It’s not often that the conservative federal government and the ABC’s Media Watch work together. But the two find common cause on free speech and the internet.

The Communications Legislation Amendment (Content Services) Bill 2007 is designed to extend the regulatory reach of the Australian Communications and Media Authority to material that is posted or broadcast on the internet.

It has grave implications for free expression online, imposing on online broadcasters and website managers a great deal more liability for their material, regardless of whether they generated the material or simply provided a platform for user-generated content. (On the origins of the legislation, see ‘Big Brother vs. Big Brother’, in this edition of the IPA Review.)

As the bill was winding its way through parliament in June, Media Watch’s Monica Attard came to the government’s support. In a segment entitled ‘Radio Without Rules’, Attard attacked an online radio station, NetFM, for being offensive and controversial.

The station is, certainly, confronting. But it is no more confronting than an average act at the Melbourne Comedy Festival, if perhaps less creative. The DJ’s—which are described on NetFM’s website as rude, lazy, careless, patronising, questionable, but above all very cheap—tell predictable jokes about Catholic school paedophiles and Indian call centres.

Media Watch recorded then rebroadcast some of NetFM’s material to Attard’s horrified disapproval. Attard then noted how ‘powerless’ the regulator is to stop such a horrible abuse of free expression, and decried that ‘unless the Federal Government changes the Broadcasting legislation, NetFM can and no doubt will continue to offend, deride and vilify anyone it chooses.’

It was a disingenuous statement—the federal government was doing just that. As Media Watch went to air, the Content Services Bill was passing through the appropriate Senate Committee.

But why the antipathy towards free expression online? By describing NetFM’s DJs as broadcasters who ‘offend, deride and vilify’, Media Watch clumsily mixes defamatory speech with offensive speech. Attard would like the ACMA to censor expression that can offend.

Never a program to avoid ludicrously banal issues, the next week Attard discovered offensive material in blog comments. A tip for Media Watch’s producers—if you are looking for more material, the comments below YouTube videos are the most idiotic on the internet.

Supporters of free speech, left and right, should feel very uncomfortable when the taxpayer funded, national public broadcaster calls for censorship. Media Watch is, after all, a symbolic centre of the ABC. Its opposition to speech online reflects a deeply ingrained view in the network that only ‘quality’ material should be available for the public to watch, read or listen to.

Attard confronted Net FM’s station director, Nicholas Baltinos, and demanded to know why his station sets out to be rude and offensive.

Nothing illustrates the chasm between public broadcasting and the anarchic, demand-driven internet better than Baltinos’s amusingly honest reply: ‘It’s the angle we chose, no-one else is doing it. Everyone out there is doing boring old radio.’

In this edition of the IPA Review, Jennifer Marohasy travels to Indonesia to discover how environmental activists are threatening the viability of much needed foreign investment in that country. Richard Allsop goes looking for the mythical amazing public sector expert who can fix all problems, and Brendan Moyle finds an economic solution to the decline of the world-wide tiger population.

Before we are burdened with a heavy carbon tax or trading system, Alan Moran asks the federal government to stop and count the climate taxes we already have. Sinclair Davidson asks the Labor Party to open their history books and remind themselves what ‘industry policy’ actually means, and Alex Robson asks commentators to open their economics texts and flip to the ‘definitions’ section.

Of course, there are many book reviews in this edition, as well as a review of Michael Moore’s new documentary SiCKO.

Over the years the Institute of Public Affairs has come to Media Watch’s attention a number of times. Hopefully this edition of the IPA Review lives up to their high standards. The internet certainly doesn’t.
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This year the *IPA Review* celebrates its sixtieth anniversary. In all likelihood it is the world’s oldest journal of free market and liberal ideas. The Institute of Public Affairs (IPA) itself founded in 1943, is the world’s oldest free market think tank.

Since 1947 the *IPA Review* has been at the forefront of all of the key public policy debates in Australia. Even before the term was invented the *IPA Review* was involved in the country’s ‘culture wars’. The recent spate of commentary in the Australian media by those who have little in common with the IPA’s philosophical perspective, has been extremely complimentary to the IPA and the *IPA Review*.

The only problem with such analysis about the role of the IPA in the ‘culture wars’ is that it is entirely wrong. The reality is that there is no such thing as the ‘culture wars’. The ‘culture wars’ is not about culture and it is not a war.

To take the question of ‘war’ first. A war requires two sides. And those two sides must be of roughly equal strength, because if one side is vastly better equipped than the other an annihilation is the result.

It is assumed that on one side of the ‘culture wars’ there is for example the Australian Broadcasting Commission, the Special Broadcasting Commission, the nation’s broadsheet newspapers, universities and those that work in universities, and a host of taxpayer-funded government and semi-government bodies. Who is there on the other side? A handful of individuals and associated organisations. The resources available to them are miniscule compared to those of their opponents, but this small group represents a view shared by the majority of Australian consumers. The concept of ‘war’ is misleading because it implies some sort of equality between the two sides—when in fact no such equality exists.

Secondly, the ‘culture wars’ have nothing to do with culture—at least as the term is popularly understood. For most people culture is music, art, drama, and literature. In any case in this country it would be impossible to have a ‘culture war’ in any of these areas for the simple reason that opponents to the prevailing orthodoxy are nowhere to be found. In Australia there are only two varieties of opinion held by musicians who express a political viewpoint—left-wing and very left-wing. Musicians in this regard are not very different from those engaged in any other sort of artistic field.

If the term the ‘culture wars’ has any meaning at all, it describes a clash of ideals.

On one hand, there is a philosophical stance that is determinist and relativist and which ultimately interprets human endeavour from a Marxist-inspired position.

On the other hand there is the position expressed by the *IPA Review* over its sixty years.

There’s more to culture than opera and eyeglasses
The main reason why unions are doing so well in their campaign against WorkChoices is because they are appealing to long-held conservative values.

This conservatism is not primarily economic, but rather based on deeply held cultural and moral precepts.

First, there is the structure of the working week, the nature of public holidays and the connection with traditional ideas of the family. Then there is the idea that a stable society is heavily dependent upon security in employment. Further, there is the paternalistic notion that individuals are incapable of determining their own work contracts and need someone older and wiser to do this for them. Each of these ideas is profoundly conservative.

WorkChoices dramatically upsets and reshapes these cultural values.

WorkChoices gives workers and employers the right to eliminate pay loadings on public holidays, on weekends and on shift work. What is supposed to happen is that average hourly rates are increased to compensate for loss of ‘loaded’ rates. Workers are paid less on weekends, but receive more midweek. Weekly pay stays the same, but the hourly structures alter. Until now, the industrial relations system largely stopped this happening. Why?

Pay rate loadings were originally introduced as a disincentive to businesses operating on weekends, public holidays and outside ‘9 to 5’ hours, and to compensate workers for working in these periods. It reinforced the structure of a society where work, leisure, family and religious norms aligned with the Christian ethic. In Australia, the man worked from 9am to 5pm, children went to school from 9am to 3-30pm, the family gathered at night for dinner, football was played and watched on Saturday, Sunday was for church and the family roast, and public holidays followed the Christian calendar. So dominant was this lifestyle pattern that it became entrenched as a fundamental conservative value underpinning family, church, community and state. And labour awards under the old industrial relations system were deliberately structured to bolster this.

But Australian society has changed. Public holidays still follow the Christian calendar, but churches know that they must function in a secular society. Religious beliefs are diverse. People want shopping and hospitality services at any time. Sport is watched and played on any day of the week. Schools run before-and after-school programmes to accommodate parenting needs.

The old industrial relations system, however, was unable to adapt to these changed norms. Awards and industrial agreements maintained pay loadings but under the notion of workers ‘rights’ rather than workers ‘imposition’. Labour law, rigid and inflexible, enforced subservience to older values.

Few people understand the extremes to which the system would go to enforce the outdated cultural norms. Fewer than ten years ago, a shearer in Queensland was jailed for daring to shear sheep on a Sunday, defying the shearers’ award in doing so. Assaults against non-compliant workers, vandalism of their vehicles, and destruction and sabotage of businesses’ plant and machinery have been common, even recently. The system had a heavy totalitarian element to it, all in the cause of enforcing older conservative values.

Another example where WorkChoices defies Australian tradition lies in its practical commitment to belief in the power of the individual.

Labour tradition has long held the view that individuals do not have the intelligence, wit, inclination, education or capacity to negotiate their own work contracts. To ‘protect’ individuals from their own incapacity, the...
collective (unions) negotiated contracts through the industrial relations processes. This was enforced rigorously. Any individual who did not conform to the required collective behaviour threatened the collective, and ultimately themselves, and had to be disciplined. This occurred through legal sanction, intimidation, bullying and sometimes physical abuse of defiant workers.

In reality, the industrial relations system imposed the worst aspects of the tyranny of the collective, and it did so in the name of enforcing conservative values. In many respects it is the uglier side of the Australian mateship ethos. It continues to operate as a core cultural value—at least in the union movement.

The unwillingness to acknowledge the capacity of the individual at work has, however, been challenged in the last two decades. This is demonstrated by the rise in the self-employed, independent contractor sector, which now stands at some 28 per cent of the private-sector workforce. These 1.9 million Australians have demonstrated that they believe they have the capacity to negotiate their own contracts. The take-up of Australian Workplace Agreements also reflects this.

Many workers now believe that, with the right tools and a suitable legal framework, they can negotiate their own work contracts. They do this primarily to make work fit more readily with their lifestyles. Under individual contracts, pay is not normally the big-ticket item of negotiation. Rather, what really matters are changes to work hours to fit in with child care and other lifestyle needs.

Of course, the unions claim that this phenomenon is a sham and an employer ‘con’. Like many other defenders of old conservative values, they are doing little more than simply denying that people are capable of managing their own work affairs and ignoring the obvious fact that society has changed.

Another conservative position under attack by WorkChoices is the idea that security in employment is essential to a stable society. This argument suggests, for example, that if people don’t have a secure job (presumably for life if they want it), they can’t get a bank loan or may lose their house if they lose their job. This creates a vulnerable, unstable society.

Fear of losing income is, of course, a sensible prudential concern for everyone. But most people now realise that jobs are only secure if firms are making good profits.

Job permanency has been replaced by the realisation that what is important is continuity of income. This is not necessarily achieved by a single job with one employer. In fact, nowadays, that can be a risky strategy. What’s necessary is to be entrepreneurial in the approach to work. People need always to be alert to the next job; and that includes the 61 per cent of the workforce who have a permanent job. Sometimes multiple contracts and casual jobs are a safer way to create continuity of income. The possible mix of work and jobs has now become vast and represents a new ‘norm’.

Society has changed, as have the individuals which comprise it. Lifestyles are now a significant mix of many influences, with the ideas of family, community, state and stability being somewhat different from the past.

In making changes under WorkChoices, the Howard Government has not created a new work environment. Instead, it has simply pushed labour law to catch up with a changed society. Yes, the Government has de-powered the institutions that ran the old system: the unions and industrial relations commissions. Yes, it has assaulted powerful conservative values. But even if these values are no longer universally held, they still resonate in the imagination as values to be respected.

Unions say that workers need the protective umbrellas of permanent employment, a union, and a rigid, paternal, industrial relations system.

In creating WorkChoices the Howard government has focused its sales pitch on economic arguments—that, basically, WorkChoices means more jobs. However, the cultural debate has been left almost exclusively to unions, giving them an unchallenged run in this area.

With the Rudd Opposition now lining up with unions on key policy planks, the next federal election will place central cultural values before the community. The union/Rudd team offers a strong appeal to conservatism. In 2007, the ALP is the conservative party.
No, really—what are the ‘Equator Principles’?

Tim Wilson

Contemporary corporate social responsibility (‘CSR’) often overlaps with marketing, so it is hardly a surprise that the Australian banks who have signed on to the ‘Equator Principles’ are plastering the fact in 100-point font across city shopfronts.

But do they have much to be proud of? This ‘marketing’ strategy requires them to serve as regulators of environmental and labor standards in place of governments in developing countries. This strategy also deflects them from delivering to developing countries the most important thing they can do to alleviate poverty—provide quality financial services. They may also be undermining their own business opportunities in the fast-growing markets of Asia.

The Equator Principles are promoted as a set of standards on environmental and social issues that banks voluntarily set as pre-requisites for financing projects worth US$10 million or more. They were developed in 2003 by the International Finance Corporation (IFC), the private sector arm of the World Bank.

The Principles seem nondescript. They are not. They require each signatory to certify that every project complies with around 160 pages of World Bank/IFC regulations and interpretative documents reaching down to details such as the standards for water pasteurization in breweries. The teeth and detail lies in the supporting and explanatory documentation to the Principles in the IFC’s Performance Standards and Environmental, Health and Safety Guidelines.

In developing countries the Principles turn banks into surrogate environment protection agencies and labor regulators. This has significantly increased the bank red tape necessary to deliver much needed project finance and required recruitment of additional project finance staff who add cost, not value, to project finance business. The Principles even require banks to create mechanisms to adjudicate disputes between clients and local groups.

The competitive advantage of business is not to regulate the economy. But the Principles replicate government regulation through project financing. They impose standards that governments have chosen not to implement, because they de-prioritise economic growth. Instead they appease the demands of NGOs like Greenpeace, WWF, and Friends of the Earth who were not able to convince developing country governments to include them in their domestic regimes.

The aim is to impose on developing countries the environmental standards of the rich West. Two years ago, Oxfam, Greenpeace and Friends of the Earth ran a campaign to get the World Bank to refuse to finance minerals projects in developing countries because of their environmental impact. The Bank rejected the idea, but as compensation, set tougher standards for Bank finance for minerals projects in developing countries, making project finance harder to supply.

It is an anti-development strategy. It makes project finance more expensive. Project financing is an essential part of lifting countries out of poverty. It is necessary for significant infrastructure and development projects that will contribute to economic growth—power plants, mines, transportation, environment and telecommunications infrastructure—and is repaid from the projects’ future revenue.

It is standard rule in development economics that standards set for rich countries don’t work in developing countries—they are too complicated and too expensive. This doesn’t bother green NGOs, who don’t attempt to balance the needs of people against the needs of the environment.

The Rio Earth Summit in 1992 worked out how to balance those interests. It secured a global consensus. Since then leading western NGOs like Greenpeace and the Australian Conservation Foundation have worked to undermine it and ensure the environment comes first. The Equator Principles are one tool and the banks are their preferred instrument to use it.

Capitulating banks

The Equator Principles demonstrate how effectively NGOs can ‘green-mail’ business to adopt their preferred standards. The Equator Principles are represented as a way to add credibility to the CSR policies of signatory banks. In practice they amount to outsourcing CSR, and with it much of their project financing policy.

The Equator Principles are a moving feast. Over 40 financial institutions worldwide have signed on. The IFC website declares the Principles are to be continuously improved. But this ‘improvement’ amounts to making the rules tighter and

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The Principles might appease the consciences of wealthy investors, but they are bad news for the world’s poor

consequently limiting project financing terms for commercial banks. BankTrack—an NGO operated by a small group in the Netherlands—has declared Banks must do more and has set as its goal a toughening of the Equator Principles. Banks that have agreed to the Principles have essentially signed up to a set of principles over which they have limited control.

These Banks evidently think they have signed up to a system that appeases anti-business NGO critics. The experience of HSBC suggests otherwise. Last year HSBC gave several million pounds to WWF. This didn’t seem to give it much return. When HSBC recently supported a $2.18 billion initial public offering of Malaysian timber company, Samling, on the Hong Kong stock exchange, it found itself under attack from BankTrack for being associated with this forestry business, despite not having contravened any Equator Principle. HSBC responded by contributing $35 million to WWF to undertake climate change projects.

ANZ recently got a taste of similar treatment. In December it announced it had signed on to the Equator Principles. Soon after, the Australian Conservation Foundation bit the hand that fed them when they launched a campaign against ANZ for providing banking services to Rimbunan Hijau, a Malaysian company which is the largest forester in Papua New Guinea.

The company had just announced it would adopt a system demonstrating its logging was legal. It has long been a target of campaigns led by Greenpeace.

ACF did this while ANZ was providing a donation facility through their community giving programme to the ACF. The ACF then used these funds to commence a web-based multimedia campaign to encourage consumers to boycott ANZ. How grateful.

BankTrack has now turned its attention to ANZ’s financing of the new Gunns Pulp Mill in Tasmania, before the final independent environmental and social assessment of the Mill has been completed.

**Appeasing your conscience at the expense of the poor**

While the Principles might serve as a tool to enable developed country investors to demonstrate good conscience (or at least respond to Green NGO pressure), it is bad news for the world’s poor. Developing countries often lack the infrastructure necessary to promote economic development. The private sector provides investment where governments cannot.

Promoting economic growth has to be the first priority of policy in the developing world. Poor countries cannot raise living standards or improve management of the environment without growth. The World Bank Global Monitoring Report 2007 noted that for every one per cent increase in GDP, the number of people living in extreme poverty decreased by the same amount.

The Equator Principles work against that goal. They attach strings to project financing that add additional costs and delays before the benefits of investment can be reaped. The Equator Principles acts as a tax on economic growth.

They also deliver to anti-growth NGOs something they have always dreamed of—a centralised, uniform system of regulation which they believe they can shape. The record to date indicates they stand a good chance of success.

The most valuable thing an Australian bank can provide in poor countries is effective access to high quality banking services; something most developing countries lack. Why should banks suddenly be the enforcers of environmental and social standards that developing countries have already rejected?

**Developed countries should worry as well**

The Equator Principles also require banks to follow IFC policy and not finance the sorts of businesses in poor countries that they currently finance in wealthy countries. The Principles include an exclusion list that outlines projects that cannot be financed, including the production or trade in alcohol (except beer or wine), tobacco, gambling and casinos, radioactive materials and certain types of forestry.

The IFC may not want to support these projects, but there is no good reason for commercial banks to be so restricted. Australian shareholders should also be concerned. By adopting the Equator Principles, Australian banks risk disqualifying themselves from business in important emerging markets, and particularly in the high growth Asian markets. These countries want banks which provide quality and low cost services, not surrogate regulators serving the interests of green NGOs.

Currently, banks are trying to leverage their Equator status with billboards extolling their virtue. Yet it is unlikely that most Australians would have any idea what it means to be an Equator Bank.

Banks cannot appease NGOs. Delivering to poor countries the high quality banking services they require can both assist in poverty alleviation and deliver quality returns to shareholders. That is effective corporate social responsibility.
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Politics and the environment in Indonesia

Jennifer Marohasy

In North Queensland, environmental activists occasionally hold up a prop such as a dead fish, to illustrate a point and provide television footage of an alleged incidence of pollution. In Indonesia, in the recent campaign to jail Richard Ness, activists used as their icon a dead baby.

Richard Ness, President of an Indonesian subsidiary of Newmont Mining Corporation, was accused in 2004 of knowingly polluting Buyat Bay, its fringing coral reefs, and its local villagers, with mercury and arsenic.

Beyond Buyat Bay in North Sulawesi is a forest of coconut palms and then steep jungle-clad mountains. For years, small local miners have worked the upper reaches of the Totok River digging narrow but deep vertical shafts reinforced with flimsy pieces of wood in search of gold. Men with torches strapped to their heads are lowered down the shafts and heavy bags of ore are lifted to the surface by way of pulley systems.

These miners use mercury to process the ore. The waste slurry, also known as tailings, along with the mercury bottles are washed into the Totok River which eventually empties into Totok Bay to the north of Buyat Bay.

In 1994, Newmont started building a gold mine in the same mountainous region of North Sulawesi. But instead of narrow shafts, Newmont had a permit for an open-cut mine that would use cyanide rather than mercury to process the gold. Furthermore, as part of the approval process, the Newmont mine had a detailed plan for disposing of the mine’s tailings, with engineering studies suggesting that the best option, after a three-stage detoxification process, was an outfall pipe a kilometre off shore and 82 metres down on the bottom of Buyat Bay.

The Newmont mine operated successfully for eight years alongside the small miners in the mountains above Buyat Bay. The Newmont mine employed over 700 Indonesians with many new graduates getting their first job with Newmont Minahasa Raya. Over the life of the mine, 60 tonnes of gold was extracted and over US$50 million paid in taxes and royalties to the Indonesian Government. Every day, Newmont monitored the quality and volume of its tailings and reported these statistics to the Indonesian Government along with a detailed monthly environmental report. The mine and its operations appeared to meet all relevant environmental and workplace health and safety standards.

But even before the mine opened, environmental activists were mobilising against Newmont.

Indeed, six months before the first tailings were placed on the floor of Buyat Bay in March 1996, the local Manado Politics and the environment in Indonesia

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Post published an article claiming that Buyat villagers had been poisoned by the mine’s tailings.

This was the first of a long list of fabrications by activists in their pursuit of Newmont and its local boss, Richard Ness.

When I visited Indonesia in April this year and asked why the environmental activists targeted Newmont, rather than, for example, the illegal gold miners in the upper reaches of the Totok River, a local medical doctor replied, ‘Attacking Newmont the NGOs will be rewarded with dollars, but if they went up against the illegal miners they would be confronted with sabres.’

A local journalist told me that the story was ‘sexy’ because ordinary Indonesians liked the idea of a poor fishing village taking on a big American mining company—the classic David versus Goliath battle. No-one wanted to believe that the fishermen were being manipulated by NGOs or that the American boss, Richard Ness, was an honest man.

The scheduled closure of the mine in 2004 coincided with elections in Indonesia, a global campaign against the submarine placement of mine tailings and the death of a five-month-old baby girl known as Andini.

Demonstrations were organised in Manado, the capital of North Sulawesi. Baby Andini was a feature at the demonstrations, with activists presenting her to the local Governor at the second big rally. They claimed that she was suffering mercury poisoning. The Governor insisted the baby be taken immediately to the Manado hospital where she was examined by Dr Winsy Warouw. The doctor determined that the baby was suffering from severe malnutrition and suggested that she be admitted to hospital. The mother, accompanied by an activist, refused to accept the diagnosis or admit her baby for treatment.

Several months later, baby Andini died.

Dr Sandra Rotty, the doctor in charge at the local health clinic, said that the baby died of an upper respiratory tract infection for which the parents refused to give the baby medication. Acute respiratory infections are a major killer of children under five years of age in countries such as Indonesia, with more than half of these deaths associated with malnutrition.

But Rignolda Djamaluddin, the head of a local environmental NGO, issued a press release claiming that the baby had died from Minamata-like symptoms and urged officials to close Buyat Bay to fishing.

Minamata is a disease of the central nervous system named after a city in Japan where the release of mercury from factory waste into Minamata Bay in the mid twentieth century resulted in the death of at least 2,000 people. The mercury bio-accumulated in fish, which was later caught and eaten by villagers, but it was not until the disease reached epidemic levels that mercury poisoning was diagnosed. By then, the local fishing industry had been destroyed and a generation of children were to grow up suffering the effects of chronic mercury poisoning.

Despite intense and growing media interest in the claims of mercury poisoning at Buyat Bay, Andini’s parents refused to allow an autopsy to be performed on the dead baby.

Researchers nevertheless arrived in droves to investigate the allegations of mercury pollution, including experts from Japan’s Minamata Institute, sponsored by the World Health Organisation. Their report, issued on 8 September 2004, concluded that there was no mercury poisoning in Buyat Bay and that exposure levels were higher in Totok than Buyat Bay. A CSIRO study came to similar conclusions.

But there was one medical doctor, Jane Pangamanan, who supported the contention that Andini was poisoned and she travelled to Jakarta with several villagers, including the dead baby’s mother, Masna Stirman.
Canadian journalist Kendyl Salcito reported on the saga as part of her Master’s thesis:

The villagers came to Jakarta in waves after Andini died, complaining of ‘Minamata-like symptoms,’ meaning poisoning by mercury. Masna was first, accompanied by her sister, her sister’s infant, and a fisherman. The four arrived in the Jakarta airport in late July. As Masna exited the plane, she broke down in tears while cameras rolled. TV crews followed her and the others to the hospital. That evening shots of the patients in hospital wards dominated news broadcasts.

Over the ensuing days, droves of villagers were flown in by a yet undisclosed network of politicians and activists. Patients switched hospitals, NGOs held street protests, Masna conducted a prayer gathering to honor Andini’s memory, and reporters were kept abreast with text messages. By the time police lab results were scheduled to be announced, declaring the bay polluted or safe, 22 villagers (almost one tenth of Buyat Pantai’s population) were in Jakarta hospitals, including the town’s sickliest cancer victims. One woman was rolled off the plane on a gurney.

The police announced that the bay was polluted with dissolved mercury.

The BBC, The Australian, French and Asian newswires, and China’s Xinhua News immediately condemned the company’s irresponsible practices. NGOs began demanding arrests. A September 8th New York Times story depicted a scene of devastation, echoed in ‘years of complaints by local fishermen’ caused by Newmont’s mine waste disposal system. ‘First the fish began to disappear. Then the villagers began developing strange rashes and bumps,’ the Times story began, turning more damning each paragraph. With the world watching, NGOs pressed for sanctions against the mine and incarceration for Newmont officials. The police and government, suddenly under the international community’s microscope, responded to NGO demands, taking the Buyat scandal to a national level. It seemed not to matter that Jakarta hospital’s diagnoses and World Health Organisation water tests had ruled out mercury poisoning.

The Indonesian Legal Aid Institute organised for three villagers and Dr Pangamanan to file a police complaint against Newmont and for the three villagers to also file a civil suit against Newmont for US$543 million in damages.

It is now well-known that the police subsequently jailed five senior Newmont executives. But in fact one of the first Newmont employee to be incarcerated was Jerry Konjansow—and he was not some big-shot American executive. Jerry was the environmental superintendent at the mine. He was 33 years old and had worked for Newmont since graduating from the local university, majoring in environmental science. According to the police...
case file, Jerry was first taken in for questioning by police on Wednesday 15 September 2004 and was then arrested on 22 September and taken to the bowels of the Jakarta prison.

On the same day, the police arrested his colleagues David Sompie and Putra Wijayatri, before also incarcerating American Bill Long. The next day, Australian Phil Turner was summoned. Turner had had time to leave the country, but instead fronted the police in solidarity with his colleagues. Turner was also jailed.

Richard Ness was the last to be summoned by the police. The case file indicates that the police also intended to jail Ness, but at three in the morning he was released—ostensibly because he had a heart condition. He was to report to the police station twice weekly.

Jerry Konjansow and his colleagues, including Phil Turner, spent 32 days in prison but were never charged. It was only Ness who was eventually charged on the basis that he had knowingly polluted Buyat Bay.

The criminal trial dragged on for nearly two years, with 54 court sessions. I attended the reading of the verdict in Manado on 24 April 2007—criminal case number 284/Pid.B/2005/PN.Manado.

On the morning of the verdict, it was rumoured that there would be 10,000 demonstrators, that effigies of Ness and the chief judge would be burnt, that an army platoon was on stand-by, and that the court house could be bombed.

The panel of five judges found Richard Ness not guilty on all charges. To quote from his son Eric’s blog:

The final ruling is unambiguous because it is based primarily on substance and technical facts. When I sat in the court and listened to the ruling I noted that each of the prosecution’s evidence was rejected soundly and decisively. The Judges had applied the most objective scientific knowledge and techniques to develop their argument for each rejection of prosecution’s claim.

... It must be stated that the court’s decision was not just a simple victory where my Dad and Newmont were acquitted of any wrongdoing but the judgment had a list of more than 50 points outlining why these allegations were not only unfounded but also it categorically stated that no environmental crime was committed in Buyat by Newmont. The decision was a slam dunk in all respects yet some are still trying to spin it as a victory by technicality.

As part of the reading of the verdict, the panel of judges explained that baby Andini died from malnutrition, not mercury poisoning, and that the baby’s parents refused her medication. But still much of the reporting in Indonesia and internationally repeated the allegation of mercury poisoning.

After the reading of the verdict, Richard Ness refused to be ushered out of the court room via the back door. Instead, flanked by his two sons, he descended from the court house into a throng of angry demonstrators and proudly walked up the busy boulevard.

Incredibly, at June 2007, the Ministry of Environment is supporting an appeal.

THE ‘BIG’ MINE

In the Mountains above Buyat Bay there was the Newmont Mine and there was what the locals, with some irony, referred to as ‘The Big Mine’—the network of caves and mine shafts dug by the illegal miners.

Illegal miners are so common in Indonesia they have their own acronym, PETI. It is short for Pertambangan Tumpah Izin which translates as mining without a permit.

It is estimated there are over 60,000 PETI in Indonesia and perhaps 5,000 in the Minahasa Regency of North Sulawesi.

The ore from these mines is processed in trommels which consist of rows of large drums, turned on their side, connected and rotated by belts powered by loud and smelly diesel engines.

The ore is crushed in the drums, and mercury added to the crushed ore. It bonds with the gold forming an amalgam. This amalgam is then collected and heated with the mercury evaporating leaving the gold.

When Newmont first decided to build a modern mine in the mountains above Buyat Bay, Richard Ness and his technical team decided to research the PETI miner’s method of processing the ore with a view to improving both the amount of gold recovered and to reduce the incidence of poisoning through inhalation of mercury vapour.

Newmont technicians have demonstrated that with some modifications, the amount of gold recovered using essentially traditional methods, can be increased from 40 to 80 per cent and that the mercury fumes can also be safely trapped and this mercury recycled. While Newmont was able to demonstrate these results to the PETI and the regulatory agencies as part of its commitment to community development, there was resistance to change and the improved technology was never adopted.
One problem for the Indonesian Government is that environmental activists, working with their friends in the local and international media, ran a convincing campaign. There had already been a successful trial by media with Ness portrayed as guilty.

Meanwhile, in the mountains above Buyat Bay, artisan miners are still lowered down narrow, poorly reinforced, mine shafts. Occasionally a shaft collapses, lives are lost and families grieve. This industry is illegal in Indonesia and so there are no statistics on such workplace health and safety issues. The 60,000 or more small miners in Indonesia are mostly ignored by government, activists and journalists alike—despite their obvious environmental impact and studies which indicate that their use of mercury results in poisonings of people and wildlife.

But one of the biggest human health issues is not mine collapses or mercury poisoning—it is malnutrition, with an estimated 13 million children under the age of five suffering from chronic malnutrition in Indonesia today.

In the Buyat Bay saga, environmental activists succeeded in bringing the world’s attention to the baby’s plight, but they then refused to acknowledge the diagnosis. Instead they wrongly convinced the baby’s mother that she had mercury poisoning and that all assistance from doctors and specialists must be refused. The inevitable occurred, and in death, the baby became an even more potent symbol.

Dr Warouw examined Andini at the request of the North Sulawesi Governor in late February 2004. He told me ‘The baby’s expression was good she laughed and played with me. If a baby has Minamata poisoning it has a blank expression and will only look back. Not even cry.’

Instead of appealing the verdict and continuing to pursue Ness (who has a growing following of supporters), the Indonesian government should perhaps consider prosecuting some of the activists whose unfounded campaign against Newmont has put in jeopardy Indonesia’s investment reputation.

Demonstrations outside the court on the morning of the verdict.

Eric Ness has a website with translations of all testimonies in the criminal trial and copies of official reports including from the Minamata Institute and CSIRO at www.richardness.org. Kendyl Salcito’s Master’s thesis is entitled ‘Tall Tailings: Truth and Friction in the Buyat Mining Scandal’ and was submitted April 20, 2007 to the University of British Columbia’s School of Journalism. Jennifer Marohasy is writing a book on the saga and visited Indonesia as a guest of Newmont Mining Corporation.
S
uppose you took an iconic endan-
gerized species and put in a plan to
save it. But after five years, there is
no sign of reversing the species’ dramatic
decline. Surely you would recognise that
the plan is not working and look for al-
ternatives?

There has been a catastrophic re-
duction in numbers of tigers in the wild,
particularly in India. Only in China are
numbers increasing—where they are be-
ning commercially farmed.

But at the Convention on the In-
ternational Trade in Endangered Species
(CITES) in The Hague in June, mis-
guided conservationists struck another
blow against sustainability. The Con-
vention decided to restrict the captive
breeding programmes in China without
coming up with a solution to the prob-
lem of poaching in India.

China has perhaps 60 wild tigers
left, Russia has maybe 400, and India
has seen its tiger population crash to
about 2,500.

Orthodox conservation plans based
on protection have failed the tiger.

The answer may lie with tiger farm-
ing and removing the international ban
on the sale of tiger parts. In June, a co-
alition of groups led by the Indian econ-
omicist Barun Mitra called for a lift on the
ban—arguing, simply, that when trade
is outlawed, only outlaws trade.

Poaching is one of the biggest threats
to the tiger’s survival. But poaching was
once a problem for crocodile conserva-
tion too. Widespread crocodile farming
and a CITES-sanctioned trade drove
poachers out of the market. The same
approach could be applied to tigers.

China has perhaps 5,000 tigers in
captive facilities (the USA has closer
to 10,000). Tigers aren’t all that com-
plicated to breed. But tiger farming is
unpalatable to many people—it seems
unethical, cold-blooded.

It isn’t clear what makes tigers spe-
cial. Various wild animals are farmed or
ranched, including crocodiles, emus,
parrots and butterflies. And in terms of
cruelty, having wild tigers killed by traps
or inefficient poisons in India far ex-
cceeds the fate of tigers in farms. It might
be nicer to see tigers in the wild than on
farms, but to make that happen we need
to close down the black market.

The Chinese have an excellent
monitoring system in place for captive
tigers. Every captive tiger has been mi-
cro-chipped and has had blood taken for
DNA profiling. The Chinese can follow
a chain-of-custody from farms to cus-
tomers. The technology to prove tiger
products are legally sourced is in place.
Selling poached tiger product faces ma-
jor hurdles.

Sanctions for trading or possess-
ing tiger parts are harsh and can include
the death penalty. Smugglers are being
cought, but demand for tiger parts and
the lure of the very high black-market
prices is keeping the trade alive.

The big market is for tiger bone,
used in traditional Chinese medicine
for treating bone diseases. Tiger farms
in China report visitors and their fami-
lies begging for bones for treating seri-
ous arthritis. Whether we believe that
tiger-bone is effective or not is irre-
levant—millions of Chinese consumers
do, trusting in centuries-old medical
tradition. Demand has not been curbed
by Western NGO campaigns condemn-
ing the practice, and the illegal supply
of tiger bone has not been stopped by
government bans. Wild tiger popula-
tions are paying the price.

Most black-market tiger bone is ac-
tually fake. It is expensive for smugglers
to procure tiger bone in India, smuggle
it through Nepal, over the Himalayas,
through Tibet and into China’s eastern
regions. Shooting a local cow and pass-
ing its bones off as tiger is much easier.
But this dependence on fakes does noth-
ing to relieve the pressure on small wild
tiger populations struggling to absorb
losses from poaching.

At The Hague, the international
community could have supported in-
centives for a range of commercial ac-
tivities from eco-tourism, to breeding
tigers and trade in body parts. Barun
Mitra believes that the tiger can become
economically viable and thereby survive
in the wild—as well as continuing as a
charismatic and culturally rich species.

An internationally sanctioned and
regulated trade promised solutions to
the major threats that tigers face. It
promised to create opportunities for
habitat protection and the revival of the
species.

Farming and trading have worked
for other species. In June, an opportu-
nity for a new plan, a new approach to
tiger conservation was lost. A growing
tragedy for much of our wildlife is that
we have become too timid to jettison
ineffctual strategies when they don’t
work.

Brendan Moyle is a Zoologist and
Senior Lecturer at Massey University,
New Zealand. He has a PhD in
wildlife economics from Waikato
University and has visited tiger farms
in China as part of his research into the
Chinese black market in tiger bone.
Harnessing the UK Kyoto Treaty negotiating team, Sir Nicholas Stern has lent his name to a report that out-trumps all others in sign-posting the route to Armageddon. Un-restrained by the already slender threads of their fellow members of the international greenhouse negotiating fraternity, the Stern Report team managed to raise the ante on the costs of not restraining emissions at the same time as it understated the costs of acting.

The fundamental conclusion of the Stern report is an estimate that the damage from global warming, if left unchecked, would be 20 per cent of world GDP. These costs are far more severe than those in the IPCC report itself. And the outlays for the abatement action that Stern proposes amount to a mere one per cent of world GDP.

How did he come to this rosy scenario? He did so by taking all the 'worst case' detrimental effects and the 'best case' cost measures to arrive at his estimates. He assumed a great deal of emission reduction would be done by 'education'. Heroic and highly unlikely assumptions were made about the pace at which renewable forms of energy would improve their efficiency levels.

Another major determinant of the low costs in the Stern Report is the valuation of time that he uses. In contrast to any commercial discount rate—anywhere from 7 per cent to 15 per cent—Stern used a rate of under 1.5 per cent. This means that future costs are far greater than in conventional analyses.

Even though it is over 700 pages long, the Stern Report itself was highly selective in its evidence. It did not mention the House of Lords’ very distinguished Economic Affairs Committee report published in July 2005, a committee that included several senior businessmen and scientists and was headed by a well regarded secretariat. That committee arrived at far less alarmist conclusions. It expressed concern that UK energy and climate policy appears to be based on dubious assumptions about the roles of renewable energy and energy efficiency’. In fact, it is surely no coincidence that Stern was appointed by Chancellor Gordon Brown not long before that House of Lords Report was due to be handed down.

There was no sensitivity analysis in the report, in spite of its length, and there was no consideration of the nuclear option in the Executive Summary.

One matter of neglect in the Australian debate on climate change is that no government agency has undertaken—or at least published—the aggregate costs of the measures presently in place. The Department of the Environment has had a crack at amassing all the Commonwealth data, but this is not complete and, of course, does not include the separate state schemes and the regulatory taxes. And although we have pieces commissioned by governments from CSIRO and others into the outcomes of global warming for the stone fruit industry, Alpine ski industry and other sectors, there is no estimate of the aggregate benefits of taking these measures and hence of the limits of such expenditures.

This might, in part, be due to the fact that the promoters of these policies have little interest in economics or in the costs that their favoured approaches impose on the community. But government central agencies are seriously remiss in failing to require such analysis. It would be inconceivable that they would overlook evaluating the price of a scheme that said ‘No child shall live in poverty’ or ‘All children will receive education up to Year 12’, or even ‘We shall purchase four new frigates’.

Kevin Rudd assembled the National Climate Change Summit to ‘bring together business leaders, scientific experts, and environmentalists with community and political leaders to share ideas about addressing the threat of climate change’. The summit told us about how we will save the world, spawn vast new productive industries and save money by using less electricity. All we need to do is follow the examples of such luminaries as Al Gore and Bob Brown—and stop air travel, move into small homes and wear woolly jumpers!

Before policy-makers jump aboard the next giant plan, they ought to examine their own budgets to count the cost of the last ones.

Such costs fall under three categories: obligations imposed on consumers to take a given amount of renewables or low carbon-emitting energy; subsidies...
Market ‘mechanisms’ offer a means by which politicians can place yet another level of taxes or regulations upon us and to garner more revenue.

by governments to the CSIRO, for carbon dioxide reductions and so on; and the regulatory impositions on consumers and businesses designed to direct purchases away from the avenues they would otherwise prefer.

**Obligations imposed on consumers** are found in four pieces of legislation:

- The Commonwealth's Mandatory Renewable Energy Target (MRET) requires an increasing amount of electricity sales to be purchased in the form of sources that are designated as eligible renewables. By 2010, 9,500 GWh (around 4.5 per cent of supply) must be so sourced, with a fall-back cost of $380 million from the $40 per MWh penalty.

- The Queensland 13 per cent gas requirement applies to a load of about 40 million GWh by 2010 (9 million is exempt and load losses are assumed at 8 per cent). The penalty for shortfall is $15 per GWh (not tax deductible) indexed at the CPI. By 2010, the scheme is estimated to cost $97 million.

- The Victorian scheme requires 10 per cent renewables or 3,672 GWh per annum when it hits maturity (around 2015). The penalty rate is $43 indexed with the CPI. If it were assumed to be mature in 2010, the penalty rate at, say, $47 per MWh, means a cost of $184 million.

- The NSW scheme is actually targeted at greenhouse emission levels rather than using essentially wind power (as in the Commonwealth and Victorian schemes) or gas (in the Queensland scheme). Based on published material, by 2011, NSW retailers are required to buy credits to offset 13,600 tonnes of CO₂ (over and above MRET obligations) with a penalty of $13.36 per tonne. This is a cost of $182 million (and will continue to rise indefinitely).

The cost of these four schemes comes to $843 million. Currently, MRET emission credits are selling at a 25 per cent discount to the penalty rate. If other schemes are similar, this reduces the costs to $600 million.

**Direct government expenditures** and subsidies make up the second component of costs. These cover diverse issues such as staffing of the Environment Department (DEH), the Greenhouse Office and the CSIRO. Many programmes were started as part of the Club of Rome-inspired hysteria about us running out of all manner of resources, including energy. After a quarter of a century of remission, such notions are back with us in the form of fears about ‘peak oil’, but in the interim were converted, without missing a beat, into greenhouse mitigation measures.

And every time one blinks, another scheme is rolled out—to placate the concerns anticipated by the Stern visit, Mr Turnbull announced a $200 million scheme in April to mitigate greenhouse gas emissions by saving Indonesia's forests. This formed part of new spending in this year’s Budget, as did the $8,000 subsidy for solar panels, costing $150 million a year for a very expensive electricity supply. Commonwealth annual spending specifically earmarked for greenhouse mitigation is estimated at $500 million, up from $184 million last year.

Other expenditures include countless measures such as Green Buildings, Greenhouse Gas Accounting, and the Cooperative Research Centre, the opaque programme documentation of which did not prevent the commissioning of a puff piece to conjure up figures that purport to demonstrate a mighty contribution to the national income. In total, Commonwealth spending would certainly exceed $650 million per annum.

In addition, most of the states are convinced that, with an active industry policy favouring renewables, we will capture a considerable share of the coming booming world market for such facilities as well as doing our bit to save the world. State governments prefer to spend real money on measures that get them elected rather than to subsidise businesses. But they also recognise a need to feed their green-tinged supporters with grants and consultancies—so there is money thrown that way too.

- NSW claims to be spending $40 million a year in a five-year programme.
- Queensland has set aside $300 million from the sale of its electricity retailers to be spent over an unspecified time frame.
- Victoria says that it is spending $106 million over five years.
- The other states are probably spending less than a few million a year.

If none of the claimed state expenditure is money reallocated from the Commonwealth, it may add up to a further $90 million a year.
No government agency has undertaken—or at least published—the aggregate costs of the measures presently in place.

Regulatory measures include impositions on businesses and on consumers. These are very attractive to governments, as their impact is not readily assessable. They include measures ranging from preventing businesses from starting a new facility unless it is greenhouse compliant, through to stopping some ventures, to placing a regulatory tax on the consumer.

Among the consumer taxes are all measures which limit choice. They include energy efficiency measures for fridges, small electric heaters, and especially housing. The 5-Star energy saving requirement adds somewhere between $7,000 and $14,000 per new house. With 150,000 new houses each year, this is an annual imposition of between $1,000 and $2,000 million.

This is an ideal regulatory measure for a cynical government to implement, as it is not likely to cause a voter backlash. It falls only on the new house buyer, thereby allowing established homeowners, especially those like Sir Nicholas Stern who live in old houses, to avoid any personal cost while smugly basking in the planet-saving expenditure of those who are vastly poorer than them. It might be claimed that (unlike the MRET schemes) these requirements have an offsetting benefit, but the new home buyer would see this as inadequate (otherwise the measure would not be necessary).

Indeed, the contemporary push for limiting sprawl and encouraging ‘smart growth’ is also partly based on climate change fears.

There is a whole raft of energy efficiency requirements in the pipeline that are proposed for commercial buildings.

Further, there have been moves such as that of the NSW Government to prevent the building of a power station it had contracted, Redbank 2, and the millions of additional dollars that the Victorian Government caused International Power to incur to upgrade its Hazelwood facility. The costs of this sort of intervention are difficult to assemble, but might be in the hundreds of millions and they certainly result in massive sovereign risk costs.

When it suits them, governments are highly attuned to economically rational policy approaches. Almost all say how they favour a price signal for carbon. They all say we should have a tradable right or a tax on carbon so that the market can meet the policy goals at the lowest cost. Of course all that is humbug. Hardly any politician has any faith in the market, which is why they went into a profession uniquely placed to override it.

What they actually mean by making use of a ‘carbon signal’ is not “We will abandon all the current interventions in the market place—the subsidies, the taxes, the regulatory requirements—and replace them by a single scheme that uses market forces’. Rather, they have been told by eminent economists that there is a means of augmenting the measures they already have in place in a way that is good and just. The market ‘mechanisms’ offer a means by which politicians can place yet another level of taxes or regulations upon us in order to placate the noisy interest groups that are calling for action and, possibly, to garner more revenue.

We are already incurring expenditures comprising of, at least:

- $600 to $850 million in state and federal requirements for wind and other preferred sources.
- Over $650 million in federal and state subsidies and other disbursements to promote reduced emissions.
- At least $1 billion (and possibly more than $2 billion) in regulations on purchases, mainly houses.

These alone amount to something between $2.5 billion and $3.5 billion a year. In terms of a greenhouse tax on emissions from power plants, this is equivalent to $9–12 per tonne of CO₂, a far cry from the Stern-estimated tax requirements of $120 per tonne, but in line with some estimates of what is needed to meet Kyoto targets. By comparison, at the time of writing, the farcical EU tax approach has dropped to less than one euro per tonne.

On top of these costs are the compliance costs caused by distortions to firms’ decision-making. And then there are the regulatory impositions on business which lead to further compliance costs, as firms seek to meet consumer demands in ways that avoid them. We might be seeing an indication of this in electricity, where forward prices are high but no private-sector money is looking to build a coal-fired power station. Such investment inaction brings higher electricity prices as a result of the risk of future punitive action—irrespective of taking the action.

Furthermore, there is the paperburden costs imposed on firms. One set of these is the audits required of businesses by the government to demonstrate that they are looking after their shareholders’ interests adequately by saving money on energy use.

Other than that, there are massive lobbying costs as industry associations seek favours or try to avoid damage to their clients in wind, coal, hydro, transport, and building design.

So when you see the next petition signed by academics seeking to promote another round of consumer bashing and industry depletion by more impacts on energy, recognise that those already in place are legion.
Michael Moore’s newest film, *Sicko*, opened in June in the United States, and will open in Australia in August. As one might expect of a film attacking the US health system, the early reviews have been close to ecstatic. But perhaps the most telling review came from *Time* magazine reporter Richard Corliss, who rejoiced that ‘the upside of this populist documentary is that there are no policy wonks crunching numbers...’

Of course. We wouldn't want anyone who knows something about health care messing up Moore's fantasy with facts.

No-one would deny that there are serious problems with the American health care system, and Moore effectively dramatises the suffering of people caught up in it.

Yet he frequently exaggerates those problems. For example, he often refers to the 47 million Americans without health insurance, but fails to point out that most of those are uninsured for only brief periods, or that millions are already eligible for government programmes but fail to apply. Moreover, he implies that people without health insurance don’t receive health care. In reality, most do. Hospitals are legally obliged to provide care, regardless of ability to pay, and while physicians do not face the same legal requirements, few are willing to deny treatment because a patient lacks insurance. Treatment for the uninsured may well mean financial hardship, but by and large they do receive care.

On the other hand, Moore ignores the positive side of American health care. For all its problems, the United States still provides the highest quality health care in the world. Eighteen of the last 25 winners of the Nobel Prize in Medicine are either US citizens or work there. With no price controls, free-market US medicine provides the incentives that lead to innovative breakthroughs in new drugs and other medical technologies. US companies have developed half of all the major new medicines introduced worldwide over the past 20 years. In fact, Americans played a key role in 80 per cent of the most important medical advances of the past 30 years.

Instead, Moore focuses on life expectancy, suggesting that people in Canada, Britain, France and even Cuba live longer than Americans because of their health care systems. But most experts agree that life expectancies are a poor measure of health care, because they are affected by too many exogenous factors such as violent crime, poverty, obesity, tobacco and drug use, and other issues unrelated to a country’s health system. When you compare the outcome for specific diseases, for example cancer or heart disease, the United States clearly outperforms the rest of the world.

Take prostate cancer, for example. Even though American men are more likely to be diagnosed with prostate cancer than their counterparts in other countries, they are less likely to die from the disease. Less than one out of five American men with prostate cancer will die from it, but a quarter of Canadian men will and, even more ominously, 57 per cent of British men and nearly half of French and German men will. Similar results can be found for other forms of cancer, AIDS, and heart disease. It is notable that when former Italian Prime Minister Silvio Berlusconi needed heart surgery last year, he went to the Cleveland Clinic in the United States, not to France, Canada, or Cuba—or even an Italian hospital.

While overly critical of US health care, Moore overlooks the real flaws of other countries’ national health care systems. Moore downplays waiting lists in Canada, suggesting that they are no more than inconveniences. He interviews, apparently healthy Canadians who claim that they have no problem getting care. Yet nearly 800,000 Canadians are not so lucky. No less an authority than the Canadian Supreme Court has pointed out that many Canadians waiting for treatment suffer chronic pain and that ‘patients die while on the waiting list’.

Similarly, Moore shows happy Britons who don't have to pay for their prescription drugs. But he didn't talk to any of the 850,000 Britons waiting for admission to National Health Service hospitals. Every year, shortages force the NHS to cancel as many as 50,000 operations. Roughly 40 per cent of cancer patients never get to see an oncology specialist. Delays in receiving treatment are often so long that nearly 20 per cent of colon cancer cases considered treatable when first diagnosed are incurable by the time treatment is finally offered.

Moore calls the French system ‘free’, conveniently ignoring the 13.55 per cent payroll tax, 5.25 per cent income tax, and additional taxes on tobacco, alcohol, and pharmaceutical company revenues that fund the world’s third most expensive health care system. (Despite the high taxes, the system is running an €11.6 billion annual deficit.) The French system is not even free in terms of what patients pay. There are high co-payments and other out-of-pocket expenses, and physicians are able to bill patients for charges over and above what the government reimburses. As a result, 92 per cent of French citizens have private health insurance to complement the government system. Despite this, there remain shortages of modern healthcare technology and a lack of access to the most advanced care.

Countries all over the world are debating how to reform their health care systems. But Michael Moore’s demagoguery and his refusal to address the facts will do little to contribute to that debate. Maybe he could have used a few policy wonks after all.
Much public policy discourse has a perpetually depressing tone to it.

An interest group in a particular policy area runs a campaign asserting the centrality of their issue to the well-being of the community and demands more resources to address the alleged crisis. The government then bows to the pressure and delivers some funding. The interest group greets the funding as ‘a welcome first step’, but quickly explains that ‘more needs to be done’. So, we continue on the escalator to ever bigger government.

Thus, it should come as a pleasant surprise to discover a policy area where some key advocates argue that what is required is not the expenditure of more money, but a far wiser use of existing resources.

The policy area in question is public transport in Victoria. A group of Melbourne academics produced a paper in April 2006, *Putting The Public Interest Back Into Public Transport*, that has become something of a bible for local public transport activists. One of its key arguments was that:

Melbourne is receiving poor value for the very substantial sums currently expended … the correct response is … to fix the inefficiencies. Until this has occurred, any additional subsidies are likely to be wasted.

Although the paper’s claims regarding subsidies and its assessment of the performance of private operators since privatisation are incorrect, it is nonetheless still something of a refreshing change to find a document which argues that the solution to a perceived problem is not the immediate expenditure of more taxpayers’ money.

Part of their solution is to re-nationalise the system. Ignoring for the moment the arguments about why that, in itself, is a bad idea, it is intriguing to consider how the academics believe the system should be managed upon its return to the public sector.

They recognise that the performance of the previous government body, the Public Transport Corporation (PTC), was not that flash. They accuse the PTC of having been ‘an organisation that presided over decades of decline in patronage and market share’ and of having had ‘a defensive inward-looking corporate culture’. There is some truth in this accusation, but what it obscures is the fact

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In developing models for government operation, one should always consider the worst-case scenario. No government entity should have to rely on getting the very best people.

That the problem was not that the PTC’s managers had not known for some time what needed to be done, it was that they had not had political masters with the political will to actually do it.

Everybody knew that Melbourne’s restaurant tram did not need a conductor sitting in the back compartment; everybody knew that train cleaners should not be divided between long- and short-handle broom operators; everybody knew that railway workshop employees should not be pottering along making furniture because there was no rail work to be undertaken.

Hence, when the Kennett Government Transport Minister, Alan Brown, quickly made clear that, at last, there was a government determined to undertake reform, not only was PTC management able to come up with a suite of reform proposals, but even the unions began throwing up their own options for the best way to deliver efficiency. The combination of the government’s determination and the practical proposals from management produced a four-year reform programme that cut the recurrent subsidy to public transport by $250 million per annum, while also boosting services and beginning to increase patronage levels.

Having rejected previous Victorian public sector models for public transport, the academics base their model in their paper on the public transport authority in Zurich:

The ZVV in Zurich only has 35 staff and an equivalent body (in Melbourne) should require no more than this. It will be important to select the best talent in the world for the new agency rather than, for example, simply transferring existing DOI employees to the new agency. Fortunately, there are staff of this calibre available: some are even native Melburnians who have moved to other places because their skills were not valued here.

Perhaps, as fans of limited government, we should be celebrating the prospect of a couple of hundred DOI bureaucrats being made redundant, while the offices of the report-writing academics should be the subject of a union picket for implicitly demanding that a couple of hundred public sector union members (or at least potential members) be sacked.

However, rather than the apparent conversion of some left-wing academics to support for smaller government, what we can recognise more clearly in these proposals is not really a ‘small government’ argument, but a fundamental belief in the ability of experts to deliver. If only the smart guys are in charge, then all will be well.

One would have thought that across every field of government activity there was enough accumulated evidence to show that relying on putting the experts in charge was no guarantee of success. However, while most activists acknowledge that the people in charge of their special interest in the public sector are at best mediocre, there is always the mythical ‘expert’ somewhere. Sometimes, the great public sector managers were in the past; sometimes, the great public sector managers are working interstate or overseas, but rarely are they running the area of our special interest here and now.

Thus, it has always been an odd phenomenon to observe people who are highly critical of the actual practice of particular governments, but who nonetheless maintain a strong belief that operations work best when in government ownership (you know the types—they hate the Howard Government but would prefer it, rather than millions of shareholders, to be responsible for Telstra).

Of course, it should not be thought that support for some form of government-run enterprise technocracy nirvana is confined to those who hold a left-wing perspective. Many on the right have long suggested that all would be well in public sector instrumentalities if they were run by business experts. This sort of thinking has created such monsters as Australia Post (whose outlets seem to try to compete with every other business in the High Street, while maintaining their monopoly of basic mail services) and ABC Shops (which have arisen across the landscape, without anyone ever explaining why we need public-sector bookshops).

In developing models for government operation of anything, one should always consider the worst-case scenario. No government entity should ever have to rely on getting the very best people. However, when it comes to government operations, optimism always seems to triumph over experience.

As those believing that deploying the expert to solve a problem can be found on both the left and right of the political spectrum, it is appropriate to quote two individuals from different parts of that spectrum, who maintained a healthy scepticism about the role of the expert in public life. From the right, William F. Buckley Jnr. observed that he would sooner be governed by the first 200 names in the Boston telephone book than by the faculty of Harvard University, while from the left, Ben Chifley once commented that ‘one wise man and a dozen fools would govern better than one wise man’.

So the question for the four academics who wrote the paper against public transport privatisation is this. If you cannot guarantee that you will get the ‘experts’ to run the show in the public sector, and even if you get the ‘experts’, they might not actually be that good—do you still want to re-nationalise public transport?

Richard Allsop’s IPA Backgrounder ‘Victoria’s Public Transport: Assessing the results of privatisation’ is available at www.ipa.org.au

IPA
Let’s briefly grant critics of ‘neo-liberalism’ their preferred terminology. Are Australia’s governments entranced by dreams of a neo-liberal utopia?

‘Neo-liberalism’ has become commentariat dogma on both the left and the right. As any number of opinion pieces describe, Margaret Thatcher and Ronald Reagan engaged in privatisation and deregulation on a massive scale, fuelled by ideological zealotry. In Australia, Prime Ministers Hawke and Keating did the same, but in contrast to their Atlantic allies, they exhibited the measured and reasonable approach that could only be grounded in Treasury advice.

By the late 1990s, after a decade of continuous economic reform across the country, Australian governments had, sometimes reluctantly, handed their role in the provision of services to the private sector. Neo-liberalism, we read, rules the day.

But this reading of the form and function of Australia’s system of government is deeply incomplete. Instead, in 2007, the best characterisation of Australia’s political system is not a neo-liberal, ‘nightwatchman’ state, nor is it the social-democratic welfare state which dominated the twentieth century. Rather, it is a ‘Regulatory State’.

The Regulatory State shares elements of these traditional political models. Like the former, it has an economy relatively open to foreign capital and products. It has privatised most of its publicly-owned monopolies. And like the latter, Australia has a large welfare state, as well as extensive government provision of health and education services.

Australia is not, however, merely at a mid-point between liberalism and socialism. The phrase ‘Regulatory State’ indicates a separate alternative—the regulation of our economic and social life has come to be the primary activity of government, and the primary means by which government interacts with the economy and the individuals who comprise it.

In a Regulatory State, not only is regulating the first priority of the state, but regulation defines the state. It is a revealing way of analyzing Australian democracy.

Regulation governs our commercial interactions. It governs the work environment, the social environment—reflect for a moment on how many regulations there are by which you are suddenly administered the moment you walk into a bar—and the home environment.

From a historical perspective, regulation acts as a substitute for public ownership. The privatisations which critics of neo-liberalism have fixed upon as indicative of a laissez-faire economy have been matched with a correspondingly dramatic increase in legislation and subordinate legislation to control these newly private entities. The Regulatory State has found that its social, environmental and economic purposes can still be achieved by the use of regulation, while avoiding the burden of actually owning, and being responsible for, the public utilities themselves.

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The modern left’s primary criticism of privatisation is that private ownership will not deliver the social benefits that public ownership had (or could have). And yet no state business has been privatised without being saddled with an extensive regulatory programme aimed at trying to keep those benefits?

One exception to this is the padded workforces of the former state government trading entities. Privatisation—and its diluted form, corporatisation—has been fundamentally about forcing efficiencies by shedding labour. This willingness to jettison excessive, unionised jobs itself says much about the ideological progress of social-democratic parties. But job shedding in these former state enterprises has been accompanied by the creation of jobs in production management, as well as regulatory and governance jobs.

Almost all of the growth in regulation under the modern Regulatory State is social, rather than economic.

Environmental regulation has a long history, but its marked rise in the last quarter of a century was inaugurated by the 1972 Stockholm Conference on the Human Environment and the subsequent establishment in many nations, including Australia, of national environmental agencies.

Consumer product safety, particularly in the transport sector, and Occupational Health and Safety regulations have also increased rapidly.

Corporate and financial regulation has also displayed particular growth, often mandated by parallel international trends, but also propelled by what former British Prime Minister Tony Blair has described as an increasingly risk-averse population.

Charts 1 and 2 show just how dramatic this increase in regulatory and legislative activity has been. The impact of these regulations is cumulative—firms and individuals have to comply with the total body of law, not merely the law that has been passed in the most recent session of parliament. Certainly, much law is passed to override or amend existing legislation, but that in itself constitutes a further cost.

Furthermore, these charts do not include the web of quasi-regulations, codes of conduct, guidelines and other ‘voluntary’ self-regulations, which are often policed by regulators, or developed by the government, or instituted to ward off potential legislation. It would be a mistake to ignore these much-harder-to-quan-

tify interventions when trying to ascertain just how significant regulation is in Australia.

Using the direct tools of legislation, or the indirect tools of subordinate legislation and quasi-regulation, government intervention in the economy is expanding, rather than, as left-wing critics would describe it, receding. Furthermore, regulation has assumed a sort of entrepreneurial role for government intervention—a mechanism to search out new areas of the economy just begging to be regulated.

This casts Australian governments’ enthusiastic regulatory activity in a new light. The development of regulation is unambiguously a political activity whose direction is determined by political imperatives, and which
has just as many political consequences as it has economic and social consequences.

**Independent Regulatory Agencies**

The direction of regulation may be determined by elected legislators, but its administration is delegated to the central institution of the Regulatory State—the independent regulatory agency.

These institutions are deemed ‘independent’ because they exist outside the normal bureaucratic chain of accountability—ministers and other elected representatives are not directly responsible for the agencies’ actions.

Independent regulators are accountable through such indirect means as procedural norms, requirements to be ‘transparent’, jurisdictional limitations and, as a last resort, the right of aggrieved firms and individuals to judicial review of the regulators’ decision-making processes. Nevertheless, within the confines of these mechanisms of accountability, regulators have significant discretionary power.

While the United Kingdom had inspectors policing factories for violations of the *Factory Act* from 1833, the independent regulatory agency is largely an American invention. The socialist fetish for public ownership never took strong hold in the United States, but, pioneering the now familiar pattern, regulation administered by independent regulatory agencies provided a substitute. In 1887, the Interstate Commerce Commission was formed, followed quickly by the Food and Drug Administration (1906) and the Fair Trade Commission (1913).

Then, as now, independence was intended to protect objectivity—the regulators would be friendly to business, but neutral in their application of the law.

But this balanced objectivity has also been undermined historically by the bureaucratic impulses of the independent regulator to expand its jurisdiction, its powers and its discretionary budget.

Regulators lobby governments for increased regulations, increased powers to administer them and, of course, increased budgets and staff. Regulators involve themselves more deeply in the activities of the firms they regulate, trying to discern the levels of compliance while, at the same time, trying to expand their jurisdiction into other industries and sectors.

For instance, having decided that the free-for-all internet is littered with bottlenecks to genuine competition, the ACCC is using the migration of media content online to explore new opportunities for regulation—a textbook example of regulatory creep.

In Australia, there are approximately 60 federal regulatory agencies, and 40 federal ministerial councils. We know that there are approximately 70 agencies in Victoria (the only state which publishes this data publicly), but extrapolating that figure, the Productivity Commission estimates that there are up to 600 regulators across the country.

Doing a similar extrapolation for the budgets of those agencies, and taking into account government departments with regulatory functions, inter-governmental bodies, and the range of quasi-official agencies and boards, it is easy to
A reduction in the extent of regulatory intervention in the economy will not only have economic benefits, it will have democratic benefits as well.

Imagine that at least $10 billion is spent on regulating our activities.

Reigning over this web of institutions that is the Regulatory State are three ‘mega-regulators’—the Australian Prudential Regulation Authority (APRA), the Australian Competition and Consumer Commission (ACCC) and the Australian Securities and Investment Commission (ASIC)—the results of a concerted effort over the last decade-and-a-half to consolidate federal and state regulatory agencies into a single, one-stop-shop regulator.

Rather than having their jurisdictions delineated by the industries they regulate, instead they are delineated by the regulator’s ‘function’. ASIC is responsible for consumer and investment protection in cases of market manipulations such as insider trading. APRA is responsible for the regulation of information asymmetries in financial services, and the ACCC is responsible for anti-competitive conduct and consumer protection economy-wide. Old industry-based regulators, such as the Insurance and Superannuation Commission, had their functions divvied up into the new functional bodies.

Just as the volume of regulation is growing, so are the three ‘mega-regulators’. We can see, since the turn of the twenty-first century, a significant increase in government spending and staff. We see increased media profiles and public relations activities. (The ACCC’s activism in the media was the subject of much criticism during the 2003 Dawson Inquiry into the Trade Practices Act—chastened, it decreased those activities immediately following the Dawson report, but has been steadily returning to its former levels.)

These agencies preside over the most intense period of regulatory and legislative activity in Australian history. This gives them enormous political power and influence—for which they are largely separate from the traditional chains of democratic accountability.

**Distracted by ‘red tape’**

Regulation, admittedly, doesn’t get much good press. But the criticisms that regulations do receive are revealingly narrow.

‘Overbearing business regulation stifles incentives to take risks and to innovate’, wrote Labor’s Small Business spokesman Craig Emerson in *The Australian* earlier this year, ‘crucial to the efficient functioning of a market economy and productivity growth’. Undeniably true.

But the content of ALP policy focuses on reducing ‘red tape’—only a small part of the total regulatory burden. Eliminating ‘duplication’ or regulatory confusion, which constitutes the bulk of ‘deregulatory’ proposals by both the ALP and the Coalition Government, does not address the real issue—regulations which discourage investment and entrepreneurial activity, and divert firms away from profit-making opportunities.

For example, Telstra estimates that it has to provide the government with 486 compliance reports annually—a significant red tape, or ‘paperburden’ cost. But the real cost of regulation of the telecommunications sector, however, is much higher, constituting the forsaken investment in infrastructure, the cost of universal service obligations, and the cost of delayed innovation across the economy.

Similarly, the tomes of compliance reports required by ASIC dwarf the less tangible costs of diminished entrepreneurship and reduced corporate flexibility. Focusing only on the paperburden cost of regulations is like focusing on the time spent filling out a tax return rather than the amount of tax paid.

In fact, the anti-red tape movement is reminiscent of regular movements throughout the twentieth century for more ‘efficient’ government. An efficient government is not a virtue if it is just as large as an inefficient one—indeed, efficiency can help it dominate the economy even more.

The bipartisan red tape proposals do nothing to reduce the size of government and its impact on the economy. Promises to reduce the red-tape burden offer little if they are not a constituent part of a promise to decrease the scope or extent of regulatory interventions.

A reduction in the volume of regulations and the extent of regulatory intervention in the economy will not only have economic benefits, it will have democratic benefits as well.

The dominance of the independent regulatory agencies in political and economic life is dependent upon this enormous pool of legislation and regulation—the problems of accountability and discretionary power will be resolved only when that pool is drained.

Regulation is the defining feature of the modern Australian state, and the regulatory problem requires a political solution.
Industry policy has an entirely disreputable history. But undaunted, in April, the Labor Party released its ‘New directions for innovation, competitiveness and productivity’ paper. This sets out its vision for Industry Policy under a future ALP government.

Industry Policy is, in essence, a supply-side conspiracy through which government and industry collude against the consumer. As Adam Smith warned, ‘to narrow the competition must always be against [the public interest], and can serve only to enable the dealers, by raising their profits above what they naturally would be, to levy, for their own benefit, an absurd tax upon the rest of their fellow-citizens’. A reading of the ALP’s policy suggests that it has something akin to the now discredited Japanese Ministry of International Trade and Industry (MITI) in mind for its industrial policy.

MITI was created in 1949 with the task of co-ordinating Japan’s international trade. It also co-ordinated Japanese industrial policy by providing loans, grants, licences, permits and subsidies to favoured firms, and tax concessions to favoured industries. Just as Australian Prime Ministers are expected to have previously held the office of Treasurer, Japanese Prime Ministers were expected to have been MITI minister. MITI played an extremely important co-ordinating role in the Japanese economy. Over time, however, the forces of economic liberalisation caused its power to wane and, in 2001, it was reorganised into the Ministry of Economy, Trade and Industry (METI).

Aping MITI, a future ALP government will create an über-department of Industry, Science and Research with a network of Industry Innovation Councils. These councils will comprise high-level decision-makers from the private sector, the science and innovation sector (presumably universities and the CSIRO) and government. In other words, ALP policy proposes a producers’ conspiracy. The policy is also littered with boondoggles such as the ten ‘Enterprise Connect’ centres, which, as the policy notes, will help firms ‘find and adapt the latest research and technology… [and] have their business benchmarked against best practice and get help in solving identified problems’. One wonders how firms were able to innovate—or compete at all—without tax-payer funded ‘bench-marking’.

But stripped of these expensive decorations, the new ALP industry policy is just like the old.

‘Sustaining prosperity beyond the mining boom’

We keep hearing about the ‘end of the mining boom’. Kevin Rudd has told us ‘I don’t want to be Prime Minister of a country that doesn’t make things any more’.

Services, however, are not left out. Only last December, Senator

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Kim Carr—the Shadow Minister for Innovation, Science and Research—targeted service industries as an example of what ALP industry policy will avoid, arguing that Australian employment cannot be restricted to ‘burger flippers’ and ‘cappuccino makers’.

In his Budget reply speech, however, Mr Rudd indicated that Australia should also become a funds management hub for Asia. This does seem to be an after-thought. It is not clear that the Australian funds management industry needs government support. (But then, it’s not clear that government should be providing any support to any industry.)

It is worth noting the assumptions being made: manufacturing is in dire need of government intervention and our prosperity is due, only, to a ‘mining boom’.

Since 1974, the value-added share of manufacturing has fallen from just less than 20 per cent of GDP to just more than 10 per cent. In other words, the share of manufacturing in the economy has almost halved. The value-added share of mining, on the other hand, has remained stable at about 5 per cent. The data reveal a paucity of evidence to suggest that Australia owes all its current prosperity to a mining boom. Similarly, there is no real evidence that the economy is being disadvantaged by the decline in manufacturing. Indeed, consumers are probably better off as a result of these changes. Instead, the biggest decline in the manufacturing has been in textiles—and the ability to buy cheaper clothing has freed up the family budget to purchase other products.

Yet the ‘manufacture bugs’ are unhappy. In December 2006, Senator Kim Carr told us, ‘Clearly the reliance on market fundamentalism is not working. In the last five years we’ve seen the loss of nearly 40,000 jobs in manufacturing’. Actually, according to Australian Bureau of Statistics data, manufacturing declined by 44,500 jobs between 2001 and 2006. What Senator Carr did not tell us was that the number of trade union members in the manufacturing sector fell, over the same period, by 82,700. Since 1996—the year the Howard Government was first elected—the number of trade unionists in the manufacturing sector has fallen by 182,100. In other words, nearly 45 per cent of the decline in trade union membership is due to that one sector alone, manufacturing. Small wonder the ALP is concerned.

There were 1.7 million more jobs in 2006 than there were in 1996. The biggest growth areas were in property and business services, and health and community services. These two areas now make up 11.9 per cent and 11.3 per cent of all employment respectively. The single largest source of employment in the economy is retail trade at 14.9 per cent (in 1996 it was 14.6 per cent). Levels of unionisation in these industries vary from 27 per cent in health and community services (above the national average of 20.35 per cent) to 5.28 per cent in property and business services. Of course, it is unsurprising that the health and community services sector is highly unionised; public sector employees dominate this industry. The largest decline occurred in the manufacturing sector. In 1996, 15 per cent of all employees were in the manufacturing sector—the single largest employment sector in Australia. By 2006, this had declined to 11.1 per cent—the fourth largest sector. Union membership had declined from 36.6 per cent to 23.4 per cent. Within the sector itself, the single largest loser was textiles and clothing, followed by machinery and equipment.

A ten-point plan

The ALP proposes a ten-point plan to ensure Australia’s continued prosperity. These ten points can be further condensed into three points: pick winners, throw money at universities, and streamline government.

Picking winners has such an appalling track record that it is surprising that politicians still think they can get away with proposing it. The ALP proposes ‘building a culture of innovation’, focusing incentives, accelerating the take-up of new technology, developing innova-
tion priorities and using government procurement to support and encourage innovation. Motherhood stuff. The old chestnut of improving maths, science and engineering skills comes up too. The ALP commits to providing ‘our children’ with ‘world class education and training’. Yet, the education unions and state governments claim that this occurs already. The ALP also wants to promote an Australian ‘green car’. They aim to purchase green cars for the Commonwealth fleet ‘if Australian car manufacturers can create value-for-money environmentally friendly vehicles’. Yet, the current government already offers environmentally friendly vehicles in the Commonwealth fleet.

Throwing money at universities is, of course, bipartisan policy. It is not clear however, what return the taxpayer gains from this strategy. The IPA Backgrounder ‘Back to Basics: Why government funding of science is a waste of our money’ demonstrated that taxpayers gain very little from publicly funded research. There have been few productivity gains in teaching. The founder of Christianity had twelve disciples, implying a staff:student ratio of 1:12. Using 2005 Department of Education Science and Technology data, I estimate the staff:student ratio in current Australian tertiary education to be approximately 1:25. Two thousand years of technological progress has led to a doubling of teaching productivity. Universities complain that this ratio is too high. While education outcomes are poorly defined, government education spending—especially on higher education—could easily become a bottomless pit.

Streamlining government functions is politically populist. Everyone sees apparent waste in government. Of course, there is much waste. Much duplication, however, can be justified on the grounds of diversity and the benefits of federalism. To the extent that government tries to cater for different needs, it is likely that bureaucratic and apparently inefficient processes will arise. Governments that adopt a one-size-fit-all, take-it-or-leave-it, policy will have simplified processes.

In terms of the ALP’s policy, however, it is nonsense to argue that they could simultaneously reduce government waste and create an über-department and Industry Innovation Councils. Although the composition of the bureaucracy may change, the overall size will expand. It is simply not credible that any simplification would occur.

The ALP’s ‘new directions’ are very much like the old directions. The only phrase missing is ‘commanding heights’. The Japanese MITI experience ended badly. It is not obvious that this approach would end any better than it did in Japan. Government adds value by enforcing property rights and maintaining the rule of law. Government has failed to add value when making business decisions. The ALP wishes to impose political control over the economy via its industry policy. This is both poor economics and poor politics.
Big Brother vs. Big Brother

How politicians failed to understand reality television and in their confusion instead decided to regulate the internet.

Chris Berg & Hugh Tobin
I t the people who watch Big Brother are so stupid, why do we allow them to vote? After all, the cultural criticism of reality television is, implicitly, a criticism of its audience.

The political condemnation which has greeted a series of reality television controversies could easily backfire. The series is simple entertainment, but it is entertainment designed to reflect the social lives and concerns of its audience. There is more to Big Brother than voyeurism.

Nevertheless, in June this year, the cultural pessimists who have made sport of condemning the reality television genre were provided with yet another target for their concentrated hysteria. A new Dutch reality television programme, The Big Donor Show, starred a terminally ill woman with a kidney to donate. Three potential donor recipients were to compete for the life-saving organ. (The programme’s logo tastefully featured a drawing of a kidney in place of the final ‘o’ of ‘donor’.)

Of course, it was a stunt, designed to highlight the shortage of organ donors in the Netherlands and, indeed, around the world. The conservative politicians who had been quick to condemn the programme and call for its censorship awkwardly tried to back away.

The show may have been designed to attract attention to the shortage of organ donors, but the politicians who instinctively shot from the hip illustrated just how highly politicised reality television has become. Reality television attracts vehement criticism—criticism about its supposed emphasis on sex, its voyeurism, its artlessness, and its seeming appeal to the lowest common denominator.

On the surface, many of these objections seem unfounded. Artless voyeurism and sexual innuendo have not merely been a prominent feature of the history of television, but probably a big source of its popularity. Reality television, then, is simply another genre of entertainment, and should be judged by the same standards as ‘traditional’ genres such as sport or drama. Putting aside the intellectual snobbery adopted by culturally conservative politicians, there’s nothing harmful about a bit of trash TV.

The success of the Dutch kidney donor stunt was only made possible by exploiting the instant notoriety with which reality television has become synonymous. And just as in the Netherlands, over-zealous Australian politicians have rushed to condemn the tone and content of the genre.

Artless voyeurism and sexual innuendo have not merely been a prominent feature of the history of television, but probably a big source of its popularity.

But the political response in Australia has gone much further than simple statements to the press. The knee-jerk reaction to a series of reality television scandals has led to a major regulatory expansion for online content and delivery.

The controversy surrounding Big Brother in mid-2006 has inspired the federal government to increase the powers of the Australian Communications and Media Authority (ACMA) to police mobile phone and online content. A hastily written piece of legislation now urges the regulator to develop industry standards for the entire Australian internet community, as well as enforce the removal of ‘objectionable’ material here and overseas.

Vague borders

It’s no surprise that Big Donor would originate in the Netherlands. Endemol, the production company which produced the stunt, was one of the major companies responsible for the modern wave of reality television. It produced the first series of Big Brother which aired in 1999 on Dutch commercial television.

The first of the Survivor franchise was aired in Sweden in 1997 as Expedition: Robinson, and 19 Entertainment’s Idol format began in 2001 with its UK series, Pop Idol. These have all been franchised internationally: there are now 95 different winners of the Idol series around the world, and more than 160 winners of Big Brother.

But reality television, a loose genre which presents largely unscripted non-actors in various contrived situations, has a long history. 1948—the same year in which George Orwell wrote Nineteen Eighty-Four—also saw the first television broadcast of Candid Camera, the long-running and influential concealed camera show which pioneered the genre.

The borders of reality television are unclear. The genre borders upon documentary filmmaking—programmes such as the US’s COPS and Aus-
The creation of content by Internet users, rather than professional content producers, has been one of the primary innovations in entertainment technology over the last decade.

Politics and Big Brother
Unsurprisingly, the Big Brother franchise has a tradition of controversy. Last year’s accusations of racism in the UK Celebrity Big Brother gained the British series world-wide attention.

Politicians who have been so eager for the limelight that they have volunteered as participants have come under heavy public fire. The Scottish MP George Galloway thought that the best way to capitalise on his notoriety after being accused of Iraqi Oil-for-Food corruption was to appear on the 2006 edition of Celebrity Big Brother. The minority whip of the Mexican Green Party also participated in a 2004 Mexican Big Brother, to much political criticism.

The Australian Big Brother may not have featured any politicians as housemates yet, but the franchise has been readily embraced as a political totem.

Beginning in 2001, early Australian seasons of Big Brother were aired with relatively little controversy. 2003 saw a small incident as one housemate identified a minor in an ongoing court trial—the producers frantically shut down the live Internet feeds and official Website discussion boards. A 2004 contestant staged a silent protest upon his eviction from the house, taping his mouth shut and holding up a banner reading ‘Free the refugees’ (sic), to the consternation of producers who had planned the usual extensive post-eviction interview.

The Dutch production company which developed the Big Brother format originally conceived as few as six contestants locked up in a house for a year. The format was partly inspired by the early Webcam movement, a late 1990s’ trend where exhibitionists document a usually unedited video stream of their lives onto the Internet, including sexual encounters.

And it is this lineage of total surveillance and exhibitionism that has provided the source of the major controversy. The 2005 series’ emphasis on the sex appeal of the housemates, in particular the weekly 9.40pm ‘Uncut’ programme which presented material not appropriate for the 7pm ‘Daily Show’, was a focal point of political condemnation. ‘Uncut’ featured, for the most part, conversa-
tions about the sex lives of the housemates, shower scene footage, and general playing around.

Following complaints from the Australian Family Association, Liberal MP Trish Draper condemned the programme as pornographic, arguing that the housemates have ‘an aspiration to be porn stars’. Big Brother participants are certainly exhibitionists, but it would undoubtedly be easier to get work on a porn film than become a housemate.

In 2005, ‘Uncut’ was the problem. Once the programme had attracted the attention of the Communications Minister, Helen Coonan, media regulators determined that the material chosen for broadcast was in breach of the free-to-air code of conduct. For the next year’s season the programme was retitled ‘Adults Only’ and the sexual content watered down. (Nevertheless, by June 2006, Channel Ten had succumbed to political pressure from government backbenchers and pulled the show; even though it was, as everybody acknowledged, firmly within the bounds of broadcasting regulations and the television industry’s code of conduct.)

But for Big Brother 2006, the biggest controversy wasn’t what was broadcast on free-to-air television. It was the Internet-only, subscription-only live feed which recorded the alleged sexual harassment by two contestants of a third female participant.

Steve Fielding of Family First led the critical charge of criticism at the show: ‘This show legitimises behaviour that is not acceptable anywhere in our community and this latest incident is disgusting and degrading and, quite frankly, this is not a community standard that’s acceptable…… Family First is calling for Big Brother to be pulled’. The Prime Minister also called Big Brother a ‘stupid program’, and the Communications Minister said that it was ‘disturbing and offensive’. Predictably, the ACMA was once again pulled back into the fray.

Whether the ACMA had jurisdiction over the online material was, however, uncertain. The incident was not broadcast on television. As the ACMA noted in its report, the footage wasn’t even stored on the Big Brother website—the site did not provide an archive of the feed. But enterprising subscribers had recorded it themselves, and the incident was soon viewable on video-sharing sites such as YouTube.

The ACMA’s report concluded that there was little the regulator could do about what was provided online. For the government this was an insufficiently dramatic political response to the August 2006 incident.

So now, in 2007, we have legislation which gives the ACMA that authority. The Communications Legislation Amendment (Content Services) Bill, which passed through parliament in late June, gives the regulator authority over ‘ephemeral’ content services such as Internet live feeds, as well as the power to regulate ‘convergent’ devices, such as mobile phones offering video or other content.

If Big Brother’s original conceit was to broadcast the mundane lives of a group of people in an isolated house, then live streaming is the ultimate manifestation of that idea.

But the importance of the new legislation is not limited to an expansion of the ACMA’s jurisdiction. The law places the regulator firmly at the centre of ascertaining the responsibility for content created and delivered on the internet. The creation of content by Internet users, rather than professional content producers, has been one of the primary innovations in entertainment technology over the last decade. Sites such as YouTube provide a neutral distribution system for users to upload and broadcast that content. But the introduction of this legislation requires the site to police the material it hosts, rather than placing the responsibility with the producer of the material. As Microsoft has noted, this surpasses the high regulatory bar set by the European Union—an unfavourable comparison.

The high pace of innovation has blurred the distinction between forms of content and delivery—indeed, this is a good working definition of ‘convergence’. In an effort to translate the complex technological and cultural changes of the content industry, the legislation confuses and over-regulates. For example, there are 22 exemptions to what is considered, for the purposes of the legislation, as a ‘content service’. Entrepreneurs eager to found their own YouTube killer in Australia will struggle to navigate the convoluted legal framework and liability issues. They will be doubly frustrated if they had originally been seduced by the federal government’s public desire to encourage a local content industry.
When the frills of *Big Brother* are stripped away, the programme does nothing more than stick 14 young people in a house and watches what they do.

**Between the audience and the activists**

As has regularly been pointed out both by critics and contestants, 'The Daily Show' and 'Uncut'/'Adults Only' programmes of *Big Brother* are not strictly 'real'. Programme producers can cut and edit what is finally broadcast to direct or create narratives, play up potentially dramatic situations and even manipulate audience perceptions of individual housemates. But they have very little capacity to manipulate the live Internet feed. What is shown live from the house is as close to 'reality' as audiences are likely to get from the artificial environment of *Big Brother*. If the programme's original conceit was to broadcast the mundane lives of a group of people in an isolated house, then live streaming is the ultimate manifestation of that idea.

When politicians criticise or disparage the contestants on *Big Brother*, they implicitly criticise the (voting) audience.

In the UK, the programme's audience is 58 per cent female, and 49 per cent are aged between 16 and 34. The Australian audience has a similar composition. The participants on most of the standard *Big Brother* series are deliberately chosen to replicate the likely audience.

This same demographic now spends more time online (38 per cent) than with any other entertainment medium. Again, the activity online provides an interesting parallel with the *Big Brother* format. This is the same generation that is likely to have a public profile on MySpace or Facebook, to record their daily activities publicly on services such as Twitter, to run a blog, to produce YouTube commentaries, or in some other way to participate in online discussions and forums. *Big Brother* may be exhibitionism on the scale of free-to-air television, but the audience also practices their own smaller-scale exhibitionism online.

Politicians eager to court this key demographic should be wary of such instant point-scoring. The reactionary attitude of the political class to the genre is, particularly for young viewers, indicative of a failure to understand youth culture.

One recent paper in the *International Journal of Cultural Studies* has found that UK *Big Brother* viewers were, when assessing a politician, most likely to give their support to someone who they saw as an 'ordinary' person. The programme, this finding implies, is popular because the audience can relate to the housemates; and politics is unpopular because the participants are harder to relate to.

How individuals acted in the artificial environment of the *Big Brother* house was seen as a reliable guide to their personality and ability—a view that contrasts poorly with finely stage-managed political personas. The 'Uncut'/ 'Adults Only' programme was both unfiltered titillation and a candid display of key aspects of the housemate's personalities.

Endemol has itself encouraged the comparison between the programme and politics. The company's UK division sponsored a 2003 study which contrasted what it saw as the typical *Big Brother* viewer—typically female, under 40, and largely uninterested in politics—with 'Political Junkies'—male, 50-plus, professionals, who regularly discussed politics in social settings. Endemol's UK chairman wrote in the study that the British government needed to replicate the most appealing aspects of *Big Brother* and 'broaden its accountability, allowing the electorate more control via interactivity and thus earning more respect from the new generation of voters'.

Politicians should probably not apply to be housemates. George Galloway was, after all, voted out of the house early into the season. But the remarkably confused interpretation of the implications and importance of reality television and the internet has led Australian politicians to demonstrate just how little they understand this key demographic.

When the frills of *Big Brother*—the prize money, the weekly voting, the Friday-night games—are stripped away, the programme does nothing more than stick 14 young people in a house and watches what they do. They may be more attractive and extroverted than the norm, but they represent a cross-section of the social, political and economic make-up of their generation. Politicians would do better to watch the show than to breathlessly condemn it.
The great Australian sporting club under threat

Peter Gregory

Despite our sporting culture, international success, temperate climate and abundance of space, community sport infrastructure in Australia is sub-standard and expensive because of ill-conceived government intervention. To get the full benefits of a healthy, high-quality and cheap community sports system, governments at all levels must hand over much or all of the unconditional authority they currently wield to the private sector.

Though it is pleasant to simply bask in the reflected glory of the Australian cricket team as they terrorise yet another hapless opponent, we must ask ourselves why our international sporting success is not translating into a healthier population and a higher standard of amateur sport infrastructure. As numerous suburban football and soccer clubs approached this winter season wondering whether their grounds would be playable, many politicians were content to enjoy the electoral boon of shaking hands with (or have their heads kissed by) the latest set of champions.

Sporting clubs of many descriptions occupy a prominent place in Australian life. In 2003, 31.4 per cent of Australians aged eighteen and over participated in organised sport. The fact that these organisations provide a vehicle for interaction, physical well-being, a sense of community (particularly in rural areas) and, of course, the odd world champion vindicates this state of affairs.

The Insurance Debacle

If governments are to have any role in sport, at the very least they could help remove the impediments which prevent people from reaping the benefits of becoming active. Nevertheless, this is unfortunately not the case, as shires and councils regularly require local sporting organisations to adhere to all manner of cumbersome health and safety rules and regulations. Seemingly fearful of litigious consequences, local governments forget that local clubs are generally not-for-profit bodies which are administered by volunteers. As a result, councils’ strictures make sporting clubs unnecessarily complicated and costly to run.

This is best exemplified by insurance laws. A requirement of all participants in local sport, public liability insurance is always amongst the highest costs of local sporting clubs. By forcing clubs to take up these insurance policies through law, governments are making the decision to shackle them to the insurance market. In recent years, that market has seen a dramatic rise in prices—a development that has had a devastating effect on many clubs.

The sports hardest hit by the insurance crisis were invariably adventure sports such as skydiving and skiing. For example, the Greenhill Adventure Park in South Australia found that its insurance costs increased by 520 per cent between 2000 and 2002, from $13,950 a year to $72,600. Many sporting organisations have been forced to increase their fees as a way to cover the cost of rising premiums. For instance, South Australian Skydiving had to raise its prices from $240 to $315 a jump in the early part of the century just to cover the increase in insurance. As a study published in The Journal of the Geography, Environment, Oekumene Society found, the end result of this increase was a predictable drop in membership of Greenhill’s Adventure Park, SA Skydiving, and SA Skiers Association. Moreover, these cost increases weren’t experienced just by so-called ‘adventure’ sports, but also by more traditional sports such as football, cricket and soccer.

There are many plausible options with regards to insurance. Clubs can choose not to have insurance. They can choose to leave insurance matters to the discretion of individual participants. Or they can enter into any number of different policies or packages that would provide better tailored, cheaper insurance outcomes for their members than the current ‘one-size-fits-all’ system.

Regardless, local governments should not presume to be able manage and minimise the risks involved in participating in local sport better than the local clubs and associations themselves. Having already been shown to be incapable of fulfilling this function, governments should return control of insurance matters to club and association officials—in other words, to the people who are knowledgeable and passionate about local sport.

Docklands Vs Wastelands

Athletes who play in the nation’s parks and reserves are being short-changed in favour of those who play at state of the art major stadiums. In Melbourne, as the first foundations of the new stand at the MCG were being laid, calls for recycled water tanks to be erected next to local ovals went unheeded. As a result, countless suburban competitions hover on the precipice of suspension because of the debilitating effects of the current drought. This is particularly debilitating for rural areas, where football and netball clubs often represent the ‘hub’ of the community.
Community sports officials readily relate anecdotes of council ineptitude and mismanagement with regard to sporting facilities. When this pitiful standard of service delivery is juxtaposed against the ever-expanding public purse for elite sport, the outcome is even more galling for Australia's amateur athletes. In the past decade, state governments around Australia have spent hundreds of millions of dollars on major stadia including Telstra Dome, Suncorp Stadium, Subiaco Oval, and Telstra Stadium. This is not to mention the public money afforded to organisations such as the Australian Sports Commission and the Australian Institute of Sport. It is clear that Australian governments have become so transfixed by the nation's sporting elites that they are unable to manage community sport properly. Thus, to emancipate local sport from the warped priorities of governments at all levels, and its resultant malaise, management of facilities must be privatised. As with many government services, when subjected to market forces, a better and cheaper community sport infrastructure would undoubtedly ensue.

Another manifestation of this nepotism, identified by numerous community sports officials, is the tendency for councils to commit disproportionate resources to minor sports such as lacrosse and baseball. Thus, such councils can claim to be cognizant of 'diversity' and 'minority interests'—even though this is at the expense of the majority of amateur athletes.

Perhaps the most alarming of local government's dealings with community sport in recent years, however, has been the drastic increase in the cost of ground and facility rental. In 2005, the Stonnington Council raised the ground rental for Prahran Cricket Club from $22,000 to $55,000 in a single 150 per cent increase. At the time, it appeared that the club would be forced to move from its Toorak Park home, a ground that it had inhabited for 115 years. The only alternative would have been to raise members' subscriptions from $330 to $800—an increase that would have priced many players out of the game. Fortunately, this rise in price was subsequently reduced. However, when it is viewed in the wider context of the pitiful delivery of ground maintenance services, this dramatic proposal is difficult to fathom. The same price spiral has been repeated throughout Australia. The public sector's inability to prevent nepotism together with exorbitant price instability has meant that the very existence of many small, community-based sporting organisations has been threatened. For many clubs facing ever-greater costs and restrictions, it is now a question of survival, regardless of how well the club's membership is holding up. In the face of widespread community sport decrepitude, it is obvious that community sporting facilities could be maintained better and cheaper by the private sector.

Geographical and climactic luxuries mean that Australia has enormous potential for a vibrant community sporting culture. The benefits of this are many and far-reaching. We risk forgoing those benefits if this potential continues to be frittered away by mismanagement and malpractice on the part of those in power. That potential would be better realised and extended by drawing upon the knowledge, experience and passion of those who are actually involved in community sport.

Local governments should not presume to be able manage and minimise the risks involved in participating in local sport better than the local clubs and associations themselves.
A ‘public good’ is not just something which is ‘good for the public’

The abuse of economic terminology in public debate

Alex Robson

In economics, terms such as ‘public good’, ‘monopoly’ and ‘market failure’ have very precise definitions. But a quick glance through one’s favourite newspaper reveals that these terms are used carelessly or incorrectly time and again. The result is that policy debates end up mired in confusion, dishonesty and downright stupidity.

Take ‘public goods’ for example. These are simply goods which simultaneously provide benefits to more than one individual (or, as economists say, they exhibit ‘non-rivalry’ in consumption). My consumption of a public good does not reduce your ability to enjoy it at the same time; whereas my consumption of a private good automatically eliminates the possibility that you can simultaneously enjoy it. The inability to exclude consumers (‘non-excludability’) from consuming the good is also sometimes included by economists as part of the definition of ‘publicness’.

Notice that this characterisation of public goods does not refer to how many people purchase the good, the economy’s institutional arrangements (socialist dictatorship or free market capitalism?) or the identity of the person supplying the good (private sector or public sector?)

Although economists use it rather sparingly, the term ‘public good’ is much abused in popular debate, where one finds confusing, contradictory definitions to be the rule rather than the exception. To add to the confusion, the definitions are often not stated explicitly but are usually revealed by the kinds of goods which are classified as being ‘public’.

Water is a common example. Often, water seems to be labelled as a public good simply because it is something which members of the public enjoy consuming or consume on a regular basis. Left-wing activists even go so far as to claim that that water is a ‘basic human right’.

But when a litre of water is consumed by one person, exactly one litre less is available for someone else to consume. And—as anyone who has ever forgotten to pay

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Water is a perfectly rivalrous, perfectly excludable, pure private good—about as far from the definition of ‘public good’ as we can get.

their water bill would know—it is relatively easy for water suppliers to exclude households from consuming water.

In other words, water is a perfectly rivalrous, perfectly excludable, pure private good and is about as far from the definition of ‘public good’ as we can get. The fact that something is consumed by many people and provides each of them with significant benefits does not make it a public good.

Water is not a ‘human right’, because supplying it to one person means that someone else has missed out on consuming that water. In turn, this means that if I have a ‘human right’ to consume water, someone else must have an obligation to supply it to me—at their own expense, of course.

Applying this ridiculous definition would lead us to conclude that the entire spectrum of goods, from food and clothing to pencils and paper—basically anything that people consume in sufficiently large amounts or sufficiently regularly—are public goods.

Often, it is the sad reality that governments own and control water resources that seems to drive the view that water is a public good. In other words, according to this approach, a public good is ‘something which is owned, produced or provided for by the government’.

This is just as absurd as the first incorrect definition, and the consequences of applying it in practice are rather troubling. Since one of the largest items in the modern government’s budget is the basic cash transfer payment (for unemployment benefits, pensions and so on) taking this definition seriously would lead us to conclude that the provision of purchasing power over all goods and services is also a public good—in which case we would again conclude that pretty much everything is a public good.

Governments do indeed own, produce or provide for a vast number of goods and services, but very few of these are actually public goods.

Take healthcare services, for example. Anyone who has been to a hospital knows that it is not possible (or very hygienic!) for more than one patient to share a single hospital bed. Doctors do not treat more than one patient at a time. A headache pill cannot be consumed simultaneously by the entire population. And it is not possible even to get admitted to a hospital for a planned surgery without first supplying insurance details or a credit card number.

In other words, healthcare services—hospital beds, doctor consultations, and pharmaceuticals—are rivalrous, excludable goods, just like water. They are not public goods, even though the government owns, produces or subsidises them.

This is not to say that certain kinds of disease prevention measures might carry positive externalities. But it is a huge leap from this conjecture to the conclusion that just because we observe the government intervening in healthcare markets, healthcare must be a public good.

Another definition of ‘publicness’ one often sees (particularly with reference to health, education and the arts) is that a public good is ‘something which must be supplied by the government because individuals will not consume it in adequate amounts’. Economists have a special name for these (namely, merit goods) but the two terms seem to get confused in the popular debate.

Politicians, bureaucrats and commentators do indeed attempt to justify government provision of some goods because they fear that individuals will not consume sufficient amounts if left to their own devices. But this is based on a paternalistic view of individuals and on one’s definition of ‘adequate’. It has little analytical utility and can often lead to contradictions.

For example, a politician might take the view that an individual left to his own devices might consume too little education and too much water. According to the foregoing definition, this would lead us to conclude that education is a public good—but that water is not. And yet it is highly doubtful that the same politician would be willing to leave the allocation of water resources to the forces of the free market.

Why does any of this matter? History tells us that any attempt to ‘democratise’ water consumption, and transform it from a purely private resource into a ‘human right’ which must be provided at zero price no matter what, leads to a common pool resource problem in which water is wasted and over-consumed.

In other words, treating private goods as if they were public is a sure recipe for economic disaster. And constantly trying to persuade consumers that they have a right to as much water as they want at zero price by incorrectly using terms such as ‘public good’ can have grave economic consequences.
The ‘food miles’ fallacy

Tim Wilson

The UK has a history of imperialism. It is now exporting a new breed through anti-capitalist, anti-globalisation campaigns with a seemingly legitimate development or environmental façade; the latest is food miles.

The principle of the food miles campaign is simple—there is a significant, unnecessary CO₂ footprint associated with importing produce between economies. The food miles solution is to avoid these CO₂ emissions by encouraging consumers to purchase food closest to its origin by ‘buying local’ and exercising caution in purchasing imports—notably produce that can be produced locally or by not purchasing produce out-of-season.

The food miles campaign has its genesis in the mid-1990s United Kingdom. In line with the prevailing environmentalist orthodoxies of the time, the campaign was less focused on CO₂ footprints and more on the waste of importing food products that could be easily grown in the UK. But as global warming began to dominate the minds of environmentalists, the food miles campaign fitted itself comfortably into their all-encompassing crusade against modernity.

Prominent food miles’ supporters include UK-based SAFE, the Soil Association, and Sustain: The Alliance for Better Food and Farming. Even the Royal Society for the Protection of Birds has lent its support. With up to 95 per cent of fruit and vegetables in the UK imported, it is little wonder that people in the UK are cautious about the passports of their food supply.

Vested interests have lent their support, particularly the UK’s National Association of Farmers’ Markets. Larger NGOs have also given their support, including the WWF.

But unlike so many other environmental campaigns, it has been controversial even in environmental circles. In October 2006, the Co-Party Leader of the New Zealand Greens, Russell Norman, released a press release highlighting the Greens’ Opposition to food miles and argued ‘Food miles is a useful starting point for discussion about greenhouse emissions, but we also need to consider the emissions released during production, not just the transport emissions’.

And this is precisely the problem with food miles.

It doesn’t matter whether CO₂ is local

The food miles campaign only takes into account the CO₂ footprint of the distribution of produce. Based on a food miles analysis, local food production should always have a lower CO₂ footprint than products imported from distant countries. Export-orientated economies such as Australia and New Zealand are likely to lose out under this scenario. But despite its seemingly compelling logic, this claim doesn’t hold up.

If food miles campaigners were genuine in their concern for reducing food production’s CO₂ footprint, they would focus on the CO₂ footprint of the life-cycle of production. This would require a calculation of the total CO₂ emissions from the seeding of crops and the birth of livestock, to their delivery to the consumer. The inputs would not simply be limited to transportation costs, but would also consider such items as fertiliser, electricity, feed, tools and housing.

Even if a life-cycle CO₂ footprint is...
factored in, it still needn’t mean that importing products will mean fewer or lower CO₂ emissions. While it seems intuitive that the further the distance a product travels the more emissions there will be, fuel efficiency for volume and the method of transport also need to be factored in.

A sustainable transport organisation, Transport 2000, investigated the potential CO₂ footprint of products depending on the distance they travelled and concluded that, in the case of New Zealand apples, the impact of transport by sea was equivalent to apples travelling by road from Southern Europe, despite the difference in distance.

Equally, a report by the UK Department for Environment, Food and Rural Affairs found that ‘a single indicator based on total food kilometres is an inadequate indicator of sustainability’. The report also found in favour of transporting produce in certain circumstances—for example, importing tomatoes from Spain produced less CO₂ than growing tomatoes in greenhouses during the UK winter.

New Zealand sheep are good for you

This is precisely what a study completed by Caroline Saunders, Andrew Barber and Greg Taylor from Lincoln University in New Zealand found. Their 2006 study, Food Miles—Comparative Energy/Emissions Performance of New Zealand’s Agriculture Industry, embarrasses the claims that transportation costs associated with CO₂ emissions make importation of goods undesirable.

The study considered the life-cycle CO₂ footprint of three key exports (apples, onions and lamb) from New Zealand to the EU and assessed them against the comparable products in the UK. The outcome was clear.

Table 1 shows the energy input required for the production of these three commodities. On all three counts, energy input per tonne of output is substantially less during production in New Zealand. The energy input naturally increases as a result of post-harvest transportation, but in total still remains substantially less if the product is produced in New Zealand and is then subsequently imported into Europe.

Not surprisingly, the trend is comparable for each product’s CO₂ footprint. Table 2 demonstrates that the CO₂ footprint of apples is less, and lamb is spectacularly less, in New Zealand than in the United Kingdom. Only onions have a comparable CO₂ footprint, but that is still after transportation is factored in.

The reduction in CO₂ emissions is based on a number of variables, including a lower dependency on energy-intensive fertilisers in crop production, the capacity for animals to graze all year round and a reduced need to consume concentrated feed.

The implications for Australia

Like New Zealand, Australia is a large agricultural exporter, and while a comparable study has not been completed for Australia, we could reasonably expect similar figures. The Australian Conservation Foundation has already lent its support to the campaign, but given that punishing imports for travelling a long distance would have a significant detrimental effect on Australian agriculture, the likelihood of a food miles campaign gaining traction in Australia is doubtful.

The bigger risk is that a food miles campaign might gain traction through political support. The Greens have already indicated their support for a food miles labelling system. In its submission to a Tasmanian Government climate change policy review, the Tasmanian Greens proposed a labelling system ‘to allow consumers to make informed decisions about the emissions impact of the food they are purchasing’.

The notion that a state government would implement such a scheme is ludicrous and it was no doubt proposed as a posturing measure to the Greens’ constituency. But the federal Greens have been largely silent. It will be interesting to see what they propose as part of their climate change policy at the federal election. Hopefully, they will take note of the complaints made by their New Zealand counterparts.

Of course, food miles is a global issue, and policy changes which occur in countries which import Australian produce will materially affect our industries. If a food miles labelling system is introduced or if trade restrictions are enacted in the UK, the impact would be significant. Although our exports to the UK are predominantly non-agricultural (coal, coke and briquettes

<table>
<thead>
<tr>
<th>Country</th>
<th>Apples</th>
<th>Onions</th>
<th>Lamb</th>
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<tbody>
<tr>
<td>NZ</td>
<td>915</td>
<td>821</td>
<td>8,588</td>
</tr>
<tr>
<td>UK</td>
<td>2,961</td>
<td>678</td>
<td>45,859</td>
</tr>
<tr>
<td>Total</td>
<td>2,980</td>
<td>2,069</td>
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and non-monetary gold as well as services), our largest export industry is alcohol and is worth about $1 billion.

And Australia and New Zealand would not be the only countries hurt. Many developing countries who have climates that are well-suited for growing particular fruits and vegetables would also suffer, particularly if pressure was placed to reduce consumption of out-of-season produce.

Neo-protectionism?

With little scientific evidence to support it, it seems that the food miles campaign is just another ruse to justify protectionism. Many of the supporters of food miles actively state in their commentary that food miles is a legitimate justification for limiting imports. Yet unlike other campaigns of disguised protectionism, food miles appears painfully transparent.

The food miles campaign suffers from the systemic myopia that the left has towards free markets. When a product’s life-cycle CO$_2$ footprint is calculated, the primary determinant of that footprint is the level of inputs. Inputs add to the total production cost and hence affect the competitiveness of a product. If a producer successfully reduces these inputs, it will be able to bring its product to market at a lower price, and a smaller CO$_2$ footprint. So long as Australia remains a competitive producer of agriculture goods, its products will almost certainly have a smaller CO$_2$ footprint. Free markets are environmentally sustainable because they seek the maximum output for the minimum input.

But food miles is more than just re-heated protectionism. It joins a whole range of NGO-led campaigns. Many argue for government sponsored regulation or taxes such as proposals to add a carbon tax to airline tickets. For instance, in May this year the Australia Institute argued for a $30 levy, which was intended to curtail the growth of the aviation industry.

But nevertheless, there has been a rise of ‘voluntary’ standards to pursue the pet environmental or social causes of activist NGOs.

Just how ‘voluntary’ these standards are intended to remain is revealed by looking at the forestry industry. For a long time, NGOs have campaigned heavily against illegal logging in developing countries. They developed certification schemes for logging sites as well as for chains of custody to certify timber from its origin to its final destination. WWF developed the Forest Stewardship Council standards in order to directly impose its values on the forestry sector.

NGOs have since successfully campaigned for industry to adopt these certification systems; and have campaigned for governments to require timber certification through their procurement systems. Now NGOs are campaigning to have these standards included in regulatory regimes for importing timber into a country or region’s jurisdiction. The EU is proving to be their test case.

The multilateral trading system says ‘no’

The acid test for food miles will be to see if the NGOs can resist this temptation. Fortunately, any effort would be short-lived. Under the WTO’s Sanitary and Phytosanitary (SPS) Agreement, any quarantine or import restrictions based on environmental grounds must be rooted in sound science. Putting aside the science of climate change theory, the claims of the food miles campaign are on incredibly shaky ground if they do not factor in life-cycle CO$_2$ emissions.

NGOs could, similarly, try to encourage the adoption of a compulsory labelling system that required products to label their CO$_2$ transport footprint. But this, too, would create WTO problems, under the Technical Barriers to Trade (TBT) Agreement. Under TBT, labelling systems are not allowed if they create an unnecessary barrier to trade.

Of course this needn’t deter our NGO friends. But even by environmentalist standards, the food miles campaign gets half points. On the one side, it is successfully rooted in a blind ideology about man’s contribution to global warming—a popular obsession. But it does not factor in the life-cycle CO$_2$ footprint of products, focusing only on transport. It will no doubt get good publicity, but the food miles campaign is a lemon; and it doesn’t matter how far it has travelled.
QUE TU FAMILIA NO VIVA EL DRAMA DE LA GUERRA
EVACUAR MADRID
ES AYUDAR A LA VICTORIA FINAL
The formal date for the beginning of the Spanish Civil War is the army’s attempted coup of 17 July 1936, but many would say that the catalyst was the assassination of the leader of the (right) Parliamentary Opposition, José Calvo Sotelo, five days earlier.

But if that’s the chain of events, surely the assassination of the prominent Socialist, José Castillo—for which Calvo Sotelo was swift revenge—was what set the ball rolling?

More likely, according to historian Anthony Beevor, the point of no return was reached even earlier, in 1934, with the attempted ‘rising’ against the (then) conservative government. After that, the fear of being attacked and persecuted by the other side could only increase, and that fear drove thoughts of pre-emption and the need for a pitiless social cleansing (the limpieza in the parlance of the right).

Anthony Beevor, who delivered the IPA’s 2007 CD Kemp Lecture, handles these conundrums of causality diligently and deftly. He outlines the major political machinations and the progress of the military campaigns, but does not rest there. In each case he pushes to understand the forces behind events, such as the political machinations behind many of the military defeats suffered by the republican forces.

By 1937, the Moscow-aligned Communists had effective control of the army and were determined to launch repeated assaults, to prove their ‘anti-fascist’ credentials and gain further political power inside Spain. This led to the selection of targets with no military value, utilising bloody frontal assaults, with the inevitable reverses made worse by a refusal to countenance tactical retreats.

Defeats were blamed on the sabotage of supposed ‘fascist spies’ or phantom Trotskyites who would duly be identified by NKVD agents and shot, destroying morale and exacerbating paranoia. The International Brigades of ‘anti-fascist’ volunteers were not spared this treatment and the recruitment of further such troops ground to a halt.

Before the partly-successful army coup and subsequent civil war, Spain had had five years of republican democracy since the departure of the last in a series of ineffectual and unpopular monarchs. Since 1931, the left had come in and gone out, and then a Popular Front won the 1936 poll. At each turn, the stakes had become higher, the left resentful of the dismantling of what reforms they had managed to put in place, and the right fearful of Socialist leader Largo Caballero’s over-the-top promises of a forthcoming ‘revolution’, with all the implications of a Leninist bloodbath carried by that word.

Despite the supposed dominance of ‘fascists’ and ‘communists’ there was an astonishing proliferation of political groups on both sides. Before the coup, the only formally fascist organisation, the Falange, probably had no more than 30,000 members and had to compete for attention on the right with the ultramon- tane ‘Carlists’, the mainstream Catholic party (CEDA), conservative republicans, (somewhat) liberal monarchists and even a so-called ‘radical’ party, which had supplied the Prime Minister in the right-wing government.

On the left, the mainstream liberals were swamped by descendants from all branches of the family tree of radicalism. Proudhonite socialists (PSOE) carried on the ideological debate against the Marxists, while the latter had bifurcated into the Moscow-aligned PCE versus the independent (and not formally Trotskyite) POUM.

Perhaps most appealing to the romantic imagination were the anarchists, who traced their origins to Marx’s old antagonist, Mikhail Bakunin, and who, through their affiliated trade union and massive membership, wielded real power.

Once in firm control, Generalissimo Franco amalgamated by fiat the major political organisations of the right, with Falangist and Carlist units operating within the regular army chain of command. By contrast, the Moscow-aligned forces and the anarchists fought both political and sometimes actual battles with each other throughout the war. The Stalinists controlled the main republican
Part of the explanation for the viciousness of the war lies in the economic backwardness of Spanish society and the social distance this created. In the province of Badajoz, for example, estimates of the nationalist (Francoist) killings range from 6,000 to 12,000, and this was after the main battle. Within the Republican zone—the areas which had stayed loyal to the Popular Front Government, including Madrid, Barcelona, Valencia and the Basque country—the killings were driven more by local action than direction from the centre, but Beevor nevertheless puts the figure for victims of the Red Terror at 38,000.

Part of the explanation for the viciousness lies in the economic backwardness of Spanish society and the social distance this created between landless peasants and urban workers on the one hand, and the landowners, church, and army on the other. In the nineteenth century, while the rest of Europe was moving forward, the Spanish aristocracy and the army were stuck in a reverie for the glory days of Ferdinand and Isabella.

The Church functioned as an arm of the repressive State, providing it with its symbolic legitimacy, drawing upon it for funds to support a bloated priesthood, and acting as its eyes and ears in the villages.

The role of the Church partly explains (but does not excuse) the often bloody anti-clericalism of the left in Spain, in contrast to Ireland or Poland where the priests were allies against the oppressor. At the outbreak of the War, there were widespread massacres of priests and nuns, and the Church aligned (even more) firmly behind the Nationalists. Mussolini’s provision of assistance to Franco (up to 60,000 troops) increased his political support from conservative Catholics at home.

Beevor, also the author of Stalingrad and Berlin: The Downfall, explains how the major powers reacted to the Spanish Civil War. A League of Nations ‘non-intervention committee’ became a shield behind which Soviet, Italian and German activity increased. Only Britain, France and the US took it seriously, starving the republican forces of arms and equipment and driving them into further dependence on the Soviets.

It was at the time the golden age of appeasement, and British Foreign Minister Anthony Eden believed he could avoid conflict with Germany and perhaps keep Spain out of the axis camp. Beevor claims, controversially, that a disgusted Stalin realised that he could not count on Britain in any resistance to the Nazis, and therefore moved towards the Non-Aggression Pact with Hitler of August 1939 (only four months after their forces had been fighting each other in Spain).

The left mythology of the war holds that, with British and French support, Spain could have become the first and decisive response to fascism, but even as the tide turned after Munich, those countries could not have diverted resources from their own belated defence preparations. In a bizarre coda, Franco told Hitler in 1940 that he was willing to join the axis forces, but his demands for cash and matériel were so outrageous that a frustrated Führer passed on the offer. After 1945, an ever-duplicitous Franco would conveniently forget this, trumpeting his ‘neutrality’ in WWII and courting the US as the Cold War gathered pace.

One of the many tragedies of the war is that it brought forward a repressive Fascist regime, an outcome impossible if ordinary politics had continued. Unfortunately, ordinary politics could not be managed in a splintered and immature polity, and the centre did not hold.

While typically seen through the prisms of ideology and of the wider conflagration that followed, this was a war with local roots, as captured brilliantly in this definitive account.
Libertarian ascendency

Chris Berg reviews
Radicals for Capitalism:
A Freewheeling History
of the Modern American
Libertarian Movement
by Brian Doherty
(PublicAffairs, 2007, 768 pages)

If one relationship illustrates the uncomfortable and slightly paradoxical relationship between modern, big-tent conservatism and the radical libertarian movement, it is the one between Barry Goldwater and Karl Hess.

Hess was first and foremost an activist, standing in contrast to the more numerous academic types who constituted the American libertarian movement in the 1960s and 1970s. He was firmly counterculture. He sported a Castro beard, and dressed in that same South American revolutionary style. While Hess’s right-of-centre credentials were firmly entrenched—as a journalist for Newsweek he had expressed what was seen as an unbecoming enthusiasm for McCarthy-era anti-communism, and his own writing was strongly libertarian, as well as staunchly anti-war—he conspicuously allied himself with the New Left in the latter half of the 1960s.

Barry Goldwater, whose ideological footprint was stamped with his ghost-written Conscience of a Conservative, was the 1964 Republican nominee for President. Goldwater’s foils were the Soviets and liberals, in equal weight. And Karl Hess, the future counterculture icon, was his unlikely speechwriter.

By the early 1970s, Hess’s position as a libertarian anti-war protestor had been the subject of numerous profiles in the mainstream press. His relationship with Goldwater was, however, just as strong. Hess maintained that Goldwater, despite his position as the proto-typical American conservative, was still a perfect fit for his libertarian anti-war coalition, telling the Washington Post that ‘I don’t know anybody who would make a better Weatherman’—the anti-war terror cell of the radical left. In an almost beautiful vignette of improbable friendship, Goldwater, bumping into Hess on opposite sides of a rally outside the capital in 1969, pulled him aside to asked him to ‘give me a call as soon as you’re free’.

Libertarianism, as Bryan Doherty’s Radicals for Capitalism: A Freewheeling History of the Modern American Libertarian Movement reveals starkly, has always existed uncomfortably alongside its fair-weather partner, conservatism. Libertarians, as Doherty points out, often have close personal and institutional connections with the traditional right—they share the same think-tanks, libertarians are often members of the dominant right party, and the two make common cause on many issues, particularly free market economics.

But in the areas of sex, drugs, some science issues such as cloning and stem-cell research, and (often) war, libertarians deviate sharply from the conservative movement. Ayn Rand, in her typically venomous, Randian manner, held conservatives ranging from National Review’s William F. Buckley to Ronald Reagan in utter contempt, dismissing them as wallowing in the ‘God-family-country swamp’.

And that swamp is repelled by libertarians’ radical views on emotionally charged issues, some of which can border almost on satire. Libertarianism often rejoices in how off-putting its beliefs are, relishing its outsider status. Doherty quotes a founder of the New York State Libertarian Party who says that ‘hard-core libertarianism has no mass constituency … there is no mass constituency for seven-year-old heroin dealers to be able to buy tanks with their profits from prostitution’.

Doherty structures Radicals for Capitalism around five major figures: four economists, Ludwig von Mises, Friedrich Hayek, Murray Rothbard & Milton Friedman, and a novelist, Ayn Rand. The title of Doherty’s book itself is in part a compromise for Rand, who hated the term ‘libertarian’ in the same manner that she hated everything else.

But around these well-knowns, Doherty brings in their intellectual ancestors and heirs, and many other peripheral figures largely ignored by modern libertarians. For instance, Doherty profiles the group Spiritual Mobilization, Christian libertarian pamphleteers who splintered out of Leonard Read’s Foundation for Economic Education (FEE). (Libertarian mythology, for some reason, tends to downplay the importance of explicitly Christian free marketeers—the Spiritual Mobilization group have suffered from the same selective memory-loss that the Free Bible Movement has suffered from in the popular mythology of the free trade Anti-Corn Law movement.)

Modern libertarian thought has coalesced around the United States and, as Doherty points out, rightly so. Read your
Constitution; there has scarcely been a stronger declaration of the rights of the individual. But the history of nineteenth-century America depicts the demise of anti-statism as the dominant American ideology. Radicals for Capitalism—after briefly surveying proto-libertarians such as Supreme Court Justice Stephen Field, Yale political scientist William Graham Sumner and political philosopher Herbert Spencer—begins the twentieth century with what were, by then, termed the ‘Old Right’—a small, disconnected cadre of anti-statist intellectuals repulsed by Franklin D. Roosevelt’s fascistic New Deal.

The intellectual isolation of the Old Right in the country that should be most receptive to its ideas sets the trajectory of the Libertarian movement until at least the 1970s. Movements cannot thrive without an institutional base. Anti-staters before the Second World War were first and foremost intellectuals, and produced a large amount of material. But they failed to reassert themselves in the intellectual landscape of the time, let alone dominate it.

They were not helped by their theoretically incomplete political and economic programme—Ludwig von Mises and Friedrich Hayek were still formulating their comprehensive treatises before the war. The Old Right was an informal coalition built around a hatred of Roosevelt. Libertarians emerged from the war even further from the intellectual zeitgeist.

No post-war libertarian set the tone and structure of the movement more than Leonard E. Read. Read was a refugee from a pro-business lobby group which was usually free-market, but had the frustrating habit of providing an outlet for ‘both sides’ of any given debate. The anti-market side, Read thought, already dominated public debate—why build them another platform from which to attack American capitalism?

Read left the lobby group in 1946 and founded The Foundation for Economic Education (FEE)—the prototypical free-market think-tank. Read’s and the FEE’s approach was, as the name suggests, a purely intellectual and educative endeavour. FEE’s mission was to provide the intellectual stimulant for the remnants of American anti-state thought, and hopefully to convince others, through argument alone, of its merits.

The FEE defined the structure of Libertarianism. Until the Vietnam War era, libertarians almost uniformly focused their activities on education and intellectual outreach. ‘Full-service’ think-tanks, specialist schools such as the charismatic Robert LeFevre’s Freedom School, and outreach organisations focused around varieties of libertarian thought such as Ayn Rand’s objectivism—the movement spent the post-war decades building up the institutional base which it had lacked for most of the country’s history. Having been largely expelled from the government-supported educational establishment and its lucrative tenure tracks, libertarian intellectuals have had to be both scholars and entrepreneurs to stay afloat.

It wasn’t until the late 1960s and 1970s that these efforts really started to pay off. A new generation of libertarians mixed activism over academia, aping the activities of the left. The Libertarian Party held its first convention in Denver in 1972.

Karl Hess—as far from a Read-style educator as can possibly be imagined—with other young libertarians strategically aligned himself with the New Left. It was not a particularly comfortable fit.

The movement was still dominated by intellectual types—as it is today. But as these intellectuals gained confidence, their proselytising took a more public dimension. Doherty relates a particular prank of the Circle Bastiat Boys, a group comprising Murray Rothbard, Leonard Liggio, Ralph Raico and others:

One of their favourite stunts involved filling the studio of a televised talk by the governor of New Jersey, hitting him with questions as if their ideological universal was the...
Libertarians formed a quite sizable part of the hippy and drug movements, science fiction writers and fans, even early computer enthusiasts.

norm and his some sort of aberration. ‘What, governor? You are for public schools? Where did you get such strange ideas? Can you recommend any books on the subject?

The libertarian movement in the 1970s was a dramatically different one from the isolated remnants faced by Leonard Read, and its expansion was in no small part his achievement. Resembling the state of the movement in 2007, libertarian ideas formed the basis of a magnificent variety of sub-culture groups. And not just famous groups such as Randian Objectivists or Young Americans for Freedom. They also formed a quite sizable part of the hippy and drug movements, science fiction writers, and fans, even early computer enthusiasts.

A proliferation of small independent zines were produced across the country, amongst them Efficacy, Rights by Right, BullSheet, Living Free and Invitus$. The now-widely circulated Reason Magazine, of which Doherty is a senior editor, was founded in 1968 as a movement zine, dedicated to libertarian gossip and libel.

Libertarianism is a large enough movement to spread out well across the academic/activist divide. However, by the 1990s, it is possible to speak of ‘establishment libertarianism’. Libertarian arguments are, certainly, a constituent part of liberal economic theory. How much the ‘radicals’ of Doherty’s book propelled the general policy drift towards free markets around the end of the century is an open question. We know that Milton Friedman and Friedrich Hayek had a significant impact by the concrete policies and politicians directly inspired by the two academics. But individualists such as Andrew Joseph Galambos, who argued that his ideas were so firmly his private property that you had no right even to describe them to others, perhaps not so much.

The Adam Smith Tie establishment—a network of libertarian-lean- ing academics and policy-wonks centred around free-market focused think-tanks such as the Cato Institute—has arguably been the movement’s greatest political asset. The employment stability, institutional base and open forum that think-tanks have given to free market writers, thinkers and activists contrasts with the unfortunate isolation faced by Mises, Hayek, and even Rothbard (although, one suspects, Rothbard’s instability was partly of his own making).

These institutions have also provided public credibility for libertarian ideas, even if they by necessity have had to couch their message in practical, rather than moral terms. One political philosopher, writing for Cato recently, titled his essay on broadcasting the libertarian message ‘I’m not a utilitarian, but I play one on TV’. The individuals who work at think-tanks typically have a wide span of philosophical views, but the messages they broadcast are more Friedmanite practicality than Randian moral elitism.

Although Doherty’s book is not an intellectual history, he handles the intellectual issues clearly and honestly. His discussion of Albert Jay Nock’s Our Enemy the State, a foundation text of the Old Right, reveals its uncomfortable ideological fit—its place amongst college-age libertarians is earned almost entirely by the quality of its title.

For an Australian reader, Radicals for Capitalism suffers a little from its scope. Little sense—at least once the Austrians Hayek and Mises move to America—is given of the international environment of the American libertarians. Doherty notes the role of Antony Fisher, a founder of the UK’s Institute of Economic Affairs, at franchising his think-tank model across the United States, but, with those few exceptions, American libertarianism is a closed shop. This is perhaps an unfair criticism—Doherty’s book is unambiguously a history of the modern American libertarian movement—so a synthesis of world-wide radical pro-capitalists remains to be written.

Despite its dramatic gains over the past 50 years, libertarianism still remains as marginalia in American politics. The New York Times’ review of Radicals for Capitalism demonstrates this neatly. The reviewer, an economics writer named David Leonhardt, after quickly dismissing libertarian ideas as a rhetorical aberration, dug through Doherty’s book to cherry-pick as many bad things as they could find—Milton Friedman in Pinochet’s Chile, Rothbard’s youthful flirtation with the segregationist Presidential candidate Sturm Thormond, and the anti-Semitic Merwin Hart (whose name is mentioned exactly once, and in an obviously negative context). Leonhardt complains that ‘the book fails to ask why people who claim to love freedom have so often had a soft spot for those who would deny it to others’. It would be hard to make the case that Doherty’s book describes a libertarian movement that didn’t care about human, political and economic rights, but in the hands of the establishment left, that is its inevitable conclusion.

He ends his review, appropriately, with a discussion of global warming—whatever you think about the left, they sure are focused.

Leonhardt’s ignorance of libertarian beliefs and principles is, to be charitable, a reflection of the publishing and writing industry’s reluctance to produce books about the ideological foundations of the free market or the conservative sides of politics. Sprawling and comprehensive, Radicals for Capitalism replaces Jerome Tuccille’s now 30-years-old It Usually Begins with Ayn Rand as the ‘official’ movement history. Doherty contextualises libertarian figures like Friedman and Rand amongst their peers in the wider movement and produces, as a result, a broad picture of an ideology in its ascendency.
The curriculum crisis

Mark Lopez reviews

_Dumbing Down: Outcomes-based and Politically Correct—The impact of the Culture Wars on our Schools_

by Kevin Donnelly
(Hardie Grant Books 2007, 230 pages)

Kevi Donnelly's _Dumbing Down_ is a book that many parents will read, wishing that their politicians were reading it as well. This book, like the author's 2004 offering, _Why Our Schools are Failing_, is a notable moment in the politics of education in Australia. It is a book that matters, about an issue that matters greatly: the quality of the education of the nation's children and youth. It has important criticisms to make, insights to offer, and solutions to propose.

Donnelly appears to care deeply about the declining standards of education in Australia. As a former teacher, he also cares about those current teachers who share his concerns about the issues he articulates, and he wants a better deal for them. However, he seems to care most about the students and their families whom he perceives as being short-changed by the current system, so much so that he is doing something about it.

Donnelly's study focuses more on developments in educational policy rather than on anecdotal evidence of grassroots classroom experiences to make his case. He is impressively conversant with educational policy documents and curricula spanning the state and territory jurisdictions. He is equally familiar with the relevant research and various testing procedures that provide international benchmarks for comparison.

The target of _Dumbing Down_ is an educational model that its advocates have jargonistically titled Outcomes Based Education (OBE). OBE is the latest umbrella term for a host of progressive, constructivist, Marxist, post-modern and other approaches favoured by the politically correct left-wing educationalists who, as Donnelly points out, dominate the state and territory education systems.

Donnelly argues that this model, and the concepts that informed it, has led to educational practices that have produced a decline in literacy, numeracy, and cultural literacy, and to courses that produce an imperfect grasp of the fundamental knowledge required to perform best in the key disciplines of learning. It has also led to a proliferation of complex, non-competitive modes of assessment featuring euphemistic terminology that deny the motivated and talented students a sense of reward for their efforts, while also denying parents a clear understanding of their children's circumstances.

Above all, the current policy regime has produced politicised compulsory curricula constructed around the promotion of values associated with the ideology of political correctness, with educationalists brazenly using the education system to remodel society in the manner of their choosing.

Donnelly takes delight in using quotations, especially from members of the educational establishment, to make his case against them. For example, in regards to his explanation of the role of the Australian Education Union (AEU) in the politicisation of the curricula, Donnelly quotes AEU President Pat Byrne, who said the following in her address to her union's conference in 2005: 'we have succeeded in influencing curriculum development in schools, education departments and universities. The conservatives have a lot of work to do to undo the progressive curriculum'.

Donnelly's solution primarily involves the adoption of a liberal/humanist view of education, summarised as an appreciation of the best that has been thought and said. For example, in literature, students would study great works by great writers who are appreciated for their intellectual significance, rather than chosen, or assessed, according to their compatibility with political correctness. Donnelly's solution would also involve, where necessary, returning the organisation of knowledge and methods of inquiry to their traditional disciplines—that is, literature, history, geography, etc.. It would involve the reintroduction of a teaching syllabus to courses, which would provide each subject with a clear roadmap for teachers to follow. Importantly, he advocates a return to the standards approach, which involves challenging examinations and clear, competitive standards of assessment so that motivated students can be rewarded and the less accomplished given reasons to improve.

_Dumbing Down_ is more than worth reading, it is worth re-reading. It represents an important contribution to the education debate and a fundamental resource on the politics of education.

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*Mark Lopez is an educational consultant, historian and the author of The Origins of Multiculturalism in Australian Politics, 2000.*
Societies structured on principles of liberty and tolerance can often be lulled into thinking that these core attributes are secure. But those who believe that the current threat from Islam comes only from a fanatical fringe may well be shocked when they read *Infidel* by Ayaan Hirsi Ali. Liberty, she shows, is always under threat.

Ali’s autobiography reads in many parts like a thriller novel. Early scenes start with a happy childhood under large shady trees but soon move to her desperate flight from war-torn carnage in the Horn of Africa in her late teens. As an adult, we find her being whisked from secret location to secret location under high-level police security.

Ali was a Somali refugee who was granted citizenship in Holland. She became a controversial member of the Dutch Parliament, whose speeches lead to riots and arson in that peaceful country, and whose short movie, Submission Part 1, resulted in the assassination of the movie’s producer. She now lives under permanent high-level security and works for the Enterprise Institute, a free-market think-tank in the USA. She’s an extraordinary figure.

Ali is the daughter of a respected Somali freedom fighter. She was once a devout Muslim who lived much of her early life in the Muslim-dominated societies of Somalia and Saudi Arabia. Her description of life as a Muslim woman is ugly.

To be a Muslim woman in a society ruled by strict adherence to the Qur’an is to have no liberty. Women are chattels of men. They cannot leave the home without a male escort. They must be available for sex when the husband wants. If they are beaten by their husband, it is because they defied him. If incest or pedophilia is committed upon them, it is their fault and they are shamed. If they are raped, it is because they have not guarded their sexuality from men. After all, men cannot be expected to control their sexual urges.

But Ali’s most disturbing description is of the horrific manner in which Somali women were genitally mutilated.

Ali escaped her Muslim life at the age of 22 when she fled from an arranged marriage. Staying in Germany while in transit to her new husband in Canada, she crossed into Holland and applied for refugee status. Her new life began.

Dutch life was a stark contrast to that which she had known before. The sight of female flesh did not send men wild. She found that she had a voice and views that were listened to. She discovered that if a woman rejected one man for another, there was no ensuing violence. She obtained a degree in political science, became an adviser to the Dutch Labor Party, but defected to the Liberals to win a seat in Parliament. She’s now a firm proselytizer of the liberal society.

But it is her account of the small ways in which liberty is practiced that provides her greatest observations. She found that people in Holland readily say ‘no’ to one another and look each other in the eyes when they do so. Offence or shame is not taken. And it’s these small behavioural features of everyday interpersonal acceptance of difference that are the bedrock of tolerant societies. Contrary to expectations, this casual tolerance of difference does not lead to chaos, but to a rather ordered and peaceful society.

However, Ali also witnessed an in-built weakness in the Dutch (and Western) societies psyche. She explains that the post-colonial guilt complex of Western society has created selective tolerance of intolerance. There’s a double standard in applying expectations of basic human rights and dignity. This is dangerous, she says, particularly in the context of the Muslim-inspired terror being waged against free societies.

Working as an interpreter in the Dutch legal and social welfare systems, she saw the institutions turn a blind eye to forced genital mutilation, rape and murder within Muslim communities. She proved this, she says, when she forced the authorities to collect statistics of such occurrences. In an eight-month trial period, it was recorded that eleven Muslim girls were killed by their families in just two of Holland’s 25 police regions. It was a rude shock for the Dutch to discover such barbarity within their midst, and the complicit blind-eye of their institutions.

Ali argues that the Dutch have been so keen to accept and placate their own Muslim communities that they have failed to apply the same standards of equality, tolerance and civil behaviour which they

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**Escape from tribalism**
demand of themselves. She criticises Muslim leaders in Holland for not being prepared to talk about and confront the truth of their own religion.

It’s easy to see why Ali challenges. She demands that Muslims openly confront the truth of their own religion. And she challenges free, democratic, liberal and tolerant societies to apply the same standards to Islam that they apply to themselves. She challenges Muslims to be tolerant and, at the same time, challenges Western societies not to tolerate Muslim intolerance.

Certainly Ali experienced life as a devout Muslim under one of Islam’s strictest creeds. There is a wide diversity of interpretations of the Qur’an amongst the billions of Muslims worldwide. The vast majority of Muslims conduct their lives in peace and harmony. Only a tiny number of Muslims want to murder every non-Muslim. But Ali argues that the teachings of Muslims who seek violent jihad against every non-believer are accurate reflections of the Qur’an. Reading the Qur’an as a literal text, the intolerant views are plainly present. The core problem of Islam is its radical intolerance of anyone who does not adhere to its literal word. She suggests that it’s a religion caught in a seventeenth-century time-warp of ignorance.

Nevertheless, *Infidel* is much broader than a critique of Islam. Ali also targets tribalism—an ideology which demands blind adherence to dictated creeds, and which practises psychological control or physical destruction of those who are not compliant.

Rampant tribalism destroyed a functioning society in her homeland of Somalia. It occurred largely under the banner of Islam, but the destruction was in reality a result of centuries of ethnic and extended family hatreds. Tribalism can occur in any society and can take many forms.

Further, she states that Muslims who are tolerant and liberal must not pretend that the intolerance of Islam is not the truth of the Qur’an. She asks Muslims not to shy away from reality. Doing this, she argues, is effectively *de facto* support for Islam-inspired violence. Every Muslim who disagrees with murder within families, rape, genital mutilation and the debilitation of women must not stay silent when they become aware of them within their communities. Silence is the oxygen that feeds Muslim violence and terrorism.

Ali is a whistleblower. And, as a reward, she is the target of a *fatwa*.

Her message is, of course, particularly important given the violent terrorist jihad being waged against the non-Muslim world by some Muslims. But it’s not an unfamiliar battle. It’s the same battle waged against fascism and communism in the Twentieth Century. In this century, intolerant Islam is perhaps just the first of these tribal forces that will need to be confronted.

If free societies tolerate intolerance, we arm the destroyers of freedom with their greatest weapon.
Whatever else one can say about the left over the last century or so, it is clear that it has always taken its fantasies for reality. The great value of Nick Cohen's *What's Left: How Liberals lost their way* is that the author, as one of the left's own, is saying what the rest of us already know. Impervious to criticism, the best way to stir up the worker bees is to have a good old apostate spilling the beans.

In this limited sense, the book does have the satisfaction of displaying the 'Christopher Hitchens' effect—authors and intellectuals of the left who question the confused moral priorities of their ideological siblings. Unfortunately, these critics are briefly listened to, but quickly dismissed.

Cohen's message is blunt: the left, through its uncompromising hatred of America and self-loathing for Western democracies, has managed to back and support Islamic clerical fascism and other vile regimes around the world that would have been anathema to the left in earlier times.

Some critics have suggested that Cohen's book is simply about the Iraq war, and that his zealous support for it ignores the legitimate concerns about destabilisation in the Middle East and the rising influence of Iran. Cohen pre-emptively counters these attacks.

Cohen asks why Palestine is a cause for the liberal-left but not China, Sudan, Zimbabwe, the Congo or North Korea.

But Cohen displays a considerable amount of naivety if not disingenuousness. Any number of people could have told him at any time that the left has always been attracted to monsters such as Lenin, Pol Pot, Stalin and Mao Tse-tung. Is it surprising that they now sympathise with Mugabe, Rafsanjani, Kim Jung II, and even Saddam Hussein in white Y fronts? Should we celebrate this partial conversion of a man who proudly confesses that:

“Like the fellow travellers with the Hitler-Stalin pact, I couldn’t walk and chew gum at the same time; criticize the faults of democratic governments while supporting democracy against it enemies.”

Notwithstanding these irritations, particularly enjoyable is Cohen's sustained criticism of the left's outrageous heroes Noam Chomsky, Michael Moore, and George Galloway, along with other familiar fools, Tariz Ali, Robert Fisk, Ken Livingstone, Richard Dawkins and Arundhati Roy. But although he chastises Chomsky's attacks on Western 'hegemonic' capitalist media as conjuring up, as Cohen puts it, 'the old notion of false consciousness that Friedrich Engels invented in 1893 after Karl Marx's death’, he supports, perhaps predictably, Chomsky’s list of Western 'felonies', including its involvement with Vietnam, and the overthrow of Allende’s ‘democratic’ regime in Chile.

Overall, Cohen is attempting to make amends for the chronic dishonesty of the left. Anthony Daniels (aka Theodore Dalrymple of *Spectator* fame) observes that, at heart, Cohen is an idealist for whom intractable reality does not really exist. But that, in the end, he ‘veers strongly towards honesty’. Whether the book really does wake many on the left is yet to be seen.
It is best not to judge this book by its cover. A darkened John Howard in the foreground, with two key staff- ers highlighted in the background and a quotation that says the author ‘shines light into some of the darker corners of government’ certainly gives the impression that the reader will get the usual Howard-hating, threat-to-democracy screed.

Although the book does devote a perhaps disproportionate amount of space to what the children overboard issue revealed about staffing, Anne Tiernan’s work overall provides quite a balanced account of how ministerial advisers have grown both in numbers and importance at the federal level in the past 35 years.

She takes her narrative back to the election of the Whitlam Government and explains that, after 23 years in Opposition, Whitlam and his ministers wanted to avoid ‘being “run” by Canberra’s permanent public service elite’ and so wanted ‘to seek alternative sources of policy advice’. Hence, the modern adviser, located in the ministerial office, was born.

At times, as she traces the history through successive governments, the work reads a little too much like an extended literature review. Better to err too much on the side of recognising previous work in a field, however, than appear oblivious to it. There is also plenty of original material, gleaned from interviews with past and present staffers and members of the press gallery, almost all of whom appear anonymously.

Another pleasing aspect of her work is that she has looked at the examples of other countries (US, Britain and Canada). This seems an obvious thing to do, but many writers on public policy seem to operate in a nationalistic vacuum.

Tiernan touches on the differences between federal and state ministerial office arrangements, but could have devoted more space to this topic. The co-location of ministerial offices and departments at the state level clearly changes the dynamics, generally for the better. The geographic isolation from departments federally probably contributes to the greater use of public servants as Departmental Liaison Officers, a measure that blurs what should be clear distinctions between ministerial staff and public servants. Another questionable practice, seemingly more prevalent at the federal level, is ministerial staff signing correspondence. On the other hand, one feature of state governments that fortunately has not been replicated at federal level is the centralised media unit.

For Tiernan, the foundation principle of staffing is that the ministers would take responsibility for their staffs’ actions. She sees that principle breaking down under the Howard Government in the cases of travel rorts and children overboard. The actions of Peter Reith’s media adviser, Ross Hampton, in relation to the latter, are examined forensically. A little less focus on this hobby-horse issue and a touch more on, for instance, the role of advisers in the budget process would have rounded out the book better.

More problematic than the actions of individual advisers in particular situations is the role of bodies such as the previous Labor Government’s National Media Liaison Service or the current Government’s Government Members Secretariat. They get off surprisingly lightly.

Adding to my initial trepidation about this book was the fact that it forms part of the Australia and New Zealand School of Government series on contemporary issues in Australian government, politics and public management. Maybe my reluctance was unfair, since I had read only one other book in the series, but The Australian Electoral System: Origins, Variation and Consequences was so full of basic factual errors and inaccessible language that one had to be sceptical about its companion volumes.

Anne Tiernan has produced a much better book. It retains the annoying social science habit of previewing things before actually saying them, but otherwise it is a well-researched and well-written contribution. It could be particularly useful for anyone contemplating a career as a political staffer.

Power Without Responsibility may not provide all the right answers, but at least it asks most of the right questions.

Richard Allsop is a Research Fellow at the Institute of Public Affairs.
Since Milton Friedman died in November last year, there has been a plethora of writing dedicated to one of the most influential economists of the twentieth century. Ebenstein’s biography is unintendedly timely—the author received word of Friedman’s passing only days after he completed the book.

Friedman himself was interviewed five times by Ebenstein over the last seven years, and helped review preliminary drafts of most parts of the book, as well as maintaining correspondence with Ebenstein throughout the project.

As one would expect with the subject keeping a close eye on the work, this is a fairly uncritical biography. Some of the actual application of Friedman’s ideas, particularly in relation to monetary policy, could have been discussed at greater length. There is more criticism in this book from Friedrich Hayek than there is from the emerging New Keynesians who would, one imagines, have been more rigorous.

The strength of this book is its simplicity. There will be continuous debate over the intellectual and technical merits of Friedman’s work for many years to come. Ebenstein has provided a very readable overview that will appeal to the layperson. It has been said before that the success achieved by Friedman was due to his constant efforts to reach out to three key groups—politicians, academics and the public. This is most certainly a book for the public.

Even so, many will be interested to read about his technical abilities, particularly those who are accustomed to thinking of him as a political philosopher.

His work at the Statistical Research Group during the Second World War saw him indirectly involved in the Manhattan Project, attempting to find statistical measures that would allow the detonator of the atom bomb to function properly. During this period he helped calculate the optimal number of pellets in anti-aircraft shells, was involved in designing anti-aircraft projectile fuses, and contributed to the development of sequential analysis. It was only later that this maths whiz became the leading free-market advocate we know him as today.

This early career, which highlights his incredible statistical and mathematical skills, helps to explain his success in future public policy debates. Friedman’s emphasis on the importance of empirical evidence in economic theory, and its predictive abilities, not only strengthened his proposals but also forced him to understand his opponents. Often he would better understand the case for government intervention than the people he was arguing against. Indeed, his impeccable debating skills are now legendary, available for all to see in his Free To Choose television series.

There are plenty of amusing and insightful anecdotes from Friedman’s time in Chicago, and Ebenstein’s coverage of this period should be of particular interest to students wishing to undertake a similar path. The rigorous mental work demanded by Friedman and the incredible minds that emerged from Chicago during his teaching have provided an ambitious benchmark for future defenders of the classical liberal cause.

Again, having the subject review the book creates certain weaknesses. Any assessment of why Friedman acted in a certain way will come from Friedman’s mouth. There is no detailed assessment on the author’s part, nor any of the psychological analysis that is so fashionable with biographies these days. For some, the latter may be considered a strength.

This is not Ebenstein’s purpose, though, and no doubt the definitive multi-volume biography has yet to come. Nonetheless, Ebenstein has successfully produced a book that provides a very readable summation of Friedman’s career and his ideas, particularly suitable for the layperson to whom Friedman himself took the effort to reach out.

Andrew Kemp reviews
*Milton Friedman: A Biography*
by Lanny Ebenstein
(Palgrave Macmillan, 2007, 272 pages)

Andrew Kemp is a regular contributor to the IPA Review.

One student of Friedman’s, Robert Lucas, recalls his graduate classes:

> It was not dismissal I feared—no graduate student would have been dismissed … but the exposure of my confusion next to Friedman’s quickness and clarity. He would engage a particular student in a dialogue, and once engaged no escape … was possible. [Exit] lines like ‘Well I’ll have to think about it’ were no use: ‘Let’s think about it now’, Friedman would say.

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An Oakleigh car-wash proprietor is in a classification battle with the Glen Eira Council in Melbourne. The Council has asked the Attorney-General to reclassify the car wash as an adult entertainment venue because it uses girls in revealing bikinis to wash the cars.

The Council has already taken the owner of Kittens Car Wash, Angelo Dimozantos, to court for having too many girls in bikinis at the site. To counter this, Dimozantos has made all the bikini girls shareholders in the business, which means that they are part-owners, rather than employees, and therefore the same rules do not apply to them.

Dimozantos has said he will happily put up a fence if the council is successful in its application.

‘Then I could have topless washers, maybe even nude washers and offer lap dancing.’

The Air Force laboratory asked for $7.5 million in 1994 to develop the weapon, but the proposal ended up being rejected.

Edward Hammond, of Berkeley’s Sunshine Project—a watchdog that tracks military spending—said after reviewing the documents, ‘The Ohio Air Force lab proposed that a bomb be developed that contained a chemical that would cause enemy soldiers to become gay, and to have their units break down because all their soldiers became irresistibly attractive to one another.’

In response to the revelations, a Department of Defense official said ‘The Department of Defense is committed to identifying, researching and developing non-lethal weapons that will support our men and women in uniform.’

A Swedish heavy metal addict has had his condition officially classed as a disability and is now receiving welfare payments.

Roger Tullgren, 42, from Hasselholm, convinced the Employment Service to pay part of his salary and his boss has agreed to allow him to play loud music at his local restaurant where Tullgren works part-time as a dishwasher.

Yet another victim of society: where’s the compassion?

‘I spoke to three psychologists and they finally agreed that I needed this to avoid being discriminated against’, Tullgren said.

An 80-year-old Italian Senator has decided to resign after outrage that he pretended to have heart problems so that he could use an ambulance as a taxi to get to a television interview quickly.

Senator Gustavo Selva was stuck in traffic in central Rome because of the visit of President Bush in June. When police refused him an escort through the gridlock, the Senator faked heart problems and demanded that he be taken by ambulance to see a cardiologist.

Once he was on air at the studio, though, Senator Selva admitted that he had used ‘an old journalists’ trick’ to get there.

‘I do not want the highest parliamentary function of the Italian nation to shoulder … my possible political faults and my possible mistakes.’