNP of Italy. But the soils in which these identical organizations were implanted were very different. Some regions in Italy were economically backward, while others were as economically advanced as anywhere in the world. Some regions were traditionally Catholic, some deeply communist, some essentially feudal, and so on. For nearly a quarter-century my colleagues and I have closely observed this experiment in democratic regional governance.

It soon became clear that despite their identical form, these various regional governments worked very differently. As we had expected, some of them proved to be utter failures — inefficient, slothful, corrupt. Others, however, were very effective — creating industrial parks, jobs programs, family clinics, innovative day-care centres, environmental programs and the like. Citizens in these latter regions enjoyed better government than many Americans.

My colleagues and I measured the effectiveness of the...
regional governments in many ways. For example, in each region a local confederate wrote to the education agency, "My younger brother has just graduated from high school and would like to attend a vocational educational program. Please send the application." Then we counted how long it took for a reply to arrive. If the letter remained unanswered, we telephoned the ministry and counted how many calls were necessary. And if that failed, we visited the ministry personally and counted the number of visits that were necessary to obtain the application.

We used this and many other objective measures of government performance, from cabinet stability to budgetary promptness to legislative innovation. We also asked thousands of Italians about their regional governments, and we discovered that their evaluations were consistent with ours. We and Italian voters agreed on which governments were working well and which were failures. This is the starting point for my first story: Some of the new governments flourished while others withered. Why?

We considered many possible answers: wealth, education, party politics, urbanization, social stability, and so on. None of these answers fits the facts; none was directly correlated with government performance. The right answer surprised us, though it likely would not have surprised Alexis de Tocqueville, that astute 19th-century French observer of democracy in America: what best predicted good government in the Italian regions was choral societies, soccer clubs and co-operatives. In other words, some regions were characterized by a dense network of civic associations and an active culture of civic engagement, whereas others were characterized by vertical patron-client relations of exploitation and dependence, not horizontal collaboration among equals.

Some regions of Italy have a rich network of community associations. Their citizens are engaged by public issues and take an active role in politics. They trust one another to act fairly and obey the law. Social and political networks here are organized horizontally, not hierarchically. In these 'civic' communities, democracy works. At the other pole are the 'uncivic' regions, where the very concept of citizenship is stunted. Engagement in social and cultural associations is meagre, and the social structure is hierarchical. Public affairs is someone else's business, not mine. Laws are made to be broken, and people live in fear. Trapped by these vicious circles, nearly everyone feels exploited and unhappy — and democracy fails.

So that is the first story: Why are some communities governed so well? — choral societies. The correlation between civic engagement and effective government is virtually perfect. Before we consider the implications of that discovery, however, let me ask a second question and tell a second story. The question is obvious: if the civic fabric is so important, why are some communities civic and others not? To answer that question, we need to enter a time machine and return to Italy around AD 1000.

Early medieval Italy, and indeed all of Europe in those years, was a very unpleasant place to live, because social life was anarchic. The risk that a peasant's grain might be stolen was so great that he grew only what he could eat himself. The risk that one would be robbed on the way to market was so high that no-one went to market. Life, as Hobbes would later put it, was "nasty, brutish and short," because civic order was absent. That is why these came to be known as the Dark Ages.

Then, in two different parts of Italy, two very different solutions to this problem of social order were invented almost simultaneously. In southern Italy, a roving band of Norman mercenaries settled down and created the first feudal monarchy in Europe. It was a clever system. The peasants were protected by the knights, who took their cut of the agricultural production in return for maintaining order. The knights were kept in line by the barons, who took their cut. And the barons huddled under the king at the top.

This simple vertical system turned out to be very effective in imposing and maintaining social order. It was now safer to get grain to the market. The economy began to grow, and soon the Norman kingdom of southern Italy was the wealthiest, most advanced realm in Europe, with the first public university, the first civil service, and a rich flowering of art. King Frederick II was called Stupor Mundi — "the wonder of the world" — because he and his predecessors had created order out of chaos. His rule was authoritarian, but it was much better than no rule at all.

Meanwhile, in a band of cities stretching across north central Italy, from Venice to Bologna to Florence to Genoa, a very different solution was invented to address the same problem of social order. Instead of the vertically-structured system of king, barons, knights and peasants, however, small groups of neighbours in the north began to form mutual self-protection pacts. Each member agreed that if any of them was attacked, the others would defend him. These
groups came to be called "tower societies", named for the towers they built for refuge during times of trouble. Members of these tower societies even wrote contracts describing their mutual obligations, which was in some sense odd since no courts existed to enforce the agreements.

The new system worked well. Neighbouring tower societies formed alliances, and soon towns began to grow. Town governments were actually formed out of these horizontally-organized mutual aid associations. So successful was this idea of horizontal collaboration that the principle began to spread to other spheres of social activity. In economic life, guilds were invented — associations among equals for mutual professional benefit. In religion the same pattern evolved. Whereas in the hierarchically-organized South, the Pope appointed the bishops, who in turn appointed the priests, in the communal North, local parishes elected their own leaders. Soon, a dense interlocking web of horizontal associations evolved — tower societies, guilds, neighbourhood associations, religious fraternities, and even choral societies. These communal republics soon created remarkably advanced systems of government, with the medieval equivalent of professional city managers, modern laws, marketable public securities, and so on.

And then, the third most important economic invention in history appeared. Ancient Egypt and Rome had the first two: markets and money; but even they failed to develop this third innovation — impersonal credit. Impersonal credit exists when I lend you money, even though I do not know you personally. You use it to build a factory or to buy a ship to sail to distant markets, and then you return the money to me, with a bit extra for my troubles. Impersonal credit was invented in these city-states of medieval northern Italy.

Impersonal credit is astonishingly valuable because it allows those with money to lend to others who can use it more effectively, so that everyone is better off — more jobs, more production, more goods, more wealth. Large-scale commerce and industry could not exist without impersonal credit, because without it capital could not be accumulated and invested efficiently. The invention of impersonal credit enabled northern Italians to create by far the most advanced economy in the world. Italian bankers provided credit throughout Christendom, and virtually all the largest cities in Europe were to be found in Italy.

Impersonal credit requires trust — etymologically, the word 'credit' comes from the Italian verb, 'to believe'. Trust among northern Italians rests on that uniquely close-knit fabric of civic life described above. When a resident of a communal republic obtained a loan, he, in effect, 'mortgaged' his connections to all other citizens. Civic connections formed a kind of collateral, enabling northern Italians to trust one another. The communal republics were built to a surprising degree on trust — not perfect and unconditional trust, of course, which is why lawyers and courts were needed. To an unprecedented degree, however, this society was based on impersonal trust and generalized reciprocity. The root of social trust was civic engagement.

This horizontal social organization was fantastically efficient, not merely at bringing public order, but also in enabling northern Italy to become by far the wealthiest, best governed place of its era. By comparison with the rest of early medieval Europe, southern Italy, with its feudal monarchy, seemed advanced, but by comparison with the rest of the world, including southern Italy, the communal republics of the North soon gained a kind of dominance that Victorian England or post-war America never dreamed of. With their new wealth, northern Italians began to invest in art and high culture. The Renaissance was a direct consequence of the economic boom, which was a direct consequence of credit, which was in turn a direct consequence of the trust expressed in tower societies and choral societies. Civic engagement paid handsome dividends.

Sadly, because these cities were so attractive, they also become very crowded, and thus were tragically vulnerable to disease. In the summer of 1348, for example, half of all Italian townspeople died from the Black Death. And such deadly plagues recurred for several centuries. Moreover, rising foreign dynasties in France and Spain began raiding prosperous Italy. Italian dominance over Europe began to fade.

But for a period of about 300 years, Italy dominated the known world because of these two political inventions — the feudal monarchy in the South and the even more efficient communal republics of the North. And if we draw a map of Italy tracing the incidence of civic engagement in 1300, and then draw a map of Italy reflecting the incidence of choral societies and effective democratic governance in 1993, the two maps are identical.

Now, if we draw a map of Italy in 1993 according to wealth, we will find that communities with many choral societies are also more advanced economically. I originally thought that these fortunate communities had more choral
societies because they were wealthy. After all, I thought, poor peasants don't have time or energy to spend singing. But if we look closely at the historical record, it becomes clear that I had it exactly backwards. Communities don't have choral societies because they are wealthy; they are wealthy because they have choral societies — or more precisely, the traditions of engagement, trust and reciprocity that choral societies symbolize.

Of two equally poor Italian regions a century ago, both very backward, but one with more civic engagement, and the other with a hierarchical structure, the one with the more choral societies and soccer clubs has grown steadily wealthier. The more civic region has prospered because trust and reciprocity were woven into its social fabric ages ago. None of this would appear in standard economics textbooks, of course, but our evidence suggests that wealth is the consequence, not the cause, of a healthy civics.

This decline in social capital helps explain the economic and political troubles of our own democracy.

A n important moral emerges from these two stories. Economists often refer to physical capital. A screwdriver is a form of physical capital: by investing in a screwdriver, one becomes more productive. About 25 years ago, the economist Gary Becker used the term 'human capital' to refer to the fact that education can have the same effect. Investing in training — 'human capital' — enables one to become more productive.

Some social scientists are beginning to speak of 'social capital' — networks and norms of civic engagement. Conversely, in some modern countries — in America's urban ghettos and suburbs, for example — the last several decades have witnessed a silent erosion of social capital. There are more empty seats at PTA meetings and church masses, for example, and fewer of us spend time on public affairs — particularly political activities. Compared with earlier generations, we are less engaged with one another outside the marketplace and thus less prepared to cooperate for shared goals. This decline in social capital helps explain the economic and political troubles of our own democracy.

These first two stories also frame a final important question: if we lack social capital, how can we create more? This tough dilemma was once posed to me by the reform-minded president of one of the backward regions of southern Italy. After dinner one evening he complained, "What you seem to be telling me is that nothing I can do will improve my region. Our fate was sealed hundreds of years ago." This is a central conundrum of our time: how can we invest in social capital?

There is no simple reply, but the question must be addressed by every serious public official or community activist in the nation today. Investments in the portfolio of social capital must occur at the local level. A concluding parable — this time not from Italy but from Central America — dramatizes this point.

In many neighbourhoods around San José, Costa Rica, recent immigrants from the countryside live amid social disorganization and crime. In the last few years, however, one such neighbourhood has earned a reputation for being safer and more pleasant, even though its residents are no more affluent. This fortunate area somehow has achieved a strong sense of neighbourhood solidarity. For example, nearly every resident has bought a football referee's whistle, and if a thief is spotted, everyone blows his whistle to alert his neighbours. The neighbourhood has also taken up a collection to buy a local siren and set up a telephone network. If a local widow, for example, becomes distressed at night, one phone call suffices to set off the siren and summon help. This neighbourhood-alert system has cut robberies dramatically — from roughly two a week to roughly one a year.

What makes this neighbourhood different? The founder of the neighbourhood association has a simple answer: El Ley del Saludo — 'The Law of the Greeting'. When the association was formed a few years ago, its members agreed that everyone would leave for work five minutes early every morning to have the time to say "hello" to each of his neighbours. This informal norm soon built ties of friendship and mutual solidarity among the previously anonymous residents of the neighbourhood. Once those ties were established, it was relatively easy to agree on practical crime-fighting steps.

As the relative tranquillity of this neighbourhood has become more widely known in San José, people from other neighbourhoods have visited to enquire into the secret of their success. "When we tell them about 'The Law of the Greeting'," reports the association's founder, "they smile dismissively and ask us where we got the whistles, or how we got a government grant for the siren." These enquirers are, of course, missing the point: the key to collective action is not physical capital, but social capital. 'The Law of the Greeting' represents investment in social capital at its very simplest.

Solving America’s social problems requires much more than a national ‘Law of the Greeting’, but that is not a bad metaphor for the actions, public and private, that are needed. To revitalize our democracy we shall need to begin by rebuilding social capital in our communities, by renewing our civic connections.
COMMENT

by

Austin Gough

Democracy’s Undoing: Centralism and Separatism

Democracy’s future is uncertain. Its vitality depends on fostering a rich network of civic associations.

Reading Robert Putnam’s article, which takes up some of the themes more fully explored in his subtle and richly documented book Making Democracy Work, one immediate reflection is that his study of the comparative vitality of politics in the different regions of Italy since 1970 has profound implications for the future of democracy in the former communist countries of Eastern Europe, where after 40 years of authoritarian rule, it is proving difficult to rebuild structures of civic participation based on mutual trust; but there are some significant analogies also with the problems of Australia at the end of the 20th century.

The decision to set up regional governments in Italy represented a turning of the historical tide, which for 150 years flowed towards greater centralization and consolidation of power: there seemed to be an irresistible tendency of small states in the 19th century to coalesce into massive heterogeneous nation-states like Italy, Austria-Hungary and Germany. Nothing could have equalled the euphoria surrounding the formation of the new Italy in 1860, with plebiscites recording majorities of over 90 per cent in favour of unification; but in the succeeding 100 years there came to be an equally overwhelming disillusionment.

This arose to some extent from specifically Italian causes, but it was part of a general weariness in all Western countries with the extravagance and the Kafkaesque unresponsiveness of centralized government. Federal or unified systems nearly always fail to satisfy the demands of political psychology. Alongside the perennial dissatisfaction over the sharing of revenue and expenditure, there is a particular source of discontent in the perception of individuals that their votes for a central government are mere drops in the ocean, without the slightest hope of influencing official decisions in a remote and politically sophisticated capital, and a perception also that government at the highest level is manipulated by powerful unelected committees, lobbyists and pressure groups. This has been an acute problem in Italy since the Second World War, for good reason, but even in Australia we are accustomed to the feeling that federal affairs are conducted less by Parliament and its electors than by the ACTU, the High Court, the ILO, ATSIC and the ACF.

The challenge for modern states is to deal with this public scepticism about central government by introducing some form of decentralization, without at the same time giving way altogether to centrifugal forces which can cause the entire political structure to collapse. The solution in Italy has been to recognize that, in the late 20th century, the voters in most Western societies find decentralized regional government more satisfying, more responsive and more likely to produce tangible benefits than centralized government. The Italian experiment of 1970 restored a fair degree of autonomy to regions which are, in essence, re-creations of the dukedoms and principalities of the pre-1860 period, each of them intended to be economically, demographically and psychologically of the right size to attract the commitment and participation — indeed, the competitive élan — of regional voters. Although some of the regional governments have been notably less efficient and more corrupt than others, the plan has been an overall success: 20 years later, according to Putnam’s surveys, hardly anybody would consider going back to a system of centralized control.

When the Australian republican debate was at its height in 1993, there was a lot of talk about abolishing the States “because they get in the way of real democracy”, to quote one prominent member of the Labor Left. It may be more realistic to turn the argument in the opposite direction. The Australian political tide has been set towards centralism for half a century, but every recent analysis of our political economy concludes by recommending decentralization, as the big coastal cities become choked and inefficient, economic power and tax bases shift location in ways undreamed of 50 years ago (the present State boundaries are more irrelevant than ever), and the federal capital increasingly loses touch with the periphery. At some point in the first half of the next century, Australia may have to consider a general retreat from centralism and a restoration of vitality to regional government, possibly going further than the Italian plan: we might envisage regional control in matters where central control has been shown not to work very well — education, health, trade and perhaps even immigration.

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The underlying structure of political life in Australia has been exactly the “dense network of civic associations and an active culture of civic engagement” which Putnam identifies as the basis of healthy government; we are like northern (rather than southern) Italy in terms of social capital, the potential energy arising from people’s readiness to be active on local councils, charities, school committees, volunteer fire brigades, Rotary, Lions and Apex, sporting clubs and cultural societies. As Italians have always known, bodies of this kind are a school of democracy and a useful corrective to the tendency to demonize one’s political opponents — Don Camillo and the communist mayor can learn to appreciate each other’s qualities. Even football club committees in Australia have been excellent in providing opportunities for creative tension between people of very different kinds: but perhaps the best examples might be those big amateur performances of The Messiah where the leader of the second violins is a judge, the principal tenor is a drop-out pharmacy student with strong Marxist opinions and the choir includes 50 Catholics, 60 Protestants and two Jewish academics who don’t mind singing about a Christian Messiah because they love singing Handel. Australians have been old hands at civic engagement since colonial times. Our only associations to have developed along Calabrian lines of vertical patron-client relationships have been the political party organizations and some of the inner-city councils.

But the complex network of civic association, depending as it does on the two essential ingredients of trust and a respect for egalitarian individual rights, may not be able to survive the rise of tribal separatism in Australia. Instead of fostering a broad sense of community, the present Federal Government seems determined to divide the nation into ‘communities’, and to take less notice of individual rights than of group rights and group identities — a philosophical wrong turning which has already contributed to the disuniting of the United States. In a trend which superficial politicians are happy to promote, it is becoming easy in Australia to exchange an individual identity, seen perhaps as a small and powerless thing, for a more assertive new identity as part of the Greek community, the Islamic community, the gay community or the Aboriginal community, and to pick up the habit of talking about ‘our people’ and ‘our leaders’. There is no longer any encouragement offered for these ‘communities’ to make concessions to an Anglo-Australian political style for which some advisers to the Labor Government, in any case, feel not much more than amused contempt.

Horizontal civic networks based on trust and cooperation break down if they have to deal with organizations or enclaves that are, so to speak, fenced off from too many possibilities of interaction. It is difficult to run a suburban progress association if the Croatian community distrusts the Serbs, the Greek community won’t speak to the Turks, the Muslim community considers all of them indecent and unreliable and the gay community insists on meeting separately. (I have had university tutorials which displayed these problems on a microcosmic scale.)

In particular, nothing destroys trust more completely than a suspicion that certain communities enjoy even the smallest degree of special legal protection, or privileged access to government policy-making. If the experience of Italy is not enough, there could be a further lesson for Australia in the decision by the top-ranking Californian university, Berkeley, that for the sake of social engineering it would alter its admissions policy to take in more African-American students and fewer Asian-Americans. It did this by adjusting the entrance scores, deducting marks from the scores of students from Japanese, Korean, Chinese and Vietnamese backgrounds, and adding them to the scores of black students. Public disclosure of this process sent a ripple through the entire structure of civic engagement in California: it became virtually impossible to conduct the business of certain school boards, local councils, sporting clubs and even the Los Angeles Philharmonic. The basic problem has not been solved: Asian-Americans are still at a disadvantage, the bitterness has not subsided, and the effects at the level of national politics are incalculable. It is a cautionary tale which will be appreciated especially by readers of Robert Putnam’s Making Democracy Work.
Because of Australia's particular historical inheritance, abolishing the Crown would weaken prized civic values.

Gregory Melleuish

In his recent work Beyond the New Right (Routledge), English political philosopher John Gray makes some interesting points relevant to the republicanism debate in Australia. Gray argues that Britain is an "artefact of the institution of monarchy" (p. 56) in which political allegiance is not dependent on nationality or ethnicity. Britishness is not the product of that sense of community that emerges out of membership of a particular ethnic group. Instead Britishness transcends the ethnic composition of Britain and has come to express a system of values that underpin the British political order. Gray identifies these values as a sense of fair play, equality before the law and a spirit of toleration and compromise when confronted by apparently irreconcilable differences. These are values very similar to those that do the same thing for Australia's political order.

The people of Britain, as the result of a particular and distinctive historical evolution, possess not one but two nationalities. First there is the communal ethnic identity founded on place and ethnic background. Second there is the broader British political identity that has at its core allegiance to the monarchy. It came into being as the British political system emerged from the 17th century onwards.

Gray's comments are not only applicable to the British Isles. They have a relevance for other parts of the former British Empire, including Australia. When Australia was

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part of the Empire, Australians also possessed two nationalities: Australian and British. The Australian nationality expressed the ethnic identity of Australians and their 'sense of place'. It was founded on the belief that to be an Australian it was necessary to be of British racial stock and then to have had one's racial characteristics modified by the influence of particular qualities of the 'Australian place'. Such a process would lead to an individual possessing a certain set of cultural traits; it was these traits that defined the Australian identity. Australian nationality was cultural and ethnic in character and was meant to sum up the identity of the Australian cultural community.

British nationality was the nationality Australians possessed when they were considered as members of the British Empire. Its focus was 'Greater Britain' and it was indeed an artefact of the monarchy as it concerned itself with the values of a wider international community whose central focus was the British monarch. British nationality was not concerned with questions of ethnic belonging but with issues of citizenship and the wider responsibilities that citizenship brought with it.

In Australia, as in Britain, it was British nationality that was the carrier of those civic values of fair play and respect for the law that make a free and tolerant political order possible. And central to British nationality (as it was not to Australian nationality) was the institution of monarchy. It was no accident that the ideal of citizenship was strongest amongst those who were adherents of empire, men such as W K Hancock and Frederick Eggleston, and of little significance for Australian cultural nationalists such as P R Stephensen and Vance Palmer. For imperialists, citizenship was not a matter of mindless adherence to the local culture but a complex set of obligations involving both local and international elements. It was such men who attempted to remould the British Empire into the more egalitarian form of the British Commonwealth.

The point needs to be emphasized. The source of those values described by Gray that lie at the core of Australian political culture is British nationality and not Australian nationalism. Indeed it could be argued that it was the tradition embodied by British nationality that has often kept in check the worst excesses of the xenophobia and bigotry unleashed by Australian cultural nationalism. Equally, it has been British nationality that has nourished the ideal of citizenship in Australia and encouraged Australians to look beyond their parochial concerns.

Hence, in Australia, the idea of Australia as a political nation embodying civic values is the creation not of Australian nationalism but of British nationality and the monarchy. The republican ideal in Australia is primarily the product of Australian nationalism; its concerns have little to do with the values required to support a free and fair political order. Its primary interest has been in achieving cultural independence for Australia and with the question of Australian national identity. It is interested in who Australians are and not in how they should best govern their affairs.

All this is, of course, contrary to what the theory of republicanism tells us; it says that it is in a republic that citizenship is encouraged and nourished. But unfortunately abstract political theories do not always describe what actually happens in the real world. All too often, in their radical simplicity, they blind us to the facts of complex historical circumstances. In the recent debates about republicanism the tendency has been to resort to theoretical republicanism as a pure type of political organization and to avoid any discussion of Australia's complex political inheritance. The one attempt to relate theory to historical reality, Alan Atkinson's The Middle-Headed Republic, Oxford University Press, puts the case very forcefully for the monarchy.

More needs to be done. For example, it becomes apparent that it is the tradition of British nationality and the monarchy that has made multiculturalism and cultural diversity possible. It has provided the shared civic values and a form of non-ethnic identification in the shape of allegiance to the monarchy. Australian nationalism could never have provided the framework for a culturally diverse society because it is rooted in ethnic and cultural exclusiveness. Cultural diversity has worked in Australia because of our heritage of British nationality. To exclude the monarchy from its role in defining Australian citizenship and to replace it with the vague notion of the Australian people is not merely to misunderstand the nature of our historical inheritance. It is also to undermine those very values that have allowed a variety of cultures to flourish in Australia.

It is queer, to say the least, that it is in the name of citizenship and cultural diversity that many Australian intellectuals now seek to throw off the British and monarchial elements of Australian nationalism.
A Troubled Mood

IT IS difficult to describe a mood, especially one as complex and contradictory as that which seems to be developing in US public affairs. But since moods can so deeply affect markets, politics and society at large, it seems important to understand it. Its most obvious element is a profound sense of ambivalence about most major issues in the economy and society, as well as in politics or foreign relations.

Economic growth remains solid. Job creation is robust, with 1.2 million jobs created since January and unemployment dropping, between April and May, from 6.4 per cent to six per cent. Indeed, that unemployment rate is roughly at levels which, historically, have led to pressures for higher wages and to inflation.

On the other hand, there is the fact that the gap between rich and poor seems to be growing inexorably, with corporate chief executives earning up to 150 times the pay of an average factory worker; with a high proportion of new jobs being part-time and low-paid; and with the demand for low-skilled workers declining further. Together with the facts of inner city crime and drugs, the prospects for social peace and cohesion are, for many people, doubtful.

In politics, the pressures for reform have begun to bite. Campaign financing is being reviewed. With the anti-incumbent mood of the public, unprecedented numbers of new people have come into Congress in recent times and more will do so in the congressional election in November. Term limits are in vogue in most parts of the country.

CYNICISM Yet cynicism about politics and politicians and their corrupt practices has not lessened. The latest example involves Congressman Dan Rostenkowski from Chicago, the Chairman of the powerful House of Representatives Ways and Means Committee and one of President Clinton's key congressional allies in trying to legislate health-care reforms. Having refused a plea bargain, he has now been indicted on 17 counts of felony involving vast perks and allegations of corruption.

What are Americans to make of this? One view is that this is precisely what happens when one party is too long in power (in this case the Democrats, who have controlled Congress for decades) and its senior members come to believe that power and perks are theirs by divine right. Another view is that none of the individual acts, as alleged, is indefensible; Congressmen have always done things like giving presents to constituents and it is unfair to single out Dan Rostenkowski for following customs he did not create. A third says that Rostenkowski's style of politics was and is not just old-fashioned but hugely effective. It is not at all clear, in this view, that America would be better governed if the halls of Congress were filled with bright young 'politically correct' persons of no experience, unwilling to make deals but rather giving, at every step and turn, priority to their own puritan consciences.

CLINTON'S CHARACTER Then, of course, there is the President. Here, too, the public is very much in two minds. No other President is available. Clinton works hard. He gets full marks for energy and willingness to do something about important problems. He is committed to domestic reforms for which there is solid majority support, at least in outline and in principle. Most people would like him to succeed and hope he will make the grade.

The trouble is the 'character issue'. It is not that the sexual or even the financial peccadillos which have been alleged are important in themselves. But they reinforce doubts raised by his tactics on more important matters. He does not seem either steady or predictable. On most issues every zig can be guaranteed to be followed by a zag. This shilly-shallying on persons and policies of almost every kind raises profound questions of confidence.

Some of this is almost certainly unfair. He has been reasonably consistent (whether he has been right is a matter of debate) on the primary issue

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of Russia. He threw himself into the fights over the North American Free Trade Area, over his budget, over the Uruguay Round of trade negotiations, and won. His U-turn on China, finally separating human rights from trade issues, was strategically sound, even if confused in manner. His refusal to allow America to become involved in Bosnia is, for all the complaints, equally sound. His slow and unspectacular approach to the issue of North Korea’s nuclear program might also turn out to be sensible; especially so given the facts that China policy must have priority and that North Korea almost certainly has nuclear devices already.

To be sure, there were fiascos in Haiti and Somalia. There has been too much vacillation on the Balkans. On Japan, the US has engaged in too much counter-productive bullying. As Henry Kissinger has fairly pointed out, the proposal for a “Partnership for Peace”, which is supposed to embrace Eastern Europe, NATO, Russia and the neutrals, is a meaningless replay of the toothless Locarno system of the 1920s. As for Mr Clinton’s reaffirmation of America’s commitment to Europe, as one British commentator devastatingly put it, “I am sure he means to mean it”.

Nevertheless, European complaints do seem to contain an element of expecting America to go on pulling Europe’s chestnuts out of the fire. If the Clinton Administration has downgraded foreign relations, that is very much in tune with the mood of the American public and Congress. Even the fact that the Administration does not have any clear ‘strategic vision’ seems defensible, perhaps in some measure inevitable, in a world where no single or clear pattern of power relationships has emerged following the end of the Cold War.

OLD VALUES One other element in the American mood deserves notice. It has been most apparent in two events which have nothing to do with politics or the economy: the death of Jacqueline Kennedy Onassis and the D-Day anniversary in Europe. While both events were, of course, idealised and drenched in sentiment and pre-cooked television emotions, they may also have signified something more profound.

The words which resonated through the comments on Mrs Onassis were courage and grace, style and privacy. The central memory was of her impeccable behaviour during and after the assassination of the President in Dallas in 1963. As for D-Day, the words that came through, in spite of the hoop-la, had to do with ‘courage’ and ‘comradeship’, with ‘sacrifice’ and ‘freedom’ and, not least, with mutual trust and shared values.

What the words and the feelings reflected was a longing for something far removed from, and much older than, fashionable political correctness or the world of the baby-boomers, whom Clinton is widely thought to represent. They tend to reassess, at levels much deeper than mere politics, a continuing primacy for the personal or community values and behaviour on which — however greatly they may at times have been more honoured in the breach than the observance — American society has been built. They therefore tend to underline the shallowness of political and social fashions and the proverbial powers of recuperation possessed by America.

President Clinton should take note. He probably will, because he has obviously been affected by the emotions of these occasions; because, beyond that, he is a very smart man and can see the significance of the occasions; and also because, like every man who has occupied the Oval Office, he will grow there in understanding and stature. He will have to come to grips with the fact that the political radicalisms of the 1960s or 1970s, or those of the early 1990s, are starting to sound in many ways horribly old-fashioned and behind the times.

hardly managing

A RECENT report on management practices says that Australian managers lag behind their competitors in other countries in terms of capability and flexibility. Below is a whimsical reflection on the problem (author unknown).

The Australians and the Japanese decided to engage in a competitive boat race. Both teams practised hard and long to reach their peak performance. On the big day they both felt ready.

The Japanese won by a mile!

Afterward, the Australian team was discouraged by the loss. Morale sagged.

Corporate management decided that the reason for the crushing defeat had to be found, so a consulting firm was hired to investigate the problem and recommend corrective action.

The consultant’s findings: the Japanese team had eight people rowing and one person steering; the Australian team had one person rowing and eight people steering.

After a year of study and millions spent analysing the problem, the consulting firm concluded that too many people were steering and not enough were rowing on the Australian team.

So as race day neared again the following year, the Australian team’s management structure was completely reorganized.

The new structure: four steering managers, three area managers, one staff steering manager and a new performance review system for the person rowing the boat to provide work incentive.

The next year the Japanese won by two miles!

Humiliated, the Australian corporation laid off the rower for poor performance and gave the managers a bonus for discovering the problem.
Squeezing Out the States

AS IS too often the case, commentary on the 1994-95 Commonwealth Budget and the Commonwealth's White Paper, Working Nation, has overlooked the States. Unfortunately this is the norm. The Australian media, with a few notable exceptions, have their eyes fixed on Canberra. As Sam Lipski wrote recently: "Most national news, almost by definition in many newsrooms, has become the political and economic 'news' emanating from Canberra. This has served journalists, but principally the incumbent (Commonwealth) governments. It has gone so far that to many journalists it would seem daft even to question it."

In reality, both the Commonwealth Budget and Working Nation will have a large impact on the States. The Commonwealth Budget sets benchmarks against which the efforts of the States are judged. The Commonwealth Budget also directly determines around 50 per cent of income available to the States and 25-30 per cent of States' spending.

FLAWS The Commonwealth Budget and Working Nation are flawed in respect of the States. The most fundamental flaw of the 1994-95 Commonwealth Budget is its cavalier approach to spending and savings and the message this sends to the electorate and to the States. The Budget, despite forecasting a second consecutive year of economic growth above four per cent, sets in train another large increase in recurrent spending (up six per cent) and another large underlying budget deficit of $17 billion for 1994-95. Indeed, if the Budget's numbers are adjusted to take out the effect of the business cycle (and thereby isolate what economists call structural factors), the growth in recurrent outlays will be more like nine per cent in 1994-95.

The message of the Budget is clear: more spending is needed and we need not worry about either the low level of domestic savings (the household savings rate is forecast to decline further in 1994-95) or the rapidly rising level and cost of public debt (Commonwealth debt is forecast to rise by 15 per cent to around $95 billion and interest payments by 29 per cent during 1994-95).

This message, of course, runs counter to the message that the States are rightly trying to give to their constituents. As such, the Commonwealth Budget undermines the already difficult fiscal task confronting most States.

The Commonwealth's solution to this mixed message is the same as it has been in the past, namely, to limit the States' options by tightening the screws on grants to the States, and to maintain tight control over how these grants and other State moneys are spent. In other words, the Commonwealth is attempting to force the States to act as it wishes them to, rather than as their constituents may wish or how the Commonwealth itself acts.

Grants to the States are forecast to expand by a rather modest 0.7 per cent or by -1.6 per cent in real terms in 1994-95, whilst spending by the Commonwealth for its own purposes is forecast to grow by 7.6 per cent, or by 5.4 per cent in real terms. This will result in Commonwealth own-purpose outlays reaching 19.4 per cent of GDP — a record high — and grants to the States falling to 5.3 per cent of GDP — a record low.

The Budget also tightens the Commonwealth's noose around the States' spending. Despite the untying of another $175 million in road funding as a result of an agreement reached in 1991, the amount of States' spending over which the Commonwealth has a degree of control is forecast to grow by around five per cent in 1994-95. Judging by the information available to date on the States' fiscal plans, this will be larger than the growth in State outlays in the coming year.

Worse than this, the Commonwealth is increasing its own spending in areas currently serviced by the States.

COMPETITION There is a large number of areas in which the State and the Commonwealth compete. The extent and intensity of competition has increased markedly over the last decade and in almost all cases it has been driven by the Commonwealth. Moreover, much of the competition takes place over functions which are, at best, low priority, and open to blatant vote-buying by politicians. Thus the problem is not simply the higher administrative cost associated with overlap and duplication but also the excessive spending on wasteful programs.

The Commonwealth Budget will, contrary to repeated promises made by successive Prime Ministers, including Mr Keating during the latest Council of Australian Governments (COAG) meeting in March 1994, intensify competition between the States and the Commonwealth. The most notable moves in this direction are in regional development and in

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Aboriginal health and housing programs, but it is spread across many other areas including arts, sports, industrial relations, training and the environment.

The Budget allocates $18 million for the creation and operation of a series of regional development councils, and $10 million for regional strategic infrastructure projects. These represent new and unwarranted encroachments on State activities and a gross waste of taxpayers' money. Most States already have established networks of regional development councils which are doing precisely the task the Commonwealth's councils are designed to do. Moreover, the main function of the existing State councils, as of the Commonwealth's councils, is political not economic: that is, they are to act as a conduit into local politics. The regional infrastructure initiative also parallels the existing capital works program of the States. The Commonwealth motivation is transparent: to push the States aside so that it can directly buy into politics at the local level.

The Budget also allocated a large increase in funding (with $500 million to be provided over five years) to ATSIC—a Commonwealth Government quango for Aboriginal health and housing programs. Out of necessity, the States provide parallel health and housing services. After all, in many rural communities (and even some urban areas) Aboriginals are the main customers of State health and housing services. These areas are unquestionably in need of critical attention, given that the health and housing conditions of many Aboriginals are appalling. However, there is sufficient evidence to suggest that the lack of funds is not the primary problem. Rather the problem lies with the misuse or squandering of funds, a major reason for which has been the failure of the Commonwealth to coordinate its activities with the States. The Budget provides no indication that the Commonwealth intends to change its ways.

The Commonwealth does promise the States some respite after 1994-95. The Budget forecast is that growth in Commonwealth own-purpose outlays will slow, and grants to the States will grow more rapidly, after 1994-95. Moreover, the Budget forecasts a reduction in the proportion of grants provided with strings attached after 1994-95. The Commonwealth has also agreed to discuss reducing duplication between it and the States during the next (August 1994) COAG meeting.

These promises will rightly be heavily discounted. They assume that the Commonwealth will not, despite the certainty of a federal election, undertake another spending binge; that the Commonwealth will not be forced to tighten fiscal policy; that the States will meet the Commonwealth's objective on implementation of the Hil

This will result in
Commonwealth own-purpose outlays reaching 19.4 per cent of GDP — a record high — and grants to the States falling to 5.3 per cent of GDP — a record low.

The Queensland Government, with its unique fiscal position — a balanced budget and low taxes — will not be affected. A robust economy and a renewed appetite for reform should insulate the Western Australian Government. The Kennett Government in Victoria clearly plans to soldier on: it knows fully the damage that would befall it and its State if it were to turn back now. The South Australian Government, somewhat surprisingly given the State's history of heavy dependence on the public sector, has recently announced plans to implement a vigorous process of fiscal consolidation, including a further reduction of 5,500 public service positions. Tasmania, which has done more than any other State to improve its fiscal position, seems intent not to squander its hard-earned gains. New South Wales is the real worry. It has all the excuses needed to succumb. It is a minority government facing an election next year with an Olympic Games to fund. Nonetheless, I think it will hold the line, though I do have some doubts, particularly given the continuing exodus of reformist public servants from the State's bureaucracy. Even the Northern Territory Government, in the face of an election and the most public sector-dependent electorate outside Canberra, has indicated, in its recent Budget and its election platform, that it plans to continue to reduce its deficit over the next year.

The States will not, however, be able to hold the line against the Commonwealth for long. The Commonwealth has too much power and the current Government is too willing to use it. And, eventually, the conflicting signals about debt and spending being sent to the electors may persuade some State Governments that virtue is no longer its own reward. If the Commonwealth can get away with such blatant profligacy, then why shouldn't they?

The Prime lesson from the latest Commonwealth Budget and the White Paper is that it is time to rebalance the political system; away from Canberra toward the States. ■

2. Adjusted to remove the proceeds of major asset sales, payments made by the States to refinance debt held on their behalf by the Commonwealth, and provisions made for GBE superannuation.
3. Includes grants passed through the States, tied grants, the Better Cities program grants and matching payments by the States to the Australia National Training Authority.
Reappraising immigration's impact on the nation's capital.

the myth of migrant debt

Ian Mott

CLOSE examination of the elements of the nation's wealth makes it clear that the conventional view of immigration's adverse impact on foreign debt and the balance of payments is based on assumptions which, in the Australian context, have no validity whatsoever.

So the claim that migrants create the need to import capital (debt) to ensure that the nation's capital base is not diluted is plain wrong. The most influential proponent of this view is Fred Argy, former President of the Economic Society of Australia and head of CEDA. But he betrays a misunderstanding of the nature of capital and its formation. Argy states:

"... the value of Australia's capital stock was about $1200 billion or about $70,000 per capita at June 1989 ... To ensure productivity levels and standards of services remain unaffected, immigrants would, in the long run, need to be equipped with the same amount of capital on average as the existing population."1

He goes on to claim that an extra $10 billion in investment per annum would be required to maintain the per capita stock of capital for an intake of about 140,000 migrants. But then comes the qualification: "this assumes constant returns to scale and no unutilized capacity."

Wait a minute! No excess capacity! We are talking about a population-induced increase in demand of less than one per cent per annum. Are we seriously to believe that the majority of Australian businesses are operating in such a manner that they could not cope with an increase in turnover of 0.8 per cent per annum, for even a decade, without an injection of capital?

An examination of each sector of our capital stock will show just how much under-utilized capacity we have and shed more light on the flaw in Argy's argument.

Australia's Capital Stock (1990)

Private Housing $740 billion (52%)
Shares, etc. $185 billion (13%)
Commercial Property $240 billion (17%)
Rural and Other $256 billion (18%)
Total Net Worth $1421 billion
Per capita Net Worth $81,200

About 9.5 per cent (610,000) of Australia's 6.4 million dwellings are vacant at any time. This is roughly 1.2 times the number of houses purchased each year. But the vacancy rate varies considerably around the nation from a low of 6.5 per cent in the ACT (5.4 per cent in 1981) to a high of 11.5 per cent in Tasmania.

Given that there is no evidence of widespread homelessness and dislocation in the ACT, then we can assume that a vacancy rate of six per cent is approaching maximum efficiency in a housing market. Deduct this from the total vacancy rate and we are left with about 3.5 per cent of the housing stock (225,000 dwellings) as under-utilized.
capacity. This is enough to house 700,000 people and constitutes over $26 billion in misallocated capital. Furthermore, migrants contribute very little to this inefficiency for they do not add to the demand for new houses, but, instead, reduce the vacancy rate of the existing housing stock.

Half of all migrants are still renting after five years here and most, when they do buy, buy existing houses, not new ones. Failure to appreciate this is the reason why the government housing advisory group, The Indicative Planning Council, has consistently underestimated housing demand over the past three years. They place far too much weight on the impact of reduced immigration.

It is worth noting that the vacancy rate for New South Wales (8.66 per cent), the major destination of migrants, is a full percentage point below the average rate (9.68 per cent) for the remaining mainland States. A breakdown of the figures for New South Wales would show that Sydney’s vacancy rate is even lower still.

It is no surprise that the role of migrants in reducing vacancy rates is overlooked because a 100,000 reduction in the annual intake would take two years to show up as a one percentage point increase in vacancies. But that is exactly what is showing up in the latest figures as a result of cuts to the immigration program.

Last year it was reported that:

“High levels of vacant residential rental properties across the country have stagnated rental growth ... despite increases in investor activity.”

“Rents for two bedroom units and townhouses fell between $3 and $5 a week in Sydney, Perth and Hobart, remained unchanged in Melbourne, Adelaide and Canberra but rose by $5 a week in Brisbane from September 1992 to September 1993.”

So we are seeing the early evidence that a reduction in immigration is actually reducing capital values in this sector. The one exception is Brisbane, which has a large influx from interstate, but under Argy’s analysis the opposite should be the case.

Shares and equity represent the market value of the plant, equipment and productive capacity of Australian companies. This value is based on the present and future profitability of those companies and, consequently, an increase in profit increases their capital value.

Migrant consumption increases the sales turnover of companies and, given that most firms are already covering overheads, the additional sales are more profitable than ‘normal’ sales. This is because the portion of the sales price which is normally allocated to overheads is added to the net profit. So a $100 sale which may normally give a profit of $10 would produce a $50 profit if 40 per cent of the price is normally allocated to fixed costs. In January this year, the market valued BHP at 19.4 times earnings, Woolworths at 19.1 times, National Australia Bank at 13.8 times, and the Commonwealth Bank at 17.7 times earnings. So an additional $100 sale could, after tax, produce an increase in the value of a company’s shares by $600. Only a small portion of the total shares need change hands to establish the higher values.

The interplay of this capital market allows these gains to be re-allocated into fixed investment if required. But migrants also maintain existing capital in this sector as well. In the case of Woolworths, for example, there is a constant need for new capital to build new shopping centres in developing areas.

While we know that most new houses are built for non-migrants, recent sustained building activity, despite a much-reduced intake, confirms that they do so independently of the migrant intake. So migrants, when they move into existing houses in established areas, ensure the continuing high profitability of Woolworths’ existing investment while the non-migrant majority demands new fixed capital investment in new, less profitable locations.

Argy’s claim that foreign debt must be raised to ensure that this portion of the nation’s capital base is not diluted by migrants is simply ludicrous.

For migrants, consumption expenditure — most of which is from their own savings in the early stages — maintains the value of existing investment and actually creates capital by adding more value to existing Australian companies.

Commercial buildings are valued by a direct multiple of net rental income, with a yield between eight per cent and 10 per cent so the value is between 10 and 12 times earnings. Any addition to the annual net rental income will increase the capital value of the property by 10 to 12 times.

The ‘official’ vacancy rate in the commercial property market is 20 per cent to 25 per cent, but this only measures the unlet space. There is also a lot of space which is under-used by tenants who have taken up larger areas in anticipation of growth or a sub-let. Indeed, the average space per employee has increased from 14 square metres in 1970 to 24 square metres today. Yet, extra space is not essential for high productivity, as the Japanese have managed with as little as five square metres per employee. Bankers Trust, arguably Australia’s most successful merchant bank, allocated only 11.3 square metres per employee when moving to Chifley Square. This is an increase from 10 metres and applies to staff whose salary and productivity would be well above average.

So even if we allow a rather spacious 16 square metres per employee as essential, it is clear that an additional 33 per cent of all ‘occupied’ space is wasted. When we combine this with the total of unlet space we find that the commercial property market is operating at 50 per cent of capacity; 38 per cent if we use Bankers Trust’s standards. So we could, if really pushed, double the Australian population without needing one extra office building.

It follows then that migrant-induced consumption will not place any call for additional capital in this sector for a very long time. In fact, it could take 20 years with a migrant intake of 140,000 to utilize fully (Continued on page 55)
In the past, *IPA Review*, along with other magazines, has published surveys of recommended reading: books that edify and enlighten. In this feature we do the opposite. Here are writings, nominated by a range of expert commentators, that have influenced the course of public debate in Australia for the worse.

**bad BOOKS**

The books need not have been widely read (how many people ever read Marx’s *Das Kapital*?), but all have been published within the last several decades and all have been pernicious: they have distorted our understanding of the world, weakened our confidence in ourselves and given us false fears or false hopes about the future.
The Mischief of Science without Economics

H.W. Arndt


In 1970, the Club of Rome, a group of some 70 internationally-known public men, founded by an Italian management consultant, Aurelio Peccei, commissioned two MIT professors, Jay Forrester and Dennis Meadows, to prepare a report on "the predicament of mankind". The Forrester-Meadows report was published in 1972 under the title The Limits to Growth.

It has strong claims to be regarded as the book with the most pernicious influence on the world in recent times, and that for two reasons. Firstly, it gave an aura of scientific respectability to already widely prevalent irrational 'doomsday' versions of environmentalism. Secondly, its prediction that the world would run out of oil encouraged the OPEC cartel of (mainly Middle Eastern) oil-producing countries to raise the price of oil three-fold in the two oil shocks of 1973/74 and 1979/80, with calamitous consequences for the world economy.

Forrester, a distinguished scientist, had developed his 'system dynamics' into a set of equations for a world dynamics model. The contribution of Meadows and his team was to put flesh on this skeleton by feeding into the computer a vast array of rather hastily-assembled statistics. The conclusion of the book was that "if present growth trends in world population, industrialization, pollution, food production, and resource depletion continue unchanged, the limits to growth on this planet will be reached within the next hundred years."

Critics soon pointed out two fundamental flaws in the Forrester-Meadows analysis. The first lay in the concept, meaningless to economists, of 'finite' resources. Investment in capital and advances in technology have throughout modern history created new resources. The second is that the model contained no adjustment mechanisms of any kind, past behaviour of variables being extrapolated unchanged into the future. Failure to take account of stabilizing feedbacks through the price mechanism and through socio-political action completely vitiated the predictions. The higher the price of any mineral or other natural resource, as demand rises relative to supply, the larger is the volume of (lower-grade, less accessible) reserves which it is economic to exploit, and the greater the incentive to turn to or develop substitutes, and therefore the larger the world's total known reserves for economic purposes. The world's estimated reserves of crude oil are now three times as large as those on which Forrester and Meadows based their 1970 forecast of exhaustion by the end of the century.

It would be wrong to give the Forrester-Meadows book all the blame for the environmentalist epidemic. This had begun before 1970, part of the intellectual mood of disillusion about material progress and revolt against the existing social order among sections of Western public opinion in the late 1960s, and charlatans like Ehrlich and Suzuki would no doubt have kept it going. But its influence was very great because it allowed popular prejudice to claim scientific support.

The OPEC oil shocks would not have happened without the Forrester-Meadows projections, and the damage to the world economy was enormous. In the main oil-importing countries, the need to finance a greatly increased import bill led to dramatic increases in money supply which became 'petro-dollars' in the hands of Saudi Arabia and other OPEC oil-producers. Flooded with these funds, US and European banks enticed Latin American and other developing countries to borrow recklessly. The Forrester-Meadows book was indirectly responsible for the great world-wide inflation and debt crisis of the 1970s and early 1980s. The subsequent collapse of the price of oil in the mid-1980s contributed to the balance of payments crises in Indonesia and other oil-producing countries, and the volatility of the oil price which has only gradually subsided played a significant part in the political upheavals in the Middle East.

Not many books can take credit for such world-shaking events.

The Cultural Whinge

Michael Duffy.

by the late political scientist Leonard Hume in *Political Theory Newsletter* (Vol. 3, No. 1, April 1991). His *Another Look at the Cultural Cringe* was republished in 1993 by the Centre for Independent Studies. Hume convincingly demonstrated the breadth of acceptance of the Cringe theory, why it was wrong, and why, despite the patchiness of its presentation, it had been received so readily by — and served various interests of — left-wing intellectuals and artists.

The Cringe theory was essentially a giant Whinge. Phillips' basic assertion was that Australian novelists were not sufficiently respected by English critics because of the Australianess of their work, and that this prevented their wider acceptance here because Australian readers slavishly followed the opinions of English critics. This assertion must be seen in the context of an argument between two groups of Australian writers and critics which has gone on for at least 100 years, over whether Australian writers should be judged by universal literary standards or by local ones. The debate continues to this day, when it has new urgency because of the growing number of novels, produced and published with the help of Australia Council grants, which have been acclaimed here but mysteriously ignored abroad. With his Cultural Cringe theory, Phillips was adding another argument to the armoury of the literary protectionists.

Hume produced figures to show that, even in the absence of British approval, Australian writers, painters, singers and filmmakers had — before 1958 — done remarkably well in Australia. He noted a level of cultural independence appropriate for a small country with a British heritage: the Ern Malley hoax, for example, was in part an Australian rejection of British modernism.

He also documented the application of the Cringe theory in non-literary fields. Thus, for example, the widely-propagated notion that Anzac Day celebrates a defeat (Cringist because Australians, supposedly, feel too inferior to celebrate their victories); the claim that Australian history was not taught in schools or universities before the 1950s; the claim that Australia has always had an economy subservient to Britain's; and Donald Horne's claim that Australians' pride in not reneging on foreign debts during the Depression reflected "an attitude towards foreign capital that is far more deferential ... than mere considerations of prudence could dictate". All these assertions are wrong, of course, which prompts the question of why they gained such widespread acceptance.

In *Culture and Canberra*, the final essay in his book, Phillips called for increased funding of the arts to solve the problems of the Cringe. Such funding, he urged, would demonstrate a "sense of democratic principle" and "an evolving national maturity". It was a plea which was to ring through the 1960s and, under the Whitlam Government, be answered. So the Cringe theory was actually the basis for a self-interested argument in favour of government hand-outs to artists and intellectuals. No wonder they embraced it so fervently.

Hume suggests that the theory also supported a more general need for the increasingly left-wing intellectuals of the 1960s and 1970s. They had learnt, from the Italian Marxist Antonio Gramsci, that intellectuals and artists were the effective legislators of society. (This essentially Romantic delusion had been pronounced by the English poet Shelley 150 years earlier — presumably Gramsci, not being English, was a more acceptable source for the Cringists, even though he was foreign.) Gramsci taught that capitalist society has a dominant ideology, which gives the ruling class cultural hegemony. This must be challenged — by artists and intellectuals — before the working class can be freed. Thus the Australian intellectuals learnt that they were terribly important people, and the Cringe theory explained to them why their importance was not appreciated by the rest of society. It appealed profoundly to their envy, self-esteem and rancour. It also appeals greatly to republicans, as it can be seen as providing a 'cultural' reason why a republic would be a good thing (because it is the only way finally to free our culture from the perfidious British influence).

As has been pointed out before, it was a great irony that the left-wing intellectuals who preached against Britain were themselves so heavily influenced by America during the late 1960s and 1970s, adopting every new-ism as it arrived in the latest issue of the *New York Review of Books*. Another great irony of all this is that Australian culture does have a genuine grudge involving British influence: the British publishers' monopoly in Australia which still effectively exists (courtesy of the Australian Government) has ensured that a great deal of the best American non-fiction publishing — the most vital in the world for decades — has been unavailable to most well-educated Australian readers. In return for this monopoly, the British publishers have cheerfully lost relatively minute sums of money in publishing hundreds of bad Australian novels written on government grants, thereby allowing our writers and intellectuals to sustain the illusion that there has been a literary renaissance as a result of the Whitlam years, and that a national literature can be created by government fiat. Even A.A. Phillips was smart enough to suggest, in *Culture and Canberra*, that an impartial overseas expert review the success of extended government funding after five years — something later Cringists quietly dropped from the program.
Look Black in Anger

R. J. Stove

The Wretched of the Earth, by Frantz Fanon, with an introduction by Jean-Paul Sartre, France, 1961.

Paul Johnson described it as "the most influential of all terrorist handbooks". Noam Chomsky reveres it. Algerian dictator Ahmed Ben Bella hailed it as a guarantor of his country's revolution. Eldridge Cleaver approvingly reported that it was "now known among the militants of the black liberation movement in America as 'the Bible'". Syria's Baath organization used it for years in the training of recruits. Such is The Wretched of the Earth, whose author enjoyed positively mythic status during the late 1960s and early 1970s within literate or semi-literate New Left circles. There Frantz Fanon (1925-61) was spoken of as reverently as Marcuse and Gramsci. Nevertheless, even at the height of his book's fame, Fanon's own circumstances and ideological standpoint remained much less celebrated than his book's. His name is case-histories of assorted unfortunates referred to him for treatment. Obsessed with sniffing out colonial exploitation, Fanon naturally found what he wanted to find, and closed his eyes to every other factor that might have explained his patients' distress.

Ultimately, however, Fanon's psychopolitical lucubrations are subordinate to his craving for revolutionary violence. Here lies a dramatic difference between Fanon and his predecessors. Earlier ideologues spoke of violence with a certain show, however spurious, of distaste. They would flee around phrases like 'deplorable necessity'; or (like the Bolsheviks) they endeavoured to exculpate themselves by rejecting all free will, putting the entire blame for their evil upon History's unalterable laws. Fanon wants none of this. To him, violence is not a lamentable by-product of justice; it is justice. "Violence is a cleansing force. It frees the native from... despair and inaction; it makes him fearless and restores his self-respect". For the Mau-Mau's creed, which made the killing of at least one British settler a sine qua non of Mau-Mau membership, he has only praise: "each member of the group... was personally responsible for the death of [his] victim".

He reserves special plaudits for Khrushchev, who by clowning around at the UN "treats these miserable capitalists in the way that they deserve". Moreover, "The choice of a socialist regime... will allow us to go forward more quickly and more harmoniously, and thus make impossible that caricature of society where all economic and political power is in the hands of a few".

There we have the Fanon mind in all its simple glory: African governments are either socialistic or oligarchic, never both. That oligarchy is of socialism's very essence never entered Fanon's skull even as a concept to be rejected, though the disgust which Congolese socialism aroused in such moderate black leaders as Moise Tshombe was already apparent in 1961 to any sane observer.

The less connection African rulers had with reality, the better Fanon liked them. He denounced Senegal's Léopold Senghor and the Ivory Coast's Houphouët-Boigny as French imperialist lackeys; but he showered compliments on Nkrumah, Lumumba, and Guinea's truly demented Sékou Touré. He quotes with approval Touré's singular pronouncement that "there is no place outside that fight [the fight against colonialism] for the artist or for the intellectual who is not... completely at one with the people in the great battle for Africa."

It is true that Fanon sometimes gave the impression of forsaking bloodshed. Writing in Toward the African Revolution, he smarmily apostrophized "the people that says: I want to build, to love, to respect, to create... that sings: Algeria, brother country, country that calls, country
that hopes.” Yet this merely confirms the incurable muddle of revolutionary thought: which simultaneously proclaims the brotherhood of man, and inflicts the most frightful retribution on all members of that brotherhood whom this week’s dictator has decided to wipe out.

The influence of Fanon’s writing cannot be measured solely in terms of the Eldridge Cleavers whose thuggie it extenuates in advance. As Ronald Knox observed, “a prophet ... exercises a kind of hydraulic pressure on the thought of his age.” For every Cleaver who put Fanonism into practice, there were a thousand members of the West’s ruling class whom Fanonism — whether at first or at second hand — cowed for life. The ever more raucous calls for ‘foreign aid’ to sub-Saharan kakistocracies; the assumption that policing Somalia is incomparably nobler a use of taxpayers’ bounty than policing Los Angeles; the almost ubiquitous modern insistence that Western culture, by a process mystifying to the logician, is at once a Dead White Eurocentric Construct and the property of Ancient Egypt: all who exemplify these manifestations of the liberal death-wish are Fanon’s heirs. What could better typify politically correct thought, such as it is, than Fanon’s concluding nativist peroration?

“We today can do everything, so long as we do not imitate Europe, so long as we are not obsessed by the desire to catch up with Europe ... Let us decide not to imitate Europe; let us combine our muscles and our brains in a new direction ... Comrades, let us not pay tribute to Europe by creating states, institutions and societies which draw their inspiration from her”.

Move Over, Blinky Bill
Neil McInnes

The Choice of Botany Bay, Manning Clark, Melbourne, 1960

We live in an age of successful intellectual frauds, and not all of them are French; we grew one of our own, in Manning Clark. It would take a longish essay to describe his pernicious influence, to show the falsehoods, exaggerations and obfuscations of his History of Australia, and to trace the impact of this bad history on political thinking. In a little space I shall, rather, take one of his essays, The Choice of Botany Bay, published shortly before the first volume of the History. There Clark sets out his contestable (and much contested) theory that the sole purpose of the settlement of Australia was convict-dumping. He reviews the debate about the Botany Bay project that raged from 1776 to 1788 in Britain (not just England; the Scots joined in, characteristically complaining of the expense), in Parliament, in the press, even in the theatre. In his last paragraph, Clark says, “No one paused to ponder the effect on the Aborigine ...”

The impudence of this Goebbels-size lie leaps from the page. The suggestion that in Enlightenment Britain, in the middle of the anti-slavery agitation and the noble savage fad, no-one thought of the Aborigines could come only from an ignoramus or a determined ideologue. In fact, the fate of the blacks (whom, God knows, Cook and Banks had described most unflatteringly) was at the forefront of the debate. Opponents of the project warned that if British criminals were settled in the South Sea paradise, “the innocent Pagans [would] be corrupted, and vices, crimes, and diseases unknown, be disseminated among them.” The Government felt obliged to reply, e.g. under the pen-name Nauticus which is thought to hide Sir George Young: “It is not the intention of Government to annoy the natives; they wish to form them into a more civil community, so as that they and our countrymen may reciprocally contribute to the felicity of one another.” Critics replied sarcastically that to achieve this noble aim “our prisons are to be ransacked for Solons and Lycurguses.”

The debate about the blacks took such proportions that another historian, Alan Atkinson, can conclude, “The fate of the Aborigines was the main concern of the critics” of the Botany Bay project. That is exactly the opposite of what Manning Clark had said, for reasons of his own. It is nothing to the point that some of the worst fears of the critics of the scheme were confirmed, notably that mere contact would entail the spread of “vices and diseases”, specifically of alcohol and smallpox. The fact is that Britain in the 1780s did indeed pause to ponder the effect of settlement on the Aborigines and in doing so conceived not only justifiable fears, but noble and hopeful intentions. (Before dismissing the words quoted from Nauticus as hypocrisy, consider how apt they would be for an Australian Government policy today.) To neglect or deny that fact entails getting the story of Australia wrong from the start, and makes it harder to understand why it is also the story of the defeat and decline of the Aborigines.

Clark was determined to plant the seed of a historical lie, the myth of white invaders so brutal and insensitive that they did not even stop to think of the dreadful consequences, some inevitable, other avoidable, of a clash of cultures and technologies. This is the myth that flourishes
today, that lies behind official proclamations of guilt and blame, and increasingly inspires policy in Aboriginal affairs. It is the legend that Australian history was made by monsters, until the fortunate arrival in office of our present leaders.

I asked an ANU professor who had sat at Manning Clark’s feet in his days at Melbourne University how he could excuse such bad history. He replied that Clark indeed had his faults, but that the inspiration and excitement an undergraduate felt at hearing him lecture constituted the experience of a lifetime. Quite so, and therein lies the source of his widespread and pernicious influence. Inspiration and excitement that proceed from misinformation deliberately and recklessly dispensed as scholarship are poor counsel for historians and policy-makers alike.

The Politics of Alienation

**David Kemp**


**PERNICIOUS** is a strong word. The Oxford dictionary points out that it betokens death and destruction, and it is hard to imagine a more serious charge to lay against any book than that it has brought about such dire consequences. One thinks of Marx’s *Das Kapital* or Hitler’s *Mein Kampf* as warranting such a description, but not any book published in Australia.

In a metaphoric sense, however, a book which damages or weakens our cultural heritage, or causes confusion or despair in our social or political life might be said to be ‘pernicious’, in that it is destructive of good government, or social harmony or political good sense. There are not many books that have much influence, either good or bad, to make up a long list from which the most destructive might be selected.

I toyed with the idea of nominating E.G. Whitlam’s book on the Australian Constitution, which collected together speeches and papers made over a long period of time about the need to transform the Australian Constitution. That these papers collectively have been influential on our political debate is indisputable, though mainly because of their author rather than their intellectual power. That they have been pernicious in the metaphoric sense I also believe.

Whitlam’s preoccupation with constitutional change as a significant item on Australia’s political agenda must be one of the most misguided odysseys of recent decades. None of Australia’s serious economic or social problems will be solved by changing the Constitution. The future political stability of the country can only be harmed by the barely disguised agenda of further concentrating power in Canberra. The continuing attacks on the present Constitution — one of the great democratic constitutions of the world — by Whitlam and his acolytes have needlessly assaulted Australians’ pride and confidence in the remarkable achievements to date.

But on reflection, I have decided to nominate a book which will probably not be known to most readers of this journal, but which has been highly influential in the universities and in departments of Sociology, Political Science, Education and Media Studies, and is known even in departments of English and History and Economics. Few books written by an Australian have had such a role in misleading and confusing a generation of students about the nature of the society in which they live. The book to which I refer is R.W. Connell’s *Ruling Class, Ruling Culture*. The reference would be taken by the author as a compliment.

Connell’s book was the most influential of the neo-Marxist tracts which became popular on reading guides in the seventies. It was a book addressed to the academic audience, but which was written with all the fervour of the frustrated revolutionary. The author’s introduction concluded with the post-Dismissal rallying cry “We have only begun to fight”.

The book became the standard-bearer of something called ‘class analysis’, the central argument of which was that Australia was under the thumb of a ‘ruling class’ which ruled because of its ‘hegemony’ over Australian culture. This was in essence the thesis which the Italian Marxist Gramsci had developed during the twenties, but which was now applied to Australia with eloquence and fervour by a talented sociologist. The message to those of a revolutionary cast of mind was that the grip of the ruling class needed to be broken, and challenged at its source. The object of the revolution was to control over the main cultural institutions of the society, particularly the schools and universities and the media.

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| Professor David Penington | is the Vice-Chancellor of the University of Melbourne. Penelope J. McKay is his research assistant. |
| Dr Chris Fountain | is a Senior Research Metallurgist with Mount Isa Mines. |
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| Roger Sandall | is a Senior Lecturer in Anthropology at the University of Sydney. |
Quite who constituted the ruling class in Australia remained obscure in Connell’s book, though the Marxist heritage required that the ruling class be linked in some way to the owners of property. When all was said and done, ‘capitalism’ remained the enemy. The book was weak in its analysis of power and who could be said to hold it, and essentially dismissive of the notion that Australia was a pluralist democracy in which power was widely shared.

Connell simply did not address the implications of the extent of government ownership in Australia, nor of the power of trade unions nor the significance of institutions. The implication, never substantiated, was that there was an alternative form of social organization in which there would be no ruling class, and which presumably would be much more democratic than the form of society and economy currently in existence. For Connell that was ‘socialism’.

The impact of Connell’s book, and the writing which followed and flowed from it, was to undermine faith in Australia’s democratic institutions (they were really a charade and a smokescreen for the ruling class), and in the democratic thrust of Australian history.

Its influence was particularly evident among the radical leaders of the education unions in the 1970s who attempted to implement their ideology through seizing the senior secondary curriculum from the universities and transforming it into an instrument for social and political change.

Thousands of tertiary students in the social sciences and humanities acquired a demoralizing and demotivating ‘critical’ view of the society within which they lived, and a sense of powerlessness and alienation from their society. The ‘revisionist’ histories which focused on the exploitation and failures of Australia’s European settlement — the ‘black armband’ view of history — fed on this analysis.

Connell’s book was followed, of course, by a flood tide of critical literature which had wider sources than Marx and Gramsci, but which was united by its notable lack of a constructive reform agenda or empowering analysis. Its appeal to many of the students moving through Australia’s institutions was its claim to reveal the hidden sources of power and influence in their society, and the hypocrisy and self-serving nature of the public philosophy.

The passage of time, inherent theoretical weaknesses, and the collapse of the societies which claimed to be based on Marxist analysis (societies which did succeed in truly generating a ‘ruling class’), have weakened the appeal of these ideas. The urgency of those who actually experienced socialism to establish laws enforced by independent courts, constitutions which actually worked and private property have made the neo-Marxist critique of Australian, and Western, society seem almost quixotic.

Nevertheless, the waste of academic time and effort encouraged by Connell’s book, the negative and destructive attitudes to Australian politics, history and society which it sanctioned, and the counter-productive educational policies to which it gave authority, make it eminently appropriate for discussion in the present context.

The Class Struggle

David G. Penington and Penelope J. McKay

Schooling in Capitalist America, by Samuel Bowles and Herbert Gintis, USA, 1976

The ideals promulgated by Bowles and Gintis have had a devastating effect on education in the English-speaking world. They have supported left-wing educationalists in their commitment to undermine the traditions of a liberal education in imparting a defined body of knowledge, a competitive curriculum and challenging students according to their ability.

Bowles and Gintis call for a revolution of school structure and curriculum — and of society. Based on a Marxist analysis of society, they claim that the “root of the problem” is capitalism. The education system, they argue, is not an institution that enables social mobility, but a tool of the capitalist society which has been used to provide necessary labour power and to reproduce class structure.

Education, they argue, has reproduced social inequalities by legitimizing class differences; people wrongly believe that their position in life is determined by their talents and effort. Students are not encouraged to reach their potential, but are really learning how to become ‘compliant workers’. Vertical lines of authority, from administrators to teachers to students, replicate the hierarchical division of labour in the workforce. ‘Destructive competition’ and streaming are designed to reflect the experience of the workplace and prepare young people for their working life. Schools, they argue, do not reward intelligence and creativity, but obedience and docility — necessary characteristics for the exploitation of workers. They claim there is little relationship between intelligence, educational achievement and success in life.

Bowles and Gintis assert that all previous educational reform movements have failed because they have not been tied to an agenda for social reform. Schools should be an embryo of a good socialist society and, like society, should be geared towards equality of outcomes.

The ideas contained in this book have had an enormous impact on Western educationalists. First published in 1976 in the United States and later in England, it was reprinted in 1977. In Great Britain the book was prescribed as a set text for the Open University’s new (1977-78) course on ‘Schooling and Society’. Its influence extended to Australia. At a Fabian conference in 1983, Joan Kirner, the former Premier of Victoria who presided over the Victorian Certificate of Education (VCE), stated: “If we are egalitarian in our intention we have to reshape education so that it is part of the socialist struggle for equality, participation and social change, rather than an instrument of the capitalist system”. In her view, “unless education reform is intrinsically linked to economic reform it is doomed to
failure”. To create a socialist education system, the hierarchy of knowledge must be challenged, failure must be eliminated, and competition dismantled: “the competitive education framework is based on the doctrine that justifies unearned, undeserved privilege”. She suggests: “we could reintroduce the idea of the ballot for university places”.

It is thinking such as this that has led to the fundamental problems in our education system: no competition and a turning away from rigorous standards in maths, science and English. Vocational pathways have been discarded and international testing boycotted. The National Statements and Profiles, released last year and originally designed to be a framework for a national curriculum, do not contain the basis for giving students the skills they need. Despite this, it seems that most States, except Victoria, will adopt these documents in one form or another.

In Victoria, teacher unions — and certain other left-wing organizations in the State — are presently preoccupied with opposing primary school testing initiatives announced by the Government. Last year, a research group led by Professor Peter Hill found that a substantial number of Victorian students completing Year Nine had not improved their reading, writing and oral skills significantly beyond Grade Four achievement levels. Testing ensures accountability to parents and students and identifies students who need extra attention.

Speaking recently in Melbourne, the former Prime Minister of Singapore, Lee Kuan Yew, referred to the high standards in mathematics achieved by Asian and Eastern European students in comparison with many Western countries. Surely we have to measure ourselves by similar yardsticks.

We cannot afford to let our education system be dominated by the philosophies espoused by thinkers such as Bowles and Gintis. It is critical that young people are given opportunities to compete effectively in an international environment.

Poisonous Pen

Chris Fountain

Silent Spring, by Rachel Carson, USA, 1962

According to Greenhouse guru Stephen Schneider, activists wanting to reduce emissions of greenhouse gases “need to get some broad-based support, to capture the public’s imagination. That, of course, entails getting loads of media coverage. So we have to offer up scary scenarios, make simplified, dramatic statements, and make little mention of any doubts we may have”.

Schneider’s honest admission of the tactics of some in the greenhouse controversy neatly sums up Rachel Carson’s 1962 book, Silent Spring. The book can best be described as a well-written catalogue of disasters, real and perceived, caused by the use of newly-developed pesticides during the 1940s and 1950s. On page after grim page, there are stories of dead fish and dead birds, of accidental poisonings and potential cancers, and of nature striking back. The scenarios are scary, the statements simplified and dramatic, and doubts are conspicuously absent.

The publication of Silent Spring was a watershed for the environmental movement. It sold over a million copies and fuelled the campaign that ultimately led to the banning of DDT. Directly and indirectly, it generated the community hysteria about minute quantities of synthetic chemicals in our food and environment that envelops us today. Silent Spring raised environmental consciousness, and it is still referred to as “prophetic” and “classic” within the environmental movement.

Carson highlighted several issues in her book: the use of persistent synthetic chemicals, the possibility that these and other synthetic chemicals may be carcinogens, the threat to biodiversity posed by large-scale use of pesticides and herbicides, the development of resistance among target species and the possibility that upsetting the balance of nature will create more problems than are solved. A recurrent theme of the book is that Mother Nature is benign and bountiful and that all will be well if only we work with her.

Many of the points Carson made are valid. Indiscriminate use of pesticides and herbicides can reduce biodiversity in managed lands. Predator species can be killed as well as prey. Exposure to large doses of some pesticides and herbicides can be fatal. Pest species can and do become resistant to the chemicals used against them. For these reasons, agricultural chemicals should be used carefully and thoughtfully.

However, Silent Spring ignored the benefits of pesticides and herbicides. Hundreds of millions of people owe their existence to the use of DDT against the vectors of such diseases as malaria and yellow fever. Fungicides protect potatoes from the blight that devastated Ireland last century and they protect us from the aflatoxins that could otherwise give us cancer through our peanut butter and bread.

Farming relies on reducing biodiversity. Pests are species that compete directly with humans for the plants and animals raised on farms. The use of agricultural chemicals has enormously increased the productivity of existing farmlands. By reducing the amount of new land that must be cleared to feed the exploding human population, the use of these chemicals helps to maintain biodiversity elsewhere.

Carson proposed alternatives but neglected their inherent problems. Biological control has an important role to play in managing pest numbers. However, the cane toad is testimony that this strategy is not without its dangers.

The use of ‘natural’ pesticides is not necessarily less risky than the use of synthetic ones. About half the natural pesticides tested for carcinogenicity give positive results. Breeding pest-resistant strains of food crops, as advocated by Carson, has the disadvantage that these chemicals cannot be washed off.
Rachel Carson died in 1964, years before the campaign against DDT culminated with its banishment. However, many others have stepped forward to carry the torch that she lit. Greenpeace is currently campaigning to have all chlorine chemistry banned (nearly half of all chemicals used today either contain chlorine or were made using chlorine), and the Dutch and German Governments are considering banning zinc from the building industry because of its 'ecotoxicity' (zinc has been present in the environment since Earth's creation and is a vital trace nutrient with a recommended daily intake of 15 mg). As with Silent Spring, these campaigns dramatize the risks without considering the benefits.

Civilization has depended on the use of dangerous materials ever since our ancestors discovered fire. Where there are problems, the solutions are usually to learn the proper handling procedures, not to ban their use. That is the ultimate conclusion that Carson should have drawn.

**Familiarity Breeds Contempt**

*Brian T. Trainor*

*The Anti-social Family*, by M. Barrett and M. McIntosh, London, 1982

It would seem only reasonable to suggest that if the modern family form is to be dismissed as reactionary, oppressive, anti-social and authoritarian, then it at least deserves a fair hearing before being assigned to the scrapheap of history and superseded by alternative social arrangements that are more conducive to human health and happiness. A fair hearing, however, is precisely what Michele Barrett and Mary McIntosh, in their widely read book *The Anti-Social Family*, fail to provide. Their failure is not simply unjust and un-scholarly but also dangerously naive.

Although it is by no means easy to define precisely the meaning of 'the family', still it is difficult to imagine that very many would wish to raise their voices in protest against the conviction that "wherever people are making the kind of long-term emotional and financial commitment to each other to take care of each other and provide ongoing love and intimacy, we have the development of a family arrangement". This is the view of Lerner, Zoloth and Riles and it is presented by the authors in their introductory chapter. It has the obvious benefit of clearly laying down what is indispensable to modern family life and even though we must acknowledge that what is necessary and indispensable may not be suffi-

...
dynamics of their ‘inter-relatedness’ that constitute the single, ongoing life of the family — even though each member participates in this life in its own unique way and from its own distinctive point of view.

Another alleged defect of the family mentioned by the authors is that in the close-knit emotional tangle of the nuclear family nexus, what they call the “confusions of intersubjectivity and the problems of distinguishing oneself from the attributions imposed by those closest to one” may well result in schizophrenia. Naturally, R.D. Laing’s authority is invoked as this point to show how each member of the nuclear family “attempts to regulate the inner life of the other in order to preserve his own”.

Because of these possible pitfalls of life in the nuclear family, the authors argue for alternative social arrangements. However, what these authors fail to realize is that it is not just in the nuclear family that there is a danger of ‘confusions of intersubjectivity’ arising but in any social nexus where growing children interact meaningfully and emotionally with specific ‘significant adult others’ in their lives. Now, of course, it is perfectly possible to envisage — and even to find historical examples of — social arrangements in which children do not grow up with close relations to specific adults who are ‘significant others’ in their lives. The authors mention the case of the Israeli kibbutzim which were set up to make the community itself, rather than distinct adults (such as children’s natural parents), the centre and focus of children’s lives and loyalties. However, the evidence that they themselves cite certainly does not indicate that raising children in this way is an unqualified success. The authors are equally sanguine about the failure of a host of efforts to eliminate what they see as the “oppressive” aspects of family life by experimenting with various, alternative social arrangements — open marriages, open families, communes, etc. However, they doggedly persist in their belief that one day their goal of replacing the family with genuinely non-oppressive social arrangements will be achieved.

One might be tempted, in conclusion, simply to say “good luck to them, and to all who sail on their ship to Utopia” but such well wishes are not in order, at least not in my view, and for this reason. It is the right of parents to choose to raise their children in whatever social arrangements they wish; it is even their right (I think, though I have reservations) to allow their children to be raised under social arrangements which discourage the formation of close ties between ‘their’ children (no longer, however, to be regarded as ‘theirs’ in any deep, personal sense) and specific significant adult others (such as their own mother and father). However, they must excuse the rest of us if utopian endeavours send a chill down our spines and if we fear that such ‘parents’ are hopelessly caught in the grip of a theory and that their children are made to pay a terrible price.

Nurturing a Myth

Roger Sandall

Coming of Age in Samoa, by Margaret Mead, USA, 1928

P SST! Want a stress-free environment? Palm trees and lagoons? A home life without discipline and harsh words? A work life far from book-keeping and bottom lines, where picturesque ceremonies fill each carefree day? And all the guilt-free sex you can take? You do? Then Anthropological Fantasy Tours have just what you're looking for! Have you seen our brochure? — it's Coming of Age in Samoa by Margaret Mead.

According to large numbers of people, including its remarkably energetic, ambitious and imaginative author, this 1928 book settled the “nature versus nurture” debate once and for all. This was and is a debate about real issues. Up until 1920 the “nature, not nurture” eugenics movement had set the pace. The eugenicists claimed that individual genetic inheritance was the main clue to human achievement. Some went further, taking the much more dubious line that the collective achievements of Europe itself were also a matter of biology (or race) rather than environment (or culture). With the rise of the Nazis this was soon no laughing matter.

In sharp contrast, “nurture, not nature” was the slogan of America's cultural anthropologists, who promptly took the argument to the other extreme. The ageing advocate of this point of view was Franz Boas, and he was desperate to rout the eugenicists before he died. Boas was also the supervisor of an adoring young woman anthropologist, and as he wondered how to demonstrate the paramountcy of cultural rules over genetic design a solution suggested itself. He would send this devoted disciple to collect “appropriate evidence” from another culture far off in the South Seas.

So away to Polynesia went the 23-year-old Margaret Mead. There she was required by Boas to study an aspect of human behaviour which everyone assumed to be biological — the difficulties and unhappiness of sexual and social
adjustment at adolescence. She would look at the situation in Samoa. Would she find the same difficulties and unhappiness as in America? If she didn’t — if instead the sun shone down on a no-worries, do-your-own-thing world — that would show conclusively that “biology is not destiny”.

For Boas such a finding would confirm the environmentalist doctrine that social life is just a matter of arbitrary rules. For Mead and countless others it meant that all America had to do was change the rules regarding parental authority, discipline and juvenile sexuality (weakening them all of course), and the dream of sexual liberation would come true.

And lo and behold, a world of easy licentiousness is just what she found. Appearing at the height of the Jazz Age, the book she wrote was a huge success. A blend of feminist wishful thinking, ethnographic misinterpretation and romantic writing of the kind associated with Mills and Boon, Coming of Age in Samoa was a potent mixture which has sometimes been imitated but has seldom been done as well. Yet, as Derek Freeman showed in Margaret Mead and Samoa (1983), in all important particulars it is demonstrably untrue.

Mead’s portrait of Samoans as mild-mannered Pacific pacifists travestied a culture well known for prowess in war. Her report that no individual mother was recognized by infants, just a “group of adults” with general minding responsibilities, grossly misinterpreted a situation where the primary bond between mother and child is as strong as anywhere else. As for the famously relaxed sexual life of the Samoans — this had to wait 50 years before being publicly and systematically exposed for the nonsense it was.

Franz Boas wrote in his introduction to Mead’s book that it was based on “painstaking investigation”. But how little poor Boas knew! Perhaps the most astonishing thing about Coming of Age in Samoa is what her “painstaking investigation” really boiled down to. In recent years, Derek Freeman has studied Mead’s Samoan field notebooks and other papers. If the conclusions he draws in a forthcoming book are correct then Mead’s hugely influential claims about the supposedly promiscuous behaviour of Samoan teenage girls rested on the shakiest possible foundations.

They were not based on any kind of systematic inquiry, but on the deliberately misleading information she received from two Samoan women of about her own age with whom she made a brief excursion. Embarrassed at Mead’s questions about their sexual behaviour they resorted to what is known locally as ‘recreational lying’ — the usual Samoan response to such questioning — and told her the exact reverse of the truth. (In 1987, at the age of 87, Mead’s closest informant spoke about these matters to straighten the record and to clear her conscience.)

I find that the Sydney University library has four copies of Freeman’s book and 12 copies of Mead’s. This fact is significant. Anyone who takes the proportions one-third to two thirds as an index of ratio of sense to nonsense in anthropological writing, especially in the holdings of academic libraries, will not be too far wrong.

THE MYTH OF MIGRANT DEBT

existing capacity, albeit with increased maintenance. It is also clear that such a large non-performing asset is a very significant drain on the economy and is the source of a major portion of national debt and our balance of payments problem. The interest bill on half of this sector ($120 billion at eight per cent) is $9.6 billion (2.3 per cent of GDP) and it will not go away until we get sufficient, population-induced, business activity to fill, and produce a return on, this empty commercial space.

If $240 billion represents the value of 50 per cent of our commercial property and if that 50 per cent serves 17.5 million people, then each additional migrant’s consumption will add $14,000 to this portion of Australia’s capital base. The value of rural property is, again, determined by its ability to produce a return. Over 75 per cent of our agricultural produce is exported and, in most cases, the limit on production is not a question of capacity but of access to markets. Given that there is an entire year’s supply of wool in stockpile, there is plenty of scope to switch resources to increase production of saleable products.

The extra resources are not just arable land. A combine harvester, for example, can cost up to $250,000 and, on some farms, may be used only for as little as 150 hours each year. Many Sydney taxis exceed 7,000 operating hours each year while an office building would be in use for 2,500 hours. Furthermore, local prices are usually higher than the prices that farmers must take in overseas markets. Each additional Australian consumer will not only add to total production of these products, but also increase the revenue and profitability of them. This will obviously feed through to higher values for the productive capacity and an increase in the capital base.

Due to the size of the export component, the increases in value will not be as significant as in other sectors. The maintenance of the per capita value of capital in this sector is not even necessary because agriculture’s share of GDP has already declined from 26.1 per cent in 1950 to only 2.6 per cent in 1992.

In every sector of the nation’s capital base there are significant levels of unutilized capacity. In each sector migrants maintain the value of existing investment rather than create demand for new investment. In each sector there is substantial scope for the economies of scale that additional migrants would produce. It follows, then, that any analysis of the impact of migrants on capital which relies, directly or indirectly, on the assumptions of constant returns to scale and no unutilized capacity is fundamentally flawed.

In particular, the claim by Argy that a migrant intake of about 140,000 requires $10 billion in additional funds to maintain the per capita capital base is simply wrong.

Touring Australia in April was an exhibition of the paintings of John Wayne Gacy. In the United States a work by Gacy fetches up to $29,000, but the paintings' market value has little to do with artistic merit. "He's not Rembrandt," admitted Michael Johnson, the dealer who brought Gacy's art to Australia. In fact, Gacy's paintings are one-dimensional and garish.

Gacy's notoriety, his appeal to art collectors, derives from a single fact: he is America's worst ever serial killer, responsible for the deaths of 32 young men and boys. In the exhibition Pogo the Clown and the Seven Dwarves hang alongside a portrait of Charles Manson with a swastika on his forehead. "Prison art seems to be very chic right now in the States," Mr Johnson told The Age. Celebrities such as John Waters and Tom Cruise have bought works by Gacy.

The case has other macabre aspects. Johnson has a photo of his father, an underground art publisher and friend of the serial killer, with Gacy pretending to strangle him. Until last year, the principal dealer of Gacy's paintings was a funeral director based in Louisiana. One of the two bookshops in Melbourne which has imported works by Gacy is called 'Kill City'.

"Campaigner's kit". Can we expect to see youngsters chaining themselves to shrubs in their parents' backyards?

dearclone If, in the near future, you find yourself uttering "haven't I read that somewhere before" on opening the morning's mail, you may be reading one of the 401 Great Letters for Windows produced by MicroBase (rrp $89). According to the publisher's blurb, "Name the subject and odds are the ideal letter is now at your fingertips. There are letters on everything — complaints, deal makers, AIDS, sexual harassment, legal issues, the environment, direct marketing, office policies, even love letters!" The format letters leave spaces to allow the addition of personal details, but for the totally uncreative letter writer, "hints even describe what to put in the blanks". One hint might be not to begin a love letter 'Dear Sir/Madam'.

God is me! It began with Samuel Smiles's Self-Help (1859), a sober Protestant sermon on self-improvement. Motivational training is now big business in the USA and growing in stature here. Often the rhetoric exceeds the reality. Anthony Robbins, motivational adviser — sorry, "Peak Performance Consultant" — is touring Australia to spread the word that gave him bestsellers such as Awaken the Giant Within and Unlimited Power. The word is hyperbole. Robbins makes Norman Vincent Peale, author of The Power of Positive Thinking, seem like a depressed fatalist. The invitation to Robbins's 'The Power of Personal Marketing' lecture and his 'Unleash the Power Within' weekend features this summary of his philosophy: "Start by realizing that you have the power at any given moment to change anything and everything in your entire life simply by deciding to". This is virtual reality.

gagged Vic Rebikoff, Chairman of the Federation of Ethnic Communities Councils of Australia, believes that the Federal Government's proposed legislation outlawing racial vilification "should go a long way to diminish racism. It is not in any way going to eliminate..."
free speech”, he told The Canberra Times. Among the terms that he anticipates could be banned because they vilify a particular group or community is ‘mafia’.

**easy marx** Why leave tax law to those stodgy old conservatives? John Passant runs a course called ‘Political Economy and Tax’ at the ANU Law School that turns the tax tables. Let John tell it in his own words (from the course brochure): “Marxism and law — that’s what Political Economy and Tax is all about. It is not some dry unit dealing with tax. Instead it is a fun course where we look at some basic marxist concepts and try to apply them to various areas of law ... you don’t even have to have any tax knowledge to do this unit and enjoy it.” A bonus is that 20 per cent of the assessment is a participation mark “judged initially by your fellow students”. So “if you are looking for something different, something that is not about blackletter law, something that challenges you to think about society and the role of law in it, and finally something that is fun, then do Political Economy and Tax”. According to John Passant, the course received rave reviews in the Alternative Law Handbook.

**progressing backwards** Now that South Africa has abandoned Apartheid, some Australians are reinventing it. “Australia’s first Aboriginal university is being planned by a group of black educationists”, reports Anthropology Today. It will be known as the First Nations University. The announcement recalls an advertisement in The Australian earlier this year by the University of South Australia’s Faculty of Aboriginal and Islander Studies which boasted that the University held “Australia’s only faculty for indigenous people”.

**the empowered accountant** The disciples of Michel Foucault, the radical French social theorist and wielder of the whip (see Strange Times, Volume 46 No. 3), are many. One expects to find them in Sociology, History, Philosophy and perhaps even English. But surely not Accounting! What have Foucault’s interests in power, discipline and sexuality to do with book-keeping? Yet, there his name is among conference papers delivered by members of the University of Wollongong’s Accounting Department: Moore, J. and K. Cooper, ‘A Foucauldian Analysis of the Early Growth of Corporations Leading to the Empowerment of the Accounting Profession: 1600-1855’; Williams, R.B., ‘A Foucauldian View of the Technologies of Discipline Used by the Australian Income Tax System and the Role Played by Accountants in the Disciplinary Process’.

**correction: 250 years late** We know that the prophets of environmental doom have thankfully so far been wrong. Now it turns out that one of the most disastrous earthquakes of all time never happened. The Calcutta earthquake of October 1737 allegedly resulted in a death toll of 300,000 people. After checking original sources and local accounts at the time, Roger Bilham of the University of Colorado at Boulder, has concluded that Calcutta was not hit by an earthquake in 1737, but by a hurricane which killed not 300,000 but 3,000, reports the New Scientist. Previous scholars had apparently relied on a report of the imagined earthquake in The London Magazine of June 1738.

**throwing the book at them** “Under a new reform scheme in Massachusetts, judges give women offenders a choice: take a course in women’s literature or go to jail,” reports ‘The Ms File’ in The Age. The course, ‘Changing Lives Through Literature’, is open to women convicted of robbery, petty theft and credit-card fraud. Pupils are required to read a feminist novel every two weeks. If they drop out, they find themselves behind bars. At least they have a choice: forcing offenders to do the course would seem a cruel and unusual punishment.

**vaguely deviant history** Writer Defiled, a new book by Fiona Capp, received an enthusiastic short review in the May issue of The Australian Way, the Qantas in-flight magazine. “This is a fascinating look into the world of Australia’s security organizations and the ways in which they attempted to control culture in Australia during the years 1920-1960. It was assumed at the time that anyone who had anything vaguely different to say must be a Communist and, consequently, many of our well-known writers and intellectuals were persecuted.” Who, according to the reviewer, were these vaguely deviant thinkers unfairly labelled Communists? Well, there was Katherine Susannah Prichard, Frank Hardy ... Hang on! Both these writers were openly and proudly Communists. Indeed, Prichard was a founder of the Communist Party of Australia.
Church leaders are sometimes outspoken on political and economic issues. But how much do they understand about economics?

ECONOMIC science is stubbornly counter-intuitive: how can environments be 'cleaned up' by requiring polluters to pay for the privilege of despoiling? How can communities be better 'protected' by allowing their markets to be 'unprotected' from foreign competition? How can more jobs ensue from governments laying off public servants? How can consumers benefit when firms are allowed to charge whatever price they like? If the logic of the market plays havoc with the ordinary Australian's sense of morality, think what it does to the Christian churches who try to uphold moral standards.

The last decade in Australia has witnessed the rise of pro-market views in institution after institution, including the Federal Australian Labor Party, the trade union movement, the public service, and to a less though still significant extent, the welfare groups. The churches, however, still lag well behind. A recent survey of Australian economics professors ranked the level of economic understanding of the churches as barely higher than "very ill-informed" (figure 1). But how true might this be? Is there any particular reason why Christian commitment should preclude intelligent comprehension of economic science? And is it sensible or even feasible to educate church spokespeople on basic economics?

THE SURVEY Early in 1993 I sent a wide-ranging questionnaire to a particular leadership sub-group within the Christian churches. This sub-group was the media arm of Australian Christianity. It included editors, producers, media administrators, journalists, regular writers and reporters who work in both electronic and print media in either denominational, inter-denominational or non-denominational Christian organizations. The sample also included individuals who served as 'religion correspondents' for the major ('secular') daily newspapers and the ABC. The questionnaire asked them to identify their political and theological orientations, and to answer 64 'values and appraisals' propositions covering basic theological truths, politics, ethics and sexuality, economics, science and evolution, feminism, international affairs and media.

But can we use this sample to infer something of the views of Australian Christian leadership? After all, the sort of person who aspires to lead may not be the same as the one attracted to media work. On balance, I would argue that there is a case for believing that this cohort is a suitable proxy group. Firstly, particular editors and leading church journalists are influential Christian leaders in their own right: even if they are not representative of Christian opinion, they are certainly influencing it, if not setting the agendas. Secondly, actual Christian leadership itself uses media to explain and commend its own outlooks and values, and frequently initiates the creation of new media outlets to communicate those opinions, while seeing to the installa-
### Table 1

**Responses to Economics Propositions among Religious Media Respondents**

<table>
<thead>
<tr>
<th>Sample Size:</th>
<th>All (n=155)</th>
<th>Roman Catholic (n=16)</th>
<th>Protestant Male (n=122)</th>
<th>Protestant Female (n=115)</th>
<th>Polit. Coalition (n=40)</th>
<th>Polit. Labor (n=46)</th>
<th>Uniting Church (n=18)</th>
<th>Baptist (n=23)</th>
<th>Anglican (n=44)</th>
</tr>
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</table>

1. In the long-term, Australia would be better off if the government protected home industries by imposing tariffs and quotas on foreign imports

<table>
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2. The existence of legislation which ensures minimum wages is a significant reason why young and unskilled workers cannot find jobs

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<td>16.7</td>
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3. Because of the economic power of western nations, poverty-striken third world countries don't stand a chance competing against them on open world markets

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4. Rent controls (that is, setting maximum rent levels which landlords can charge) are an effective method of ensuring adequate housing at a price the poor can afford

<table>
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<tr>
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<th>49.4</th>
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5. Economic analysis assumes people act only out of selfish motives. It doesn't take into account the humanitarian side of humankind.

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6. Automation is a major cause of unemployment. If we keep allowing machines to replace people, we are going to run out of jobs

<table>
<thead>
<tr>
<th>Mean</th>
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<td>22.7</td>
</tr>
<tr>
<td>Generally Disagree</td>
<td>40.3</td>
<td>40.0</td>
<td>42.9</td>
<td>40.5</td>
<td>39.5</td>
<td>39.5</td>
<td>41.9</td>
<td>50.0</td>
<td>27.3</td>
<td>47.7</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>11.4</td>
<td>26.7</td>
<td>9.2</td>
<td>11.7</td>
<td>10.5</td>
<td>16.3</td>
<td>16.3</td>
<td>11.1</td>
<td>13.6</td>
<td>2.3</td>
</tr>
</tbody>
</table>

Note: Figures give percentage proportions in each category. The mean (in bold) is calculated according to the following weighting: Strongly Agree=100, Generally Agree=75, Unsure=50, Generally Disagree=25 and Strongly Disagree=0.

tion of media personnel (editors and so on) who are in sympathy with those views. Thirdly, Christian media reflect a wider body than the central denominational administrations (the group often mistaken as the only 'leaders') since it includes the independent mission and evangelistic groups, para-church organizations, and the organs of the theological parties (Opus Dei, Jesuits, Charismatics, Evangelicals and so on).

Another factor concerns education: individuals in Christian media, like their counterparts in Christian leadership positions, are well educated. Of the total who responded to the survey, 40 per cent have a theological degree or diploma, while another 24 per cent have undertaken 'some' theological training. An impressive 78 per cent of the whole sample hold a tertiary qualification. Some 155 individuals replied of whom the great majority were Protestant. Not too much should be read into the Roman Catholic response since only 16 replied. The poor response from the Pentecostal denominations meant this group is also seriously under-represented in the survey.

Given the learnedness, influence and proximity to power, it is reasonable to conclude (given the above qualification) that this sample is broadly reflective of Christian leadership in Australia.

CHRISTIAN POLITICAL OPINION

In Australia, a number of very articulate church leaders enjoy a high public profile in matters concerning poverty, social welfare and other social, economic, political and environmental issues. In some cases, church groups collaborate to produce ecumenical statements or manifestos which often receive wide media coverage. The social justice document entitled *Changing Australia* (1983) is an example of a socio-economic document which claimed to represent the Christian churches, a not too unreasonable assumption at first sight, given that it was sponsored by the Anglican Social Responsibilities Commission, the Catholic Commission for Justice and Peace, the Commission on Social Responsibility of the Uniting Church, and the Australian Council of Churches. It was also a document which came in for significant criticism for its naivety in matters of economic analysis, and its overt bias to the Left.3

The activist and radical image of Australian Christianity and Christian leadership which documents such as *Changing Australia* reflected, has been largely accepted and fostered by powerful sections of the secular press and the ABC (including, in particular, the ABC's Religious Affairs Unit). Such a view of Australian Christianity has enabled the image-makers to represent theological conservatives and political conservatives within the church as an anachronistic minority, if not morally regressive and intellectually narrow. Anecdotal evidence (and it's not too hard to find) strongly suggests that ordinary Christian leaders do not hold a view of the world anything like that commonly ascribed to them by (for example) the ABC. With the survey data at hand, it is now possible to test some of these assumptions about Christian leadership.

Firstly, there is no evidence that the political orientations of influential Christians are much different than for the Australian population as a whole: 30 per cent revealed they tended toward the ALP, 28 per cent to the Liberal-National Party Coalition. Of the remainder, some chose not to reveal their political persuasions, while Democrats, Greens and the Call to Australia Party were well represented. When asked whether the social and economic policies of the Federal ALP were more caring and fairer than those of the Coalition, however, 46 per cent agreed while 37 per cent

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**Figure 1**

Australian economic professors' appraisals of the level of economic understanding of selected groups, 1992.

![Graph showing economic professors' appraisals of the level of economic understanding of selected groups, 1992.](chart)

*Note: Chart displays the mean of responses by economic professors. Weightings used were: exceptional = 100, good = 75, adequate = 50, not adequate = 25, very ill-informed = 0.*

*Source: Anderson & Blandy (1992)*
disagreed. This probably indicates that Christians do not necessarily vote for the party which is outwardly more caring: the views of party candidates concerning personal moral issues play an important part in a Christian’s voting decisions.

Nevertheless, when a scale of political and economic ‘conservativeness’ was constructed from a selection of propositions from the questionnaire and plotted against a scale representing ‘theological conservativeness’, some very interesting patterns emerged within the Protestant cohort (figure 2). Firstly, there was a strong predisposition toward traditional orthodoxy regarding theological opinions (the mass of data points above the middle horizontal); and secondly, the bottom right quadrant of figure 2 was relatively empty. Interpretation: overall, theological liberals are consistently found on the left of the political spectrum, while conservative Christians are found on both the left and right (the top left and right quadrants). In other words, there is a greater breadth of political opinion prevailing among theological conservatives than theological radicals. In addition, this is a fairly good indicator that the kinds of outlooks found in ecumenical Protestant public statements (such as Changing Australia) are only representative of a minority of Christian leaders, namely, those located in the bottom (or ‘liberal Protestant’) left-hand quadrant.

This raises some disturbing questions about public ecumenical activity. As a check on the popularity of the ecumenical movement, a further proposition asked whether “the Australian Council of Churches has lost any meaningful spiritual direction”. High agreement to this statement came from Coalition voters, Baptists and Evangelicals. In fact, only 27 per cent of all Protestants disagreed. While this is a fairly disturbing result, it really underscores the basic failure of the contemporary ecumenical agencies (such as the Australian Council of Churches): they have consistently failed to be genuinely representative. Or, to put it another way: the ecumenical agencies have failed because they have failed to be truly ecumenical. And when ecumenical church bodies do agree with each other and cooperate to produce radical statements, it is highly unlikely that they represent the broad Christian mind on public issues: rather, it is a sure bet that their respective ‘social responsibilities’ committees are stacked with individuals who have little concern about the views of those they claim to represent.

ECONOMICS AND THE CHURCH  What about the level of economic understanding among the survey respondents? It is never a very fair or useful exercise to confront laity with technical economic propositions. One would assume that religious editors and church officials would consult competent economists anyway before making blanket public statements on economics-related issues. Unfortunately, experience indicates this course of action is the exception, not the rule. For what it is worth, I put before respondents three ‘myths of economics’ drawn from a popular American textbook. In Table 1, these statements are listed (propositions four, five and six) together with the proportion of respondents who strongly agreed, generally agreed, were unsure, generally disagreed and strongly disagreed. A mean score (in bold print) gives an overall indication of the balance of opinion. The columns give breakdowns for groups according to major denomination, gender and political preference.

The response to Proposition 5 was probably the most surprising: “economic analysis assumes people act only out of selfish motives. It doesn’t take into account the humanitarian side of humankind.” A solid 59 per cent of respondents believed this to be true, and only 16 per cent thought it untrue. The proposition is undoubtedly false, and the fact that only two individuals ‘strongly disagreed’ is astonishing. Such a response points not only to the fact that the economics discipline and its scope are largely mysterious to the church, but also — bearing in mind that such a response is not restricted to Christians — it underscores the ‘image problem’ of economics in public: non-economists almost universally confuse ‘selfishness’ with ‘self-interest’ — the latter concept, in fact, it more closely related to ‘personal stewardship’. The economists’ concept
of 'revealed preferences' represents not only the desire of consumers acting 'selfishly', but the nature of demand by all economic agents (including governments, welfare bodies and humanitarian aid funds) regardless of the motivations behind that demand.

Respondents scored well, however, with Proposition 6 ("Automation is a major cause of unemployment") with just over half not blaming automation for overall job losses. Even better, very few believed that "further economic growth will be bad for Australia" (results not shown in the table). Although the proportion who were 'unsure' was high for both Roman Catholics and (all) females (around 19 per cent 'unsure' for both), 88 per cent of respondents overall wisely disagreed.

Are "rent controls [setting the maximum level which landlords can legally charge] an effective method of ensuring adequate housing at a price the poor can afford?" (proposition four). What could be fairer than denying powerful landlords unjust profits while providing more of a basic necessity — shelter — to the poor? In fact, attempts to restrain prices always reduce the supply of rental housing in the long-run (not to mention the quality of housing at the now-fixed price), while the resulting unmet demand (more poor queuing up to rent the fixed — or diminishing — supply of houses) means that landlords must use means other than price to allocate who gets what. Result: landlords will tend to deal with those perceived to be more likely to look after their property (i.e. not the poor).

The survey revealed that respondents were divided on rent controls. About a fifth were unsure. The more revealing figure is probably the proportion who (rightly) strongly disagreed with the proposition: thus, the differential between coalition voters (16.3 per cent) and Labor voters (2.2 per cent) as well as that between Baptists (17.4 per cent) and Uniting Church (zero) is quite significant. This proposition has also been asked in a survey of Australian economics professors: 96 per cent disagreed.

Two other propositions in Table 1 have also been tested in surveys of economists. While Christian media respondents were basically divided over the effects of home industry protection on national welfare (proposition 1), a high consensus prevails among economists in Australia (92 per cent agreement) and overseas (for example, 91 per cent of academic economists in East Asia) that tariffs and quotas are detrimental to general economic welfare.10

Proposition 2, on minimum wages, has also been asked internationally. The Christian media (except for Baptists, who were divided) are at odds with economists internationally regarding the problem of minimum wages. Economists in all countries (except France) firmly agreed with Proposition 2; 85 per cent among the Australian economists was typical.

DUAL PROBLEM In the case of mainstream denominational statements on economics and welfare, the problem is twofold: churches do not always utilize effectively the pool of economics expertise that exists within them; and the absence (or subversion) of normal accountability practices within particular denominations and ecumenical bodies ensures that completely unrepresentative views are passed off as the mind of the majority. Since this twofold cocktail often extends to other 'ecumenical' statements on issues such as the environment, business practices, overseas aid and HIV/AIDS issues, it is little wonder that church public pronouncements attract disproportionate controversy.

The answer? Let church assemblies make minimal comment on technical economic issues. Instead, they should commission representative bodies of professionals from within their respective denominations to make reports for the benefit of congregations, and issue those reports in the name of the professionals who produced them.

4. The 'theological conservativeness index' was composed of propositions covering the desirability of inter-faith services and whether Christians should evangelize Muslims, attitude towards the atomisation, divinity and resurrection of Christ and the final judgment. The 'political and economic conservatism index' was composed of propositions covering republicanism, South Africa, ANZUS, nuclear power, medical costs, taxing the wealthy, work-fare, minimum wages and rent controls. See also Charts A to F in Anderson 1993 (IAESR Working Paper Series 2/93).
5. Perhaps this pattern emerges because of the presence of a fundamentalist religious right in Australia? Wrong again: Protestant evangelical opinion, while theologically orthodox (or traditional) is evenly spread across the economic and political spectrum.
6. This is not to say respondents did not believe that churches should speak out. To the proposition: "Church leaders ought to be more mindful of the range of opinion within their denomination, and therefore should make minimal official public pronouncements on social welfare and related political issues", there was a 75 per cent disagreement rate overall (18 per cent agreed, while seven per cent were unsure). Those who agreed with this proposition included 36 per cent of Coalition voters; Protestants (nearly one in five) were also more likely to agree than Roman Catholics (six per cent).
8. The mean score is created by giving each proportion a weighting of 100 (strongly agree), 75 (agree), 50 (unsure), 25 (disagree) and 0 (strongly disagree). If opinion was balanced the mean score would be 50; if all respondents strongly agreed the mean score would be 100, etc.
9. In other words, it is not the choice between 'will I serve my own interests' or 'will I serve others' that is at stake. Rather self-interest asserts that 'I am the better judge of how I will spend, buy or work' rather than 'someone else is a better judge than I of how I spend, buy or work'.
10. For international results see Malcolm Anderson, Richard Bandy and Sarah Carne, 'Academic Economic Opinion in East Asia', Australian Economic Review, 3rd quarter, 1993. See especially the international results in Table 1 in that article at pp. 6 to 11.
Federalism Project
Underway

Since Australia's Federation the balance of powers and responsibilities between the States and the Commonwealth has been shifting. The rate of change has varied greatly over the last 90 years; but it has almost invariably tended in one direction — toward ever-greater power for Canberra.

With the aim of rehabilitating Federalism as an institution offering considerable, if neglected, economic and political strengths, the IPA has launched The Federalism Project. The Project will aim to identify the trends, attitudes and policies (including taxing policy) that, intentionally or not, have undermined Federalism. It will propose ways in which the Federal structure may be strengthened to better equip it for a well-functioning democracy and an efficient and prosperous economy.

Among other matters, the Project will give attention to:
- eliminating the duplication and overlap of Commonwealth and State functions;
- the growth in Commonwealth own-purpose expenditure at the apparent expense of the States;
- the merits of competitive Federalism;
- constitutional changes that may be needed to achieve improvements to the Federal structure.

The first of a series of papers examining aspects of Federalism has just been published as an IPA Backgrounder. Tony Rutherford is the author of In Defence of Federalism which explains the principles and virtues of Federal arrangements. A longer paper, by Professor Wolfgang Kasper, entitled Competitive Federalism Controls Leviathan, is soon to be released. Other papers in the pipeline include a critique of the role of the High Court.

The Federalism Project is being supported by the Business Council of Australia, corporations and four State Governments. It is being managed by the IPA States' Policy Unit based in Perth. For further information contact John Hyde at IPA in Melbourne or Mike Nahan, Director of the States' Policy Unit in Perth.

IPA news

The Defence of, and the Retreat from, Civilization

Defence, industrial relations and anthropology were the subjects of Dialogues in March and May.

In March, Ross Cottrill spoke on the Strategic Review released by the Federal Government in February. The Review emphasizes the need for Australia to integrate with the Asia-Pacific region more closely than it does. Mr Cottrill is the foundation Director of Studies at the Australian College of Defence and Strategic Studies in the ACT. For nine years he managed the division responsible for strategic and international defence policy matters in the Department of Defence.

In May, Nicole Feely, an Industrial Relations Policy Adviser at the Victorian Department of Business and Employment, discussed Mr Brereton's new Industrial Relations Reform Act. The Act has been hailed by the Government as the most important change in industrial relations since the establishment of the Conciliation and Arbitration Commission. Critics have seen it as adding to the costs of employment and retarding employment growth.

Ms Nicole Feely
In May also, Roger Sandall spoke on the ‘Cultural Contradictions of Anthropology’. He took his title from a book by American sociologist Daniel Bell, *The Cultural Contradictions of Capitalism*, and traced the influences on anthropology (beginning with Rousseau) of two centuries of literary bohemianism. This, he argued, had resulted in a significant proportion of modern anthropology departments in universities being dominated by an anti-scientific, irrationalist, primitivist ethos.

There was a lively discussion following Mr Sandall’s paper. The audience included several anthropologists.

Roger Sandall is a Senior Lecturer in Anthropology at the University of Sydney and an IPA Honorary Fellow.

**Group Hears Views on Politics and Aid**

Two prominent figures in public affairs have addressed the IPA Essington Lewis Speakers Group in recent months. Peter Costello, then Shadow Minister for Finance, now Shadow Treasurer and Deputy Leader of the Liberal Party, spoke to an audience of about 50 in April, outlining a philosophy and strategy for the Liberal Party.

The vote of thanks was given by Fred Stauder, whose company, Dollar Sweets, Mr Costello had helped save from union action in 1986.

Dr Michael Porter, Executive Director of the Tasman Institute, spoke to the Group in May on the merits of investment over foreign aid. Foreign aid, he argued, has done little to advance economic and social standards in Asian countries.

The Convenor of the Essington Lewis Group is Peter Johnson. Young professionals with an interest in public affairs are invited to join. For further information contact Helen Hyde at the IPA in Melbourne.

**Not beyond Good and Evil**

The popular appeal of films like *Star Wars* and books like Tolkien’s *Lord of the Rings* is reassuring; it indicates resistance to the moral relativism propagated by Western intellectual elites. This was the view of Western Australian poet, writer and barrister Hal Colebatch, speaking to a function jointly hosted by the IPA and *The Horatian* in early June. His speech was entitled ‘Popular Culture, Civilization and Heroism’.

*The Horatian*, a small “journal of civilized opinion”, newly launched, is co-edited by Alan Dungey in Perth and Ernest Zanatta in Melbourne. Its first number includes several contributions by Hal Colebatch.

The vote of thanks was given by Shaun Patrick Kenaclty who briefly read from correspondence he had uncovered dating from the late 1940s between Hal Colebatch’s father, Sir Hal Colebatch, and the IPA’s founding Director, C.D. Kemp.

**Ron Brunton Departs**

Dr Ron Brunton has left the IPA to establish his own consultancy in anthropological and social research. He was Director of the Environment and Aboriginal Affairs Unit and last year authored *Black Suffering White Guilt?*, a critique of the report of the Royal Commission into Black Deaths in Custody. All at the IPA wish him well.
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)

Privatisation or Corporatisation? by Des Moore
Reforming Public Trading Enterprises under the New Competition Regime
Contrary to the perceived wisdom in some official Australian quarters, there is now considerable evidence of the benefits of privatisation in overseas countries. Much of the opposition in Australia reflects outdated ideological hang-ups and a desire, particularly by unions, to hold on to entrenched positions of power and influence. (April 1994)

Environmental Backgrounders
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)

The Basel Convention by N.R. Evans
Few Australians have heard of the Basel Convention on Transboundary Movements of Hazardous Wastes and their Disposal which Australia joined in February 1992, and which, on the surface, seems an innocuous and desirable treaty to control trade in hazardous wastes. Evans, however, points out that in the world of international politics, things are seldom what they seem. (April 1994)

The Precautionary Principle: The Greatest Risk of All by Ron Brunton
The Precautionary Principle is currently enjoying great success among environmentalists and bureaucrats. In this Backgrounder, Ron Brunton argues that the precautionary principle embodies faulty ideas about the appropriate response to scientific uncertainty. (May 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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