

# From the Editor

MIKE NAHAN

**O**NE of the perversities of modern life is the tendency to accentuate the negative and ignore the positive. This is particularly the case for globalization and jobs.

The closure of bank branches, like those announced last week by the Bank of Melbourne, are front-page news and the focus of public angst. Conversely, the creation of new jobs—such as call centres—are largely ignored or dismissed as ‘sweatshops’.

These two phenomena—the reduction in bank branches and the growth of call centres—are driven by the same forces: technological change, competition and consumer preferences. Indeed, they are two sides of the globalization coin.

The globalization coin is indeed bent. But, contrary to public perception, it is bent not in favour of job destruction, but in favour of job creation.

People are not using bank branches as much as they did in the past, particularly in rural areas. They are taking advantage of new technologies such as ATM, EFTPOS and the Internet. And banks are facing intense competition from a growing assortment of new competitors, many of whom have no branches at all. As a result, banks are closing branches, reducing counter staff and rolling out new services and delivery systems.

At the same time, people are increasingly using phones and the Internet to communicate with businesses, and businesses are facing intense pressure to get it right. Technology is allowing specialization of this task with lower costs and better services. As a result, call centres are one of the world’s fastest growing businesses.

The US currently has about 70,000 call centres employing over 2.5 million people—about two per



cent of the US workforce, equivalent to the entire civilian workforce of the US Federal Government.

The Australian call centre industry was held back until 1996 by import restrictions on telecommunications equipment. Since then, the industry has blossomed. The number of centres has grown from 600 in 1996 to 5,000 in 1999 and its workforce has grown over the period from 10,000 to 160,000. The experts expect the industry to continue to grow at a rate in excess of 20 per cent per annum over the next five years.

Call centres now employ more people than the big-four banks. They have created more jobs over the last three years than were shed by all government-owned electricity, gas, rail and telecommunication firms in the last ten years. Over the next two years they are expected to create more jobs than were lost by the big-four banks over the last ten years.

Contrary to the critics, the industry is not a ‘low-tech sweatshop’. Wages are on a par with bank clerks’ wages and above those in the retail and restaurant sectors. Although some call centres are technologically simple—a large room full of people answering phones—they are becoming more complex.

Importantly, call centres are one of the brightest hopes for regional

Australia, as they can be located anywhere. Call centres need good telecommunication facilities, low-cost, high-quality office space, and a motivated, flexible workforce. Many regional centres—such as Bendigo and Albury—have these in abundance and are attracting call centres from the metropolitan areas.

Luckily, while public debate remain focused on the negative, others are thinking positive and are grasping opportunities and creating jobs.

IPA

## Note

As you may have noticed from this column or from the media, Michael Warby is no longer Editor of the *IPA Review*. Michael stepped down from the editorship late in February following the revelation that he had used factual material from an article published on the Internet without attribution. The IPA has clear standards on plagiarism and Michael contravened them. I will act as Editor until a new one is appointed.

Michael discusses his action and the resultant decision in the next story.

Michael remains on the staff of the Institute. Michael has been an excellent contributor to the debate, particularly with his work on the ABC and bias in the media. Moreover, his actions were very uncharacteristic as he is by nature a highly original, thorough and thoughtful person. He has learnt a valuable lesson and we believe that he deserves a second chance.

IPA

# Mea Culpa

MICHAEL WARBY

**O**N 28 February 2000, the ABC's *Media Watch* caught me out on a comprehensive screw-up. I had published an article in *The Age* on 22 November 1999 which contained serious factual errors. When the errors were brought to my notice by an e-mail from an *Age* reader, I issued a (completely unsolicited) retraction article, which *The Age* printed on 24 November 1999.

But my sins extended further than merely not checking my facts properly—though that is bad enough and induced searing feelings of embarrassment in me at the time. The article, which was a comment piece, used as the basis for comment an extended factual description previously published by Jon Dougherty on *WorldNetDaily*, and I neglected to cite that as my source or to rewrite it in my own words. *Media Watch* caught me in an act of plagiarism of factual material. (All writers for newspapers use unacknowledged facts and borrow phrases: it is the scale in this case which makes it a different matter. That it was my only such offence does not make it less of a wrong.)

The IPA effectively sets academic-level standards with respect to plagiarism so, as a consequence, I have stood down as Editor of the *IPA Review*, although I still work for the IPA.

Indignation overrode my judgement. The text came to me embedded in an e-mail from a reputable source clearly intended for dissemination. I did not register the fact that it was from a publication, although I should have and, in any case, other people's words should be acknowledged. I also failed to discuss the article with colleagues, as is normal IPA practice. A catalogue of errors!

The IPA's approach to my errors has been one of openness. I issued an unsolicited retraction article when I became aware that the material was false. When the plagiarism point was raised by *Media Watch*, the IPA issued a press release announcing my standing down.

*Michael Warby works for the IPA.*

IPA

# Selling Ideas in a Rationally Ignorant World

FRED L. SMITH, JR

Even good ideas need good selling. And reformers shouldn't be afraid of fairness.

**C**ONSERVATIVE intellectuals in the US are increasingly frustrated at the policy impasse of the last five years. Weren't we told that if we built a better mousetrap, the world would beat a path to our door? With a Republican Congress, shouldn't we have expected more reform? We seem to be winning the War of Ideas—why aren't we winning the war?

The answer, in part, is better marketing. Selling is necessary whether we're dealing with soap or school choice initiatives. Neither a policy reform idea nor a bar of soap is likely to walk off the shelf by itself. We've become pretty good at analysis but we must improve our marketing skills. This problem isn't new, of course. We've dominated the think-tank world, but few intellectuals are natural marketers. Over the last decade, most of our groups have recognized this lack, and we've added marketing staff and mounted aggressive outreach programs. Still, the problem persists. Why?

Let me suggest that neither conservatives nor libertarians have yet fully understood the ways in which the marketing of policy differs from the marketing of product. You can't sell welfare reform in the same way you sell soap. Conventional marketing is a three-stage process: Analyse the problem, find a solution, and educate the customer. Marketing Science 101!

And, indeed, in the private sector, this type of *fact-based* marketing strategy can be very effective. Unfortunately, think-tanks have tried to replicate that strategy in the policy marketing world: We've analysed government

programs, developed appropriate reforms, and then sought to educate the public on their merits. Indeed, we've inundated them with policy papers, monographs, books and conferences. But they don't seem to be reading them—why not?

After all, comparable efforts in the private sector *do* work. Marketing materials informing consumers about the virtues of a specific college or pension plan or home re-financing option are sought after by potential customers. In the private sector, a quality product, combined with a thoughtful consumer education campaign, will generally succeed. This is because facts influence our choice and our choice directly affects our welfare.

And it is this last point that makes policy marketing so very different from product marketing. Policy facts are interesting—some people will read them—but then, so what? Sure we're affected by regulations and taxes and myriad other government policies, but what can we do about them? For most people, the answer is 'Not much!' As a result, the reasonable man will spend little time on political issues. And, indeed surveys show that many Americans do not know the names of either of their senators. Now to us policy wonks, this may seem a horrible dereliction of civic duty. But to people in the real world, does it really matter whether their senator's name is Murkowski or Milkulski?

Americans are busy people. They have real lives. They don't have time to become expert on everything. And they most assuredly don't read the *Federal Register* before dozing off each

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night. They rationally devote time to becoming informed about those things they can do something about, which means that they are *rationally ignorant* about most things in the political realm. Yet, we in the policy world keep trying to educate them, to make them as knowledgeable as we are! Bad idea.

*In politics, people aren't stupid  
because they're stupid!*

*They're stupid because they're  
smart!*

*And, if we try to make them smart,  
We're being stupid!*

Yet, although people will not be knowledgeable, they will have opinions. And public opinion is important in our democracy, because it defines the bounds of the politically feasible.

But do we have to lose, just because we're right? No! Yet if knowledge doesn't determine public opinion, and if we can't rely on policy papers, how can we influence public opinion? The answer, suggested by the late political scientist Aaron Wildavsky, is a values-based (rather than a fact-based) marketing strategy. People encounter a policy proposal and quickly assess whether the reform idea seems to advance or threaten their core values—then they support or oppose the idea accordingly. Not much time is spent on this assessment; but the results are important, and we should seek ways to show how *our* policies advance *their* values. There's not much we can do to change people's values, and issues are what they are. But, we can (and should) positively link our policies with their values.

So, what political values are important? Wildavsky suggested three: *Individualism* (How would the policy affect freedom or liberty?); *Hierarchy* (How would the policy affect the ability of our society to function or to produce wealth?); and *Egalitarianism* (How would the policy affect fairness or the fate of the less fortunate in our society?).

Free market and conservative think-tank staff have naturally tended to emphasize freedom and economic growth values. These are the values that have motivated most of us to enter the policy world. And prior to the Reagan Revolution, they worked. With the economy in disarray and the Evil Empire seemingly becoming ever stronger, these values were dominant. When times are bad, the '*Get off our backs!*' and '*It's the economy, Stupid!*' strategies can be very compelling. Indeed, the Republicans' appeal to these values brought them much success—checking

the growth of taxes and regulations and the ending of the Cold War. But those successes changed the values landscape. Once freedom and wealth seemed secure, fairness moved to centre stage. America is now focused on how policy affects minorities, the elderly and, of course, the children. And in our relatively wealthy and free America, these egalitarian concerns will only become more salient.

Unfortunately, neither conservatives nor libertarians address such egalitarian fairness issues very well. We seem to care more about money than the health of people or our planet. We focus on freedom (to many an abstract concept) rather than on explaining how the less fortunate might take advantage of such freedom. To egalitarians, freedom sometimes seems merely a tactic to evade responsibility—'free-

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**People don't care  
that we know  
until they know  
that we care!**

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dom,' they think, 'is just another word for nothing left to lose!' Our side seems obsessed with arcane budget battles and the nuances of tax policy. Our advocacy arguments sound harsh and our factual arguments are not really heard (because of the rational ignorance problem again).

We can do better. Tax reform advocates might well focus less on the 'It's your money!' argument and more on how reduced taxes would extend the job expansion trends of the last few decades. We should note that the greater tax and regulatory burden in Europe has made their unemployment problem much worse and much more unfair. That is, we could and should argue tax reform on egalitarian grounds. To date, we haven't even tried.

Or consider the gun control debate. Our arguments have focused on the Constitution and individual rights. Valid arguments, but those finding these arguments persuasive are already opposed to such restrictions. We've done too little to dramatize how pri-

vate gun ownership has made the world safer for the more vulnerable, namely the residents in lawless inner city areas or single females. We've barely attempted to rethink the arguments that once portrayed the gun as the Great Equalizer—bringing egalitarian fairness to a lawless frontier society.

We're learning, though. The case for school choice is increasingly made on the impact such programmes will have on the inner city poor. Even here, however, we often slip into the technical details of how school choice leads to improved SAT scores rather than how it democratizes education, making it possible for inner city Johnnies to read just as well as their suburban counterparts.

Welfare reform, too, became a successful issue only after we began to point out that it was a way of helping the poor regain dignity and to expand their opportunities—not simply a way of saving money and reducing bureaucracy. Indeed, the 'compassionate conservatism' term can itself best be viewed as a conservative challenge to the liberal dominance of the egalitarian moral high ground.

None of this means that we should abandon our principles or pander. There is no inconsistency between policies that advance liberty, improve the economy, and expand opportunity. America is a fairer nation *because* we are wealthier and freer! We are the nation that democratized the privileges of the elites in Europe. They invented the car; we put the world on wheels. But, we must ensure that we make that point—that we talk about how our policies help the little guy as well as the entrepreneur. In effect, our challenge is to find ways to 'wrap' our policies (which truly are fair) in an 'egalitarian' wrapping paper. Besides, if we can persuade egalitarians to look at our reform ideas, they might just like them.

It may seem like a cliché, but in the political world of rational ignorance, *people don't care what we know until they know that we care!* We do care. We should say so.

*Fred L. Smith, Jr. is President of the Competitive Enterprise Institute, an activist policy group which focuses on the broad array of regulatory policies.*

*This article—originally posted on the Heritage Institute Website—is based on a presentation given at the State Policy Network's Annual Meeting in Dallas, Texas, and is illustrative of CEI's Values-Based Communication Project which seeks to identify better ways to market policy ideas.*

**I P A**

# Ignorance Is Bliss: The Media and East Timor

MICHAEL O'CONNOR

**T**HE crisis in East Timor over the past twelve months or so posed a serious challenge not only to Australian policy-makers but also to the media in its coverage of the crisis. While every agency, Australian or otherwise, is subject to analysis by the media, there has been precious little self-analysis of the role and performance of the Australian media.

Before examining what was, at times, a very extensive coverage, it is worth making explicit some assumptions about public expectations of the media—as well as its own expectations—and noting some of the unavoidable limitations on its ability to meet those expectations.

Media consumers generally expect that they will receive full information, competent analysis and entertainment according to their individual desires. Almost every consumer will have an individual diet of requirements and will be satisfied or otherwise according to the way in which that diet is satisfied. Few consumers will even recognize, much less allow for, the inherent limits of today's print and electronic media. These are substantial but rarely admitted by the industry.

The principal limitations are time and space constraints, camera angles, expertise and prejudice. Time and space constraints are self-evident. There is always more news available than space or time for adequate coverage. Judgements must be made by editors and their judgements criticized by consumers whose interests are so diverse. Despite claims that the camera does not lie, it clearly does. Its field of view is narrow and ensures that the viewer misses the context of what he is being shown.

Apart from the limits applied by technology and by the economics of the business, most concerns about the media can be sheeted home to a lack of expertise or the presence of prejudice or both. These elements were much in evidence in the coverage of the East Timor crisis.

## THE IGNORANCE FACTOR

The degree of ignorance displayed by many reporting and analysing events in and around East Timor was little short of staggering. In passing, it is worth noting that the unwarranted air of authority asserted by journalists is one of the reasons for their poor reputation. A few examples of failures of basic research and analysis will illustrate the problem.

The constant repetition of the assertion, most often in the *Letters* pages or on talkback radio, that Australia owed the East Timorese people for their support during the Second World War was accepted quite uncritically and regularly

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rebroadcast. In fact, as any close examination of the official and other histories of the period will quickly show, the claim simply does not stand up to analysis. While assistance was certainly given for a time, the inherent divisions in East Timorese society quickly led to the neutralization of that support so that the small Australian commando unit had to be withdrawn. Subsequently, every Allied intelligence party inserted into East Timor was routinely betrayed. Most of the slaughter of East Timorese was by other East Timorese—as has been the case for centuries.

When Prime Minister Howard and President Habibie agreed in Bali in May 1999 to a process for self-determination (subsequently endorsed by Portugal and the United Nations), none of the mainstream media, as far as I can determine,

questioned the provision that the Indonesians would remain responsible for security. Yet, for some 25 years, the Australian media had been furiously—and justifiably—critical of Indonesian security operations. After the pro-independence vote, the mayhem visited on East Timor by East Timorese against other East Timorese, with the connivance and support of elements of the Indonesian military, was predictable and predicted, but not by the Australian media. If there had been an outcry at that time, a better security system might have eventuated.

The Australian media continually accused the 'Indonesian military' of complicity in the violence of the pro-independence militia but ignored the well-documented fact that the highly factionalized and undisciplined Indonesian military is not typical of military organizations. This does not excuse the leadership of TNI but it does help explain what happened and who caused it to happen.

The United Nations Assistance Mission in East Timor (UNAMET) was established to conduct the ballot and had a civil police component to advise on security. Lavishly staffed and equipped, UNAMET had no security mandate but, by its very presence, conveyed the impression that it could enforce security because it was a UN body acting under a Security Council resolution. Its own propaganda reinforced that view in East Timor and elsewhere. Regrettably, the media accepted UNAMET's own valuation of itself without attempting to analyse whether or not it could achieve its objective.

This failing was made even worse in the period before the ballot when UNAMET was asking for delays but the Security Council finally agreed to the ballot knowing itself that the security situation was unstable. These factors were reported but the implications were all but ignored.

There has been almost no analysis of the East Timorese community—social or political. The inherent assump-

tion of homogeneity is simply not sustainable and the society's diversity contains all the necessary clues to its centuries-old history of internecine violence. Similarly betraying a lack of knowledge and sophistication, there was little reflection of the inherent factionalism of the pro-independence organizations. Even when such East Timorese figures as Ramos Horta referred to the potential for a collapse in the movement's unity, there was almost no recognition of the implications for future violence.

There was almost no scrutiny of Portugal's role in the affair—its history of supplying arms and other resources to sections of the independence movement. Reports of Portuguese intervention at the United Nations, the supply of Portuguese currency through a newly established Portuguese bank and the political significance of the appointment of a Brazilian diplomat, Sergio Vieira de Mello, as head of the UN Temporary Administration in East Timor (UNTAET), drew almost no analysis. Yet UNTAET is, in effect, the only lawful government. Its head is answerable only to the Security Council. All the elements of the administration in East Timor, including the military force, are answerable to him.

When journalists deployed to East Timor before the ballot, their performance was generally unexceptionable.

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Richard Carleton of *60 Minutes* achieved some notoriety with his remarkably crass interrogation of voters on camera despite the well-known risks to the individuals concerned. After the ballot, greeted with unprofessional glee by too many reporters, violence erupted, confining most journalists to their hotel: but their reporting until they were evacuated was as professional as could be expected.

The media returned with Interfet troops in late September. Again, their coverage was mixed but there were some disappointing incidents. Patrolling troops were stalked by journalists, many of whom persisted in pestering soldiers with cameras and attempted interviewing while they were dealing with suspects. No soldiers should be put under such pressure during very tricky operations. By comparison, police back home are simply not harassed in such situations.

The worst example of unprofessional behaviour occurred when two wounded Australian soldiers were being operated on in hospital. Camera crews shot footage of the actual surgery in an incident admittedly orchestrated by one medical officer who was subsequently disciplined. One would have expected that professional journalists would have balked at such intrusiveness whatever the doctor suggested was appropriate. Coincidentally when the two soldiers were wounded, four Victorian police officers were also shot in a confrontation in Bendigo. The difference in the media coverage of the two incidents was stark. The police shootings were given widespread media coverage including details of the officers' names and their injuries but police authorities protected their men from intrusive reporting until they themselves were fit enough to speak to reporters.

There was a sense that much of the media—especially television—coverage of Interfet became a matter of generating entertainment despite the dangers not only for the troops and the East Timorese but even for journalists, one of whom was murdered by militia. With a sort of peace rapidly established, there was no more mayhem to whet the appetite of reporters, cameras and audiences. Such coverage as continued was quickly transformed into some excessively chauvinistic adulation of the troops themselves.

In passing, one wonders whether this was a belated apology for the appalling treatment of Australian soldiers by the Vietnam-era media, some of who are now occupying senior editorial posts. Even so, much of this missed some useful stories that would have been obvious to more experienced reporters assuming that they had not been tasked by their editors to cover just the human interest angle. The coverage missed the point that, apart from the soldiers, there were large elements of the Navy and Air Force involved in the operation. Similarly the immense logistics activity gen-

erated in Darwin was all but ignored once Interfet was deployed.

The coverage verged on the jingoistic with non-Australian contingents being virtually ignored. Nevertheless, the small British detachment, whose commander was noisily critical of the Australians until he left, achieved coverage beyond what was reasonably balanced, possibly because the troops were

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## ***There was almost no scrutiny of Portugal's role in the affair***

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Ghurkhas but more likely because the British officer was critical and sounded like he knew what he was talking about. None of the reporters attempted to analyse the basis of the criticism.

As an aside, journalists covering wars seem to be excessively excitable, even running greater risks than the professional soldiers. One acquaintance stationed in London some years ago was desperate to get to Sarajevo during the bloody Serbian siege because, as she told me, she had never seen a war! This sort of naivety was common throughout the media's Timor operations.

### **EAST TIMOR AND DOMESTIC POLITICS**

Perhaps it was inevitable that domestic politics would intrude when so much of the coverage was handled by political journalists. Much was flavoured by the *de rigueur* detestation of Prime Minister Howard despite the obvious fact that Australia's power was always limited.

The media's uncritical support for the pro-independence factions and, indeed, the determination of the Falantil guerillas to resist the Interfet mandate that they be disarmed was indicative of the tendency of the media always to favour rebels, whatever their cause. Given the centuries-old history of the ease with which rebels become oppressors, this suggests a victory of romanticism over education. In the same way, the constant reference to the 1975 killing of five Australian journalists at Balibo, coupled with interminable reuse of television

footage from the time, became an exercise in media vengeance.

Of course, the ritualistic reference to the Balibo affair may have been a useful peg on which to hang a crudely anti-Indonesian flavour—while condemning the Indonesian media for its hostility to Australia's role. But the anti-Indonesian rhetoric was somewhat at odds with the determination to blame the Howard Government for Indonesia's misdeeds following the ballot. At times, too, before Interfet deployed, many journalists seemed unable to understand that Australia could not unilaterally invade East Timor without actually going to war with Indonesia.

Howard was also blamed for destroying Australia's carefully constructed relations with Asia although an observer might have concluded that the culprit was actually Indonesia with its inability to control the rogue elements in its own military. Given that the alternative would have been an obsequious appeasement and reinforcement of those rogue elements, the criticism was either grossly partisan or was simply indulging in the all-too-common practice of having 'two bob each way'.

Political preferences clearly drove the intense criticism of the defence minister's warning to the Indonesians that Interfet troops would pursue fleeing militia across the West Timor border. By

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any standard of military operations and international law, Moore's warning was measured, timely and important especially in the context of operations against raiding militias protected by elements of the Indonesian military. That

so much of the criticism was couched in domestic political terms also points to a media which cannot accept that the rules might actually change when the troops go in harm's way.

The lack of analysis also showed in the domestic debate over the cost of the Interfet operation. The figure of a billion dollars quoted by the Government was accepted at face value although even the most superficial analysis would cause the mildest sceptic to investigate further. For some reason, the Government failed to make clear that the cost borne by Australia was for some foreign contingents as well as the Australian. There was no United Nations financial support and the usual internal and hostile government and public service leaks failed to point this out to the political journalists they feed.

#### **THE NATURE OF THE MEDIA**

No one knows better than I do that the media is staffed for the most part by decent hard-working people. If there are problems, they arise from its own culture coupled with a serious lack of knowledge and willingness to analyse the information placed before them. Journalists know only too well how the 'spin doctors' will try to shape what they report by withholding information or by providing attractive but misleading material. That this understanding does not result in a greater scepticism suggests that journalistic responses are shaped by their individual biases, however hotly these may be denied in public. A more worrying element is the degree to which the media reports what some individual or organization has said rather than what is observed after reasonable investigation. This makes the media an unwitting tool for those whose motives may be improper. The general lack of scepticism was an important element in generating a climate of complacency in East Timor both before and after the independence ballot.

Given that, we should be concerned at the degree of superficiality and, indeed, glibness that has become a hallmark of Australian journalism. Other worrying elements include the assertion of special rights without corresponding responsibilities beyond those included in the so-called code of ethics, a semi-secret document drawn up by the journalists' union. The most commonly proclaimed—allegedly on behalf of us their consumers—is the 'right to know'. As the late Sir Paul Hasluck once famously pointed out to a group of hostile journalists, they represent only profit-

making organizations and have no more rights than any other citizen. On the issue of the 'right to know', few consumers would deny that governments, non-government organizations and individuals must necessarily maintain some confidentiality. In any case, the 'right to

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***The general lack of scepticism was an important element in generating a climate of complacency***

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know' on the part of consumers is invariably breached by the media itself every time a decision is taken for whatever reason *not* to publish some piece of information or analysis. *The New York Times* used to proclaim that it published 'all the news fit to print', a fatuously false statement if ever there was one as well as one which begs the question of who decides what is fit to print.

There are some other more technical problems with the Australian media. Television footage is all too often repeated without any indication that it has been used previously. For example, there is one door in a house in East Timor that has been kicked open by the same Australian soldiers on innumerable occasions—unless the Hollywood-style footage has been repeatedly recycled.

To be fair, consumers of the media underestimate the impact on themselves of the *Letters* page or radio talkback contributors. Should the media censor or contest those contributions that are clearly false or do they represent the legitimate views of ordinary people? The latter is the only possible answer and critics of the media need to recognize not only that reality, but also that the media is unfairly blamed for publishing views over which it essentially has no control.

*Michael O'Connor is Executive Director, Australia Defence Association.*

**I P A**

**REVIEW**

# In the Footsteps of Charles Copeman

STUART WOOD

Management and politicians can be bigger barriers to prosperity than unions.

**I**RON ore is one of our biggest export industries. Yet, to exist and flourish it has had to overcome the obscurantism of both government and Australian industrial relations practices.

There are three big iron ore producers in Australia: Rio Tinto (60 million tonnes); BHP (55 million tonnes) and North Ltd (30 million tonnes). The industry has developed largely since the export embargoes were lifted in 1960. The 1938 ban on export of iron ore came six months before Menzies refused to allow the *WWF* to disrupt the *Dalfram* to sail for Japan loaded with pig iron. Like the sobriquet 'Pig Iron Bob', the ban on export of iron ore lasted too long: 23 years. The reason given by Casey in 1955 for not lifting the ban was that 'Australia was poorly endowed with iron ore resources'. The ban reduced trade to almost nothing. Forty years later, a million times as much is exported, with an estimated value of \$4 billion—enough to pay for the entire Victorian public health and justice systems.

This is probably due to two men: Lang Hancock and Charles Copeman. Hancock's story is well known. In 1961, he proved Casey wrong by sighting, from the sky, iron ore in the Pilbara, in massive quantities and close to ports. Other miners quickly entered the field to develop Hancock's finds—Rio Tinto and Peko-Wallsend. Less well known is Copeman's role in dismantling the union stronghold at Robe River, when he was chief executive of Peko.

By the time he came to Robe in 1986, management had allowed a whole host of restrictive practices to develop. The halcyon days of the 1960s and 1970s, when Australia enjoyed an unchallenged pre-eminence as an exporter of iron ore to Japanese markets, created a climate in which management appeared to give little priority to cost control and productivity, providing that continuity of production was main-

tained. At Robe River, over 200 restrictive work practices were in place. Strikes occurred over the demarcation of work and such trivial items as a shortage of ice-cream flavours and the temporary failure of an air conditioning unit.

The 'power switch' episode that prompted Copeman to make a stand is illustrative of the management weakness at Robe. On 28 May 1986, a fault at a sub-station that provided power to the whole Pilbara region caused all power to be temporarily cut. A powerhouse superintendent prudently decided to restore power by pressing a switch. The Electrical Trade Union mounted a 24-hour strike in protest, maintaining that only an ETU tradesman was entitled to reset the circuit. There was a subsequent six-day strike in response to the 'inadequacy' of the penalty imposed on the superintendent.

In the context of a dwindling Japanese iron ore export market, such practices and incessant industrial action were starting to bite into Robe's productivity and profit margins. By June of 1986, the project was making a loss and dwindling stockpiles caused long delays to shipping. The five months to the end of July 1986 were financially disastrous. In the midst of crisis, Copeman took action.

Contrary to those who were keen to label him as inherently anti-union, Copeman knew that the real problem was the Robe management. Any new approach to industrial relations would be frustrated if management continued to be intimidated by the unions. So, on 31 July 1986, Robe dismissed most of its senior management and installed a much smaller team of well-proven people from Peko operations around Australia. A memo was circulated asking, 'Are you aware that at the mine, railway and port there are over 200 restrictive work practices in force?' and informed workers that this situation would not continue. The new management

intended to honour industrial awards but were not going to be bound by onerous unofficial 'site practices'—the result of previous (bad) management practices.

The unions responded by making an application to the Western Australian Industrial Relations Commission for an order restoring these work practices. After a battle in the industrial tribunals, in the media and on the ground, Copeman won: on 18 August 1986 workers returned on the basis of work in accordance with existing registered Agreements and Awards.

In retrospect, Copeman's aim was modest. He wanted to pare back terms and conditions and work practices to only those contained within the registered agreements. Throughout the dispute, Copeman maintained that his focus was the practical realities of running a successful business rather than the political. In an interview with *The Australian Financial Review* Copeman said, 'What I want to see is a return to work of employees at Robe River on sensible terms. We didn't set out for Robe River to be a watershed or anything like that. If it becomes so, that is a reflection on a lot of other people's perception of what is happening in Australian industrial relations.'

But it did become a watershed. Robe profits were up. Eighteen months after the dispute, the operation was producing three million tonnes more iron ore with 400 fewer people. This increase has continued to the present day. In the period 1997/98, Robe achieved the record result of over 30 million tonnes of ore hauled and shipped.

Not only a watershed for Robe but all over the Pilbara. Although other mining companies were reluctant to align themselves with Robe policies, through fear of negative publicity and supply interruptions, they could not afford to ignore the statistics. Rio Tinto's Hamersley Iron introduced individual

contracts in 1993. Profits, productivity and production have all risen markedly.

By contrast, BHP did not follow Robe's lead. In 1986, the new chief executive, Gordon Freeman, criticized management of Robe and emphasized the importance of consensus and communication. The workforce was granted a 4 per cent pay rise in exchange for 'goodwill'—agreeing in principle to moving toward flexible job structures. By 1988, BHP was struggling to meet the increased international demand for iron ore. No longer able to offer the lucrative deals that were the customary price of productivity increases, management stood up to the unions, refusing to recognize site convenors. The unions responded in the spirit of 'goodwill' with industrial action. BHP management reverted to negotiating directly with the unions.

But now BHP has got in on the act. In November 1999, the organization offered about 1000 of its employees the choice to move from industrial Award-based conditions to individual agreements. Half of these have been accepted and the unions are resorting to the Federal Court in an attempt to bolster a bargaining power that is ebbing away on the ground. President-designate of BHP Iron Ore Graeme Hunt stated that, 'we no longer believe [the current system] can deliver the progress we need to compete successfully in the global market.' And stating further, 'we think that the current system has run out of steam and this new system is necessary for us to be able to move the organization forward.' Finally.

The iron ore industry and indeed workplace relations in Australia are greatly indebted to Charles Copeman. His efforts at Robe provided the catalyst for change. He carved out a space in which the companies could begin to open the dialogue between management and workers without the interference of the arbitration system and the unions. In June of 1999, Copeman was appointed a Member in the Order of Australia (AM) for his achievements in the mining industry. Perhaps this belated gesture goes some small way to rectify the otherwise inadequate recognition of his foresight and tenacity.

*Stuart Wood is a Melbourne barrister specializing in workplace relations. Interested readers should consult Patrick Gethin's *The Power Switch at Robe River* (AIPP 1990) for more details on what occurred at Robe River.*

**I P A**

# New Class Suicide

PAUL ROSS

**I**N 1995, my *IPA Review* article 'Losing Their Faculties?' looked at some of the dreadful courses imposed on students by Australian universities. This return to the crime scene shows the same academic confusion of fashion, political bias and propaganda. But perhaps we are seeing the suicide of the New Class. As the utter, unrelenting triviality drags drearily on there is—from personal observation—a growing, sniggering reaction amongst students.

Simon Leys defines the university as 'a place where scholars seek truth, pursue and transmit knowledge for knowledge's sake—irrespective of the consequences, implications and utility of the endeavour'. The actual agitprop nature of the beast is found in this invitation to a lecture by a master's student in Creative Arts at James Cook University:

The thesis centers around the idea that Western culture suffers imbalance [sic] due to a disparity in the way we think because emphasis in the west is focused on the male in the male/female psychic dichotomy [sic]. The works seek to restore balance by manifesting the female.

In the course description for 'Australian English' at the Australian National University (ANU), books are replaced by text selections in a 'reading brick' to aid a study of 'the language used to describe and control the indigenous population'. To consider the 'experiences of personhood' in the course 'Culture and Person', the 'case studies used include sexuality and sexual identity, witchcraft, madness and time/space'.

In 'A History of Western Sexuality, specific topics will vary from year to year, but will include three or four of the following: fertility, contraception and abortion; transmitted diseases; sexual violence; prostitution; pornography; homosexual/lesbian and bi-

sexual identities; cross-dressing; masturbation; sexual panics and moral regulation; race, nationalism, eugenics and sexuality; sexology and sexual knowledge in various periods'. No, love doesn't get a mention.

From these undergraduate studies, a promising ANU student may proceed to higher studies. Current PhD topics, which involve three years' full-time research, include 'A Social History of the Cash Register in Australia' and 'The Militarisation of Australia in the 1950s'.

Robert Manne has written that 'far from being the Mickey Mouse subjects of conservative imagination, those courses that are anchored in critical theory are, in fact, extraordinarily demanding'. Did he mean the University of New England course 'Approaches to the Study of Religion'? Seemingly more a Gilbert patter song than Mickey, it may mask profundities of French philosophical cloudiness:

This unit examines a number of the major approaches to the critical study of religions, including the historical, theological, philosophical, psychological, anthropological and sociological, political and feminist.

The same university offers 'Why study Religion?' and suggests this answer:

One important general reason for Australians is to understand an important aspect of the life of the diverse cultural groups in our nation, since religion has had a profound influence on the history and development of many of them. It is important too for Australians to understand the place of religion within the cultures of many of our closest geographical neighbours.

As this goes on, a PhD student in Communication Studies is completing 'A Study Concerning "The Bill" and Television Police Drama' and the Geography Department teaches first-year units on 'Earth in Crisis' and 'Australia: Sustainable Development?'.

**REVIEW**

At Melbourne University, lecturers flaunt 'Art / Pornography / Blasphemy / Propaganda' and 'Reading Sexuality'. The examination topics for 'Feminist Cultural Studies' include 'women's and girls' magazines, the fashion industry, daytime television, cyberfeminism, plastic surgery'. In history, the impact of the American Revolution on American Indians, slaves and women is discussed. Reconciliation appears as an honours subject where 'the subsequent conservative critique of the underlying values of the reconciliation policy and its implication for issues of national identity will also be examined.' Something called the Social Theory Department offers

*Identities in Conflict*: This subject investigates identities in conflict by studying witchcraft accusations, Nazi doctors, Malcolm X, the bonds of love, formations of violence, ethnic and racial conflict, gender relations and everyday life in high or post modernity.

Ideal vocational programming for those seeking jobs with the ABC or SBS.

In 1995, I suggested that the *Priscilla* drag queens were heading for higher education. The boys didn't make it. Down at the University of Tasmania, however, the film *Titanic* appears on the first-year English 'reading' list.

*Pravda* may have sunk but the *Australian Humanities Review*, published on the Internet, provides rigid intellectual guidance in correct-thinking—naturally it receives financial help from the Australia Council, and naturally it is unintentionally funny. What really happens when the *Titanic* docks in Hobart lecture theatres and tutorial rooms is made amusingly clear in an article by a Tasmanian English lecturer:

Something rather interesting is going on in Hollywood cinema today. Art is being used to deflect feminist inquiry; but more incredibly still, feminist self-assertion is being used to avert a critique of capitalism. I am thinking particularly of the nude scene in *Titanic* ... The fantasy at the heart of *Titanic* is that a modern person such as ourselves [sic], such as Jack and Rose who represent us, would not act so abominably as the rich did then, nor buy into the neo-feudalism the rich once commanded.

The tinkling ice cubes then reveal that the film is actually 'a story of female self discovery'. There are few lifeboats provided for students.

Some idea of the way this stuff is enforced is seen in examinations,

where the case for the prosecution is usually the correct answer. After an intensive study of Shakespeare's *Hamlet* and *Much Ado about Nothing*, English students at the University of Tasmania were faced with this question: 'Both Claudio and Hamlet complain about and verbally abuse women. Are they given just cause?' Other exam questions were: 'Why is it helpful to think of film as being like a kind of language?' and 'What ideas about women and female power do you find in the plays studied in this unit?' Clichés and feminist platitudes receive high distinctions. Naturally, and miserably for Australia, intelligent young men desert the humanities.

A high level of success in these rigid tests of right-thinking-ness may lead to postgraduate study. Recent writings by PhD students in the dull, funded, free

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## ***The New Class has sought, and nearly achieved, the intellectual impoverishment of a generation***

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publications found in unwanted piles around universities offer further evidence of New Class euthanasia. *Amida* is a fairly typical example: it is a magazine in content, tabloid in format. It expresses the usual political and social dogmas while making the usual claims to be an 'independent student-based publication'. It has a glossy cover, behind which hides a full-page advertisement for the *Financial Review*. Sponsoring monies come from Victoria University, ANU and Medibank Private. The target readership is impressively affluent. General prices for the books reviewed are from \$35 to \$150. Advertisements are carried for ethical investments, airline travel, further education and real estate—flogging Melbourne apartments with prices beginning at \$169,000. A notable feature article lauds a prize-winning student dress designer. Her international award was for a dress dealing with global warming.

The article noted that the fortunate student personally attended the competition in the Chinese capital.

The articles written in *Amida* by PhD students represent abilities and thought processes taught over at least seven years' full-time university study. A student in English and Theatre Studies, at ANU, offers

... a simple list of twentieth century politicians who have utilised popular paranoia and the conspiratorial mindset to gain power, from Adolf Hitler to Pol Pot, from Joseph Stalin to Joseph McCarthy, and from Idi Amin to Richard Nixon.

Another writer, who has completed her PhD in English at the University of Queensland, has a brilliant New Class version of our recent history:

After currency crashes and recessions took hold in Asia, however, the utility of Asians dissipated. Not surprisingly, this coincided with the appearance and rise of Hansonism (and right-wing politics in general) in Australia.

Immigrants to Australia, while awaiting citizenship papers

could be deported for participating in workers' protests or rallies ... The fear and loathing of infection from Asian-ness and Asians in Australia is only ever a short step: from merely celebrating diversity to real power-sharing in society.

Other student newspapers and magazines are equally dismal, superficial and snobbish. The political fire seems faked, their targets the usual ABC victims and originality is banned.

Sham courses, trivial exams, futile postgraduate research. The New Class has sought, and nearly achieved, the intellectual impoverishment of a generation. At one end of society are the hopeless unemployed, at the other the hopelessly miseducated humanities graduates. Sniggering disbelief does not make a cultural revolution but in the present academy its appearance is a welcome sound.

And still political correctness hangs on. In the *Australian Universities' Review*, published for its academic members by the National Tertiary Education Union, contributors are advised that 'male nouns and pronouns should not be used to refer to people of either sex.' Perhaps 'she/it' would be acceptable?

*Paul Ross is a university student.*

**I P A**

# Numerology and the Media

NICK RENTON

The media's fascination with large and/or round numbers can get in the way of meaningful reporting.

**W**HEN the Dow Jones Industrial Average passed 10,000 recently at around the same time as the All Ordinaries index in this country exceeded 3,000 for the first time, these esoteric mathematical concepts from the business pages made headlines in the general press. Yet to anyone who knows anything about statistics, it would have been obvious that these nice round numbers really had no greater significance than any other numbers.

In the same way, when the exchange rate for the euro reached what is delightfully called 'parity' with the US dollar, it was somehow regarded as more noteworthy than when the euro was worth US\$1.01 or 99 US cents. Do we really still believe in black magic?

Then there is the 'big is beautiful' syndrome. When 400 textile workers lose their entitlements in a single company failure, this becomes a page one story. When only one or two workers are similarly hurt, the media ignore it—yet the principle is exactly the same.

Again, if 30 people die unexpectedly in a bushfire, the press rushes in to set up funds for the dependants of the victims. Fair enough—but are these really worse off than the dependants of 30 people who die, one at a time, in 30 different road accidents?

Then there is the Bill Gates phenomenon. His words are given holy status—not because of his achievements, but because his wealth can be measured in billions of dollars. Once again, the reason seems to be that 'big is beautiful'.

In a similar way, any story involving rich people in this country gets the media so excited that fair reporting goes out the window. To illustrate, when Kerry Packer and companies controlled by him won a major Federal Court case brought by them against the Taxation Commissioner, this naturally made news. The case

held much interest not only for tax professionals but also for the general public.

An amount of some \$260 million in tax was said to be involved. The full text of the lengthy actual judgment handed down by Mr Justice Hill is on the Internet. For those interested in the technical details the judgment can be found at [www.austlii.edu.au/au/cases/cth/federal\\_ct/1998/1276.html](http://www.austlii.edu.au/au/cases/cth/federal_ct/1998/1276.html) and [www.austlii.edu.au/au/cases/cth/federal\\_ct/1998/1277.html](http://www.austlii.edu.au/au/cases/cth/federal_ct/1998/1277.html).

Possibly because Mr Packer is himself a media baron as well as being very rich, the media quite unfairly portrayed this legal judgment in both text and cartoons as some sort of rip-off of a type which is not available to ordinary tax-

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paying battlers. Such persons were being provoked into making public outcries of shame.

Surely the important issues raised in this litigation deserved a better treatment than this? Would it be proper for the Commissioner to levy \$260 more tax on an age pensioner than the law actually required? If that were to happen then there would no doubt be outrage.

Why, then, did sections of the media regard it as perfectly proper for the

Commissioner to levy \$260 million more tax on Mr Packer than Parliament in its wisdom had decreed?

The principle would clearly be the same in both instances. If the rule of law is not to be brought into contempt, then the media have a clear duty to explain this to the wider community.

The concept that there should not be one law for the rich and another for the poor works both ways. It must have regard not only to the liability for tax but also to the correction of errors.

## **IRRELEVANT TRIVIA**

Lightweight newspaper stories at the time saying that the \$260 million could have bought, say, 1,370 booze buses or paid for 6,500 nurses for a year add nothing to the quality of the debate or, for that matter, to the reputation of the papers that printed them.

As one left-wing writer in a Sunday paper asserted, Mr Packer may have once used a taxpayer-funded ambulance to cheat death. That is indeed a colourful story, but should a court of law really hold such an incident against a litigant appearing before it?

Another learned commentator who should really have known better wrote:

We're also mad as hell to learn that the country's richest plutocrat pays no tax. We assume that if the Australian Taxation Office goes to court to make a case that Mr Packer owes the exchequer several hundred million dollars then that is indeed what he owes. I think we can take it for granted that this was not a frivolous try-on by the ATO. The outcome of the court case makes us dumb PAYE taxpayers very angry ...

Just why should anyone make the assumption that one particular party in a court case, namely, the party claiming money, must always be right and the other party, namely, the party resisting the claim, must always be wrong?

If things were that simple, then the need for courts and judges would disappear. To make such an assumption before a case is actually heard would be bad enough—but to make it after all the evidence and submissions are in and the impartial umpire has handed down a considered verdict is totally absurd.

By the same logic, the prosecutor in a criminal case must always be right and every accused person must automatically be guilty. Such an assertion would defy all logic. The commentator concerned would no doubt feel very differently if an over-blown assessment were to relate to himself rather than to Mr Packer or his companies.

A more logical assumption must be that both parties in this commercial dispute thought that they had a winnable case. Presumably also, Mr Packer would be very conscious of the fact that his tax affairs would always be under close scrutiny and he would, no doubt, be ultra-cautious and act accordingly.

#### **AMBIT**

Another impression which the media deliberately set out to create is that, as a result of this judgment, Mr Packer's total tax liability fell from \$260 million or thereabouts to nil or to just a few dollars.

That was, however, just the ambit of the particular dispute which was before the court on this occasion. Mr Packer understandably does not choose to broadcast his personal situation and the Taxation Commissioner is bound by law to secrecy in regard to the affairs of any taxpayer.

It may well be that the reality over a period of years is that a total tax bill of, say, \$10 billion has been reduced to \$9.74 billion and that the adjustment is thus only around two or three per cent.

While the press does not seem to realize it, the principle that taxpayers do not have to meekly accept incorrect assessments is essential for the proper working of the Australian tax system.

Journalists should also educate the public in regard to other aspects of the tax system—for example, that assessments always relate to a particular financial year.

To illustrate: a company which loses, say, \$200 million in one year and then earns \$200 million in the next year has earned nil over the two years and has quite logically paid no tax on

that outcome. For the media to let readers think that such a company has somehow defrauded the system by paying nil tax on \$200 million profit in the second year is a disturbing nonsense.

Another misconception can arise when profits pass from one company to another, as they frequently do. The first company in the chain will pay \$36 tax out of every \$100 which it earns. If it pays the remaining \$64 as a dividend to a second company, then naturally no further tax is payable in the latter company's hands, as the Government very reasonably does not seek to impose two lots of tax on the one lot of profit. But for the media to then describe the second company as somehow rorting the system would be quite mischievous, when all that has happened is that the second company has reported such dividends as profits subject to nil tax in its own accounts. The principle is, of course, exactly the same regardless of whether the actual figures involved are very large or quite small.

Of course, some people want the rich to be penalized for their success and thus urge that they should become subjected to some form of supertax.

Readers, however, may also be familiar with the Laffer curve. The optimum collection of tax in any country does not occur at very high rates of tax. A tax rate of zero would clearly produce no revenue. A tax rate of 100 cents in the dollar would, however, also produce no revenue—because no sane person would find it worth while to earn any income.

The maximum amount of revenue is thus gathered at some intermediate point—although nobody knows precisely what that particular point might be. It may be that Australia has already passed it, and that imposing supertaxes on the wealthy may just drive them offshore and result in even fewer contributions to consolidated revenue from them.

The media were keen to imply that Mr Packer—and others like him—were somehow being immoral in trying to minimize their tax liabilities.

Morality, however, is in the eye of the beholder—and very wisely our tax system is instead quite firmly based on the rule of law.

*Nick Renton is the author of 'Understanding the Stock Exchange' and 'Taxation and the Small Investor' (Information Australia).*

## **Musing...**

### **Ideas and Everyday Life**

**MICHAEL WARBY**

I live in Fitzroy, Melbourne and every working day I walk along Brunswick Street. From Alexandria Parade to below Johnston Street, it is one of the great café strips of Melbourne, arguably the world. The vividness and variety of the cafés, particularly their signage, and the quality of their food and service make the area a riot of form, colour and activity. Only concern for my wallet and my waistline have stopped me dining out every night.

Further down Brunswick Street are the huge, many-storey, public housing blocks. 'Suicide towers' a friend and former inhabitant of public housing calls them. A former public service colleague, now a chaplain for the Brotherhood of St Laurence, told me that one of the Brotherhood's first reports found that the blocks housed fewer people than the period housing that was demolished to create them. They are a nightmare for young mothers in particular, as taking children to the green spaces at their bottom is a family expedition in itself. They have to pass the lounging adolescents, vaguely menacing young men and druggies in order to venture into the vast spaces for toddlers to run off in.

The difference between the cafés and the towers can be expressed very simply. The cafés gain their income from a myriad daily acts of consent. They live or die by their ability to entice and to satisfy.

Public housing is assigned on a take-it-or-leave-it basis. The income of those who conceived and administer them has nothing to do with their value as housing. The consequences are obvious and completely unsurprising.

A simple idea, that having one's income dependent on the individual, daily consent of others makes you more attentive to other people's wishes. But how profound and clear the consequences: and in a single street.

*Michael Warby works for the IPA.*

**I P A**

# Digital Three-Card Trick

FRANCO PAPANDREA

**W**HEN unveiling the Government's recent decisions on digital television, the Minister for Communications, Senator Richard Alston, is reported to have said that the Government was particularly concerned to ensure that the decisions were 'in the best interest of consumers and provide them with access to the world's best services, a range of choices and quality television' (Collins, 1999). In reality, consumers will get very little—incumbent network owners will be the primary beneficiaries. In some ways, the digital decision is like the notorious 'three-card trick' where unsuspecting players have three dubious choices to part with their money; consumers should be careful not to fall for exaggerated claims.

What lies under the three digital cards facing consumers? According to the Minister's media release (Alston, 1999), analog television viewers wanting to receive digital television will have the choice of 'an HDTV set that offers cinema quality pictures as well as access to the new datacasting services; a cheaper SDTV set that offers access to the new services and better reception and picture quality than existing analog sets; a set-top box that gives access through their existing analog TV set to the new services but with existing picture quality....' Only those with a strong desire to acquire new technology or with money to throw away will rush to pick one of three cards on offer. Let's look at the three choices in increasing order of their likely cost to consumers.

## **GETTING NOT VERY MUCH FOR YOUR MONEY**

A set-top box is expected to cost around \$500 to \$1000, depending on whether it is to decode SDTV or HDTV signal. What will you get for your money? You will get a new gadget to sit on top of your current analog TV set. With it you will be able to receive a digital television signal. Why you would want to do so is puzzling since you already have access to exactly the same programmes with your analog television set. Broadcasters are required by law to supply the analog signal at least until the end of

2008. Because the digital signal is resistant to 'snow' and 'ghosting', picture quality may improve slightly. By itself, however, this is unlikely to be a sufficient motivator for people to spend \$500–\$1000. Most Australians are quite happy with their current analog television pictures and many of them have not even been prepared to spend an extra \$50 to install an external aerial that would provide similar improvements. An expectation that they would now be prepared to spend ten times that amount for a slight improvement in quality, therefore, seems to be unfounded.

In addition to picture improvements, a set-top box may be able to provide access to 'multichannelling, enhancements and basic datacasting'. Unrestricted use of these capacities of dig-

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***Consumers will  
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beneficiaries***

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ital television would have provided a rich menu of new and competitive services for viewers and would have provided a significant incentive for them to spend their money willingly to get access to them. But the Government has prohibited virtually all of these appealing possibilities. The use of multichannelling will be restricted to some basic enhancements and to cater for 'overlaps' (for example, cricket overrunning into a scheduled news programme) and datacasting will be forbidden to provide television-like programmes. By imposing a convoluted set of restrictions, therefore, the Government has ensured that many of those

likely to have been attracted by an increased and appealing range of new services will not now find the permitted 'additional' services a sufficiently attractive incentive to part with their money.

If you have more money to spare, you can go for the second card. For \$2000 to \$3000 you can get a standard digital TV set. With it, you will be able to avoid cluttering the top of your TV set with a set-top box. The services you get will be the same, except that for the extra money you also get a wide format screen. This is much like the viewing portion of the screen for foreign films shown on SBS (without the black bands at the top and bottom). The size of the screen will depend on how much money you are prepared to spend. Unless you value the wide screen format highly, there would be little reason to progress to this stage while your analog TV set continues to work well. If your set is a few years old, however, and you are thinking of changing it, you may want seriously to consider a digital set. But even then, you would have an incentive to wait a while until a significant level of market penetration by digital sets is achieved and economies of scale bring down the prices of digital TVs.

With still more money to spare, you can go all the way and buy an HDTV set for a minimum of around \$8000. This will give you all the things you get with a wide-screen standard digital set and for the extra \$6000 you will be able to receive 20 or more hours per week of your programming in high-definition version. Another likely side-benefit would be that you can brag to your friends about your being one of the very few people to have an HDTV set. If US developments (where HDTV and SDTV are already available) are any guide to what is likely to happen here, you will be able to brag for quite a while, as not too many others will be following your example.

We are told that Australians are eager adopters of new technology. This is true in some respects (for example, mobile telephones), but not so for others (for example, AM stereo radio). What seems to make the difference is whether

the new technology offers something substantially different and additional to what the old technology provides. Adoption of 'black and white' TV sets and colour TV sets was high because the new technology offered highly desirable benefits that were not otherwise available. It remains to be seen, of course, whether the few extra benefits that have been sanctioned by the Government will be sufficient to encourage many of us to become early adopters of digital TV.

#### WHAT MIGHT HAVE BEEN

It could have been different. Digital television and similar services have the capacity to offer a vast array of new services providing considerable benefits to consumers. The potential array of new products and services will undoubtedly expand, with technological advances further increasing consumer appeal. But the Government says that is not to be so. According to the Minister, we already have the best television system in the world. But even if that were true, why should it not be improved further? Implicitly, what the Minister is saying is that we should be grateful for what we have and should not yearn for what we could have. In a sense, it is like going to an appealing restaurant with an extensive attractive menu only to be told by the waiter that three-quarters of the listed items are not available.

Why is the choice denied to us? Far from offering consumer choice and promoting the public interest, the digital television decision is about protecting the interests of incumbent television network proprietors. All the elements of the convoluted set of restrictions stem from the Government's decision to ban new commercial television services until at least the end of 2006. The banning of potential competitors to established television operators is not something new. Formally or informally it has been in place in larger capital cities since the licensing of the third commercial channel more than three decades ago. The introduction of pay-television was also banned for many years for the same reason.

The Government would have us believe that incumbent broadcasters deserve special treatment. When announcing the Government's initial decision on digital television, including a ban on the licensing of new commercial services until 2006, the Minister argued that while the Government 'would normally welcome additional

competition, in any industry, as healthy and likely to lead to benefits for the consumer', because of the special circumstances facing them, Australia's free-to-air and pay-television industries 'deserve a degree of special treatment, and the Government makes no apologies for [the] decision' (Alston, 1998). The special circumstances noted were the cost of digital conversion for free-to-air broadcasters and the relative infancy of the pay-television industry. If the cost of introducing new technology were to be a legitimate reason for limiting competition, every industry in Australia would be seeking and would be entitled to protection. Yet the Government has been winding down protection for other industries.

The recent digital television decision is a further widening of the protection already afforded incumbent net-

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## ***The recent digital decision is a further widening of the protection already afforded incumbent network owners***

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work owners. They are now not only protected from additional commercial operators but also from anything that may take viewers away from them. That is why datacasting—which has the capacity to offer many exciting and innovative services that are likely to appeal to consumers—has been banned from providing anything that remotely resembles products offered by commercial television services. The ban is as ludicrous as, say, prohibiting licensees of new pubs to sell anything that looks or tastes like beer, wine or spirits.

Protection of incumbent network owners from competition by new entrants is as shortsighted as the made-to-measure tariff protection of manufacturing industry of earlier decades. And, as it did for manufacturing, protection of incumbents will undoubtedly have a negative effect on the development of an innovative and competitive information services industry. In any

event, it is unlikely to provide more than short-term relief to the networks. While the Government can clearly use its powers to ban competitive entry into over-the-air broadcasting and datacasting services, it is virtually powerless to prevent consumer access to alternative sources of those services. The Internet is already providing access to a vast range of information and entertainment services including some that already compete directly with established free-to-air broadcasters (for example, Internet radio services).

The history of Australian broadcasting is littered with examples of costly mistakes by governments intent on protecting the private interests of established broadcasters with little consideration of market forces and consumer demand. As a result, the Australian public has regularly been denied access to popular services that people in other countries had been enjoying for many years. The highly prescriptive digital conversion decision is simply the latest example of misguided government intervention and is likely to be as costly as previous mistakes. If the Government is really interested in advancing consumer interests rather than those of a few powerful individuals, it should do whatever it can now to amend its decision and allow orderly market processes to determine the nature and structure of services to be provided.

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# Wildlife Stocks

MICHAEL WARBY INTERVIEWS JOHN WAMSLEY

**I**f everything goes according to plan, in May 2000, investors on the Australian Stock Exchange will be able to invest in wildlife in a very direct fashion. Earth Sanctuaries Ltd (ACN 008 164 903), the company founded by Managing Director Dr John Wamsley to set up and run private wildlife sanctuaries, is being listed on the Stock Exchange. A prospectus has been issued and the offer closes on 14 April 2000. If all the shares being offered are sold at the offer price of \$2.50, Earth Sanctuaries Ltd will have a market capitalization of \$70 million. As at September 1999, the company already had over 4,000 shareholders, with over 20 million shares issued.

As stated in the prospectus, the core business of Earth Sanctuaries is conservation, and it has a subsidiary activity in eco-tourism. Well-known conservationists and wildlife experts Professor David Bellamy, Professor Des Cooper and Dr Harry Butler have all lent their names and support. The company has been in operation for 15 years, currently operates six Sanctuaries and is developing more.

Dr Wamsley pioneered the Earth Sanctuary concept with Warrawong Sanctuary in South Australia. The sanctuary was fenced off with feral-animal-proof fencing, feral animals were then eliminated from within the sanctuary and wildlife species reintroduced. It was Dr Wamsley's contention that the main reason for the loss of wildlife in Australia was the introduction of feral animals, particularly predators such as foxes and cats. The success of the 34-hectare Warrawong Sanctuary, and of the five others which have followed (Yookamurra, SA, 1,100 hectares; Scotia, NSW, 65,000 hectares; Buckaringa, SA, 2,000 hectares; Tiparra, SA, 2,000 hectares; Dakalanta, SA, 13,000 hectares) serve as a vindication of his views, both on the threat to Australian wildlife and how that threat is most practically dealt with. (The company also manages a 3,485-hectare property at Hanson Bay in South Australia.)

On Tuesday, 7 March 2000, the IPA interviewed Dr Wamsley.

*IPA: What prompted the decision to list on the Stock Exchange?*

We need to raise funds and it was where the funds could be raised.

*IPA: According to your prospectus for the listing, you already have 4,000 shareholders. Do you have any feel for what draws them to this particular investment?*

They want to get involved in what we do. The first investor who came in said he wanted to be green, but he took out his half million profit when it came to that.

It is interesting to see that people take a profit when a profit is to be had. It is the old story: money is not everything but it is a long way ahead of what-ever is in second place.

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***I object to people putting our wildlife in front of bulldozers to protect their idealistic views, and that is what is happening at present***

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*IPA: Barry Cohen, a former Commonwealth Minister for the Environment, in his attempts to set up a private sanctuary in NSW, found his biggest barrier was the regulatory authorities.*

That is interesting, in that he came from those authorities himself. There is no doubt that regulation is the biggest problem. It is interesting that someone with his experience and knowledge could not get past the regulatory barrier. We have: I think it is a matter of having the commitment.

*IPA: Do you see making environmental concern profitable as the most important way forward for conservation?*

It is the only way: things which are not profitable must fail, or be run in a minimum way. That is why Australia's conservation record is so poor. It is seen as part of the welfare sector, yet there is no way an animal facing extinction can compete with a hungry baby. You can spend all your life changing the system if you want to, but what we've done is see how to make it work.

*IPA: You mention, in the prospectus, that in the last 500 years, over 60 species have become extinct worldwide, 20 of which are Australian. Why is our record so bad? And why are your figures for species extinction so much lower than those often quoted?*

I am talking about mammal species. 'Animals' include lizards, worms, insects. It is very hard to document all of them. We try to be very specific in what we are doing, and in reporting on results, and the easiest way is to stick to mammals.

As for why Australia's record is so poor, we have what is known as 'the island problem', where species evolve away from other animals. New Zealand had the same problem, Hawaii had the same problem, Madagascar had the same problem. We are the biggest island, so our problem was so much greater than anywhere else.

*IPA: On page 13 of the prospectus, the issue is raised about the limited marketability of native fauna. What would you like to see governments do in this matter?*

I am not sure. Whatever happens, I am more concerned that we can take advantage of it for the benefit of our shareholders and wildlife.

We tend to look at laws and say we have to work with them. Though the simplest way to look at the problem is: if you stopped the trade in sheep how many sheep would there be in Australia in 20 years? If you had a trade in bilbys, I have no doubt that there would be a lot more bilbys.

Again it comes back to idealism versus the facts of life. I appreciate that

there needs to be regulation, but it should be regulation for the benefit of species, not for the benefit of idealism. I don't mind if people lie in front of bulldozers to put their idealistic views, but I object to people putting our wildlife in front of bulldozers to protect their idealistic views, and that is what is happening at present.

*IPA: What do you find is the reaction of the wider environmental movement to Earth Sanctuaries?*

Suspicion. The environmental movement is split into two parts, profit and not-for-profit; business and charity. I guess that business is always suspicious of charities and charities are suspicious of business. There are more green businesses coming on line, and they all have a part to play.

The not-for-profit organizations form an extreme breadth of groups. If you look at the extreme left, you see groups which are basically government funded to lobby and protest. There is an interesting symbiosis there: generally Labor governments give a fair bit of funding to green groups and they generally support Labor governments. This has built up over time. Those groups don't believe you should do things, they believe you should just talk about it.

Then there are the ones in the centre, the ones which collect money from the public to do good things—groups such as WWF and RSPCA. They collect enormous amounts of money. Much of it goes on administration, some of it in public relations to collect more money.

Then you get to the right side, such as Greening Australia and other groups, which involve volunteers actually doing things. Yet they are not allowed to be on the conservation councils because they are not regarded as 'green' enough.

There is a big, broad, range of groups there: as much breadth there as is there in business.

We get on very well with some groups, and are opposed by others. The groups on the left oppose us very heavily but we get together with the groups on the right and do joint projects with them.

*IPA: Thanks for speaking with us, is there anything you want to say in conclusion?*

If anybody has any sense, they would buy our shares. The future will tell that they are an excellent buy now.

*IPA: Thank you very much.*

**IPA**

# Facts versus Phantoms

**BRUCE N. AMES**

**I**T is popular these days to espouse an apocalyptic vision of the future of our planet. Pollution is being blamed for global warming and ozone depletion, pesticides for cancer. Yet these and many other environmental causes are based on weak or bad science. The reality is that the future of the planet has never been brighter. With the bankruptcy of communism, the world is, one hopes, on the path to democracy, free markets, and greater prosperity. Science and technology develop in a free society, and free markets bring wealth, which is associated with both better health and lower birth rates. Scientific advances and free markets can also lead to technologies that reduce pollution at the lowest cost. A market for pollution rights is desirable—polluting shouldn't be free—and is much more effective than a bureaucratic monopoly. In my scenario for the future, I would like to see environmentalism based on scientific fact, directed at solving real problems rather than phantoms.

An example of this problem is the public misconception that pollution is a significant contributor to cancer and that cancer rates are soaring. As life expectancy continues to increase in industrialized countries, cancer rates (unadjusted for age) also increase; however, the age-adjusted cancer death rate in the United States for all cancers combined (excluding lung cancer from smoking) has been staying steady or decreasing since 1950. Decreasing since 1950 are primarily stomach, cervical, uterine, and rectal cancers. Increasing are lung cancer (which is due to smoking, as are 30 percent of all US cancer deaths), melanoma (possibly due to sunburns), and non-Hodgkin's lymphoma. Cancer is fundamentally a degenerative disease of old age, although external factors can increase cancer rates (cigarette smoking in humans) or decrease them (eating more fruits and vegetables).

A second misconception is that high-dose animal cancer tests tell us the significant cancer risks for humans. Approximately half of all chemicals—whether

natural or synthetic—that have been tested in standard animal cancer tests have turned out to be carcinogenic. These standard tests of chemicals are conducted chronically, at near-toxic doses—the maximum tolerated dose—and evidence is accumulating that it may be the high dose itself, rather than the chemical per se, that is the risk factor for cancer. (This is because high doses can cause chronic wounding of tissues or other effects that lead to chronic cell division, which is a major risk factor for cancer.) At the very low levels of chemicals to which humans are exposed through water pollution or synthetic pesticide residues, such increased cell division does not occur. Thus, they are likely to pose no or minimal cancer risks.

The third misconception is that human exposures to carcinogens and other toxins are nearly all due to synthetic chemicals. On the contrary, the amount of synthetic pesticide residues in plant foods is insignificant compared to the amount of natural pesticides produced by plants themselves. Of all dietary pesticides, 99.99 per cent are natural: they are toxins produced by plants to defend themselves against fungi and animal predators. Because each plant produces a different array of toxins, we estimate that on average, Americans ingest roughly 5,000 to 10,000 different natural pesticides and their breakdown products. Americans eat an estimated 1500 mg of natural pesticides per person per day, which is about 10,000 times more than they consume of synthetic pesticide residues. By contrast, the FDA found that residues of 200 synthetic chemicals, including the synthetic pesticides thought to be of greatest importance, average only about 0.09 mg per person per day.

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**IPA**

# Letter from London

JOHN NURICK

## Engineer, Hoist, Petard?

I'm writing this soon after the TV and newspaper stories celebrating the Blair Government's first thousand days in office: an anniversary of even less intrinsic significance than the night the calendar rolled over from '1999' to '2000'.

The thousand-day stories overlapped another bunch claiming that a recent flurry of problems and scandals had given the Government its worst week ever. Mr Blair's spin-doctor made light of this, pointing out—with only a little exaggeration—that there has been a 'worst week ever' story at least once a month since the election.

Nevertheless, the first few weeks of 2000 were a bad time for Tony Blair and the Labour Government. It wasn't meant to be like this. The year was going to begin with a whopping great party and the world's best fireworks. The world and his wife would flock to visit Britain and buy British and look up to this wonderful nation and, of course, its wonderful government and even more wonderful Prime Minister. More important, the population would be so grateful that they would reelect him in an early election in spring 2001.

It hasn't happened like that, of course—and no one in their right mind would have expected it. One hopes that Mr Blair and those around him were exaggerating cynically (which means they're sane) and not telling us the truth as they saw it (in which case we're in deep, deep doo-doo). What is interesting, however, is the extent to which the Government's troubles are of its own making—and may even stem from some fairly basic misunderstandings of the dynamics of parliamentary democracy.

That idea came into my head while I was thinking about the difference between fighting battles and waging war. H.P. Willmott stresses this in *The Great Crusade*, his history of the Second World War, speaking of 'that popularly accepted but pernicious myth of German military excellence':

If the German military was as good as conventional wisdom would have us believe, they why did it lose, and in defeat is there not confirmation of a suitably amended Wilde witticism: "To



lose one world war may be regarded as a misfortune; to lose both looks like carelessness'? ... [T]he German military genius was in fighting, not in war, that indeed Germany's failure stemmed from her inability to understand the nature of war.<sup>1</sup>

Think about 1940–41: the Germans were dazzling the world with the speed and scale of their conquests, while the record of British arms was of humiliation leavened by gallantry. Below the surface, however, things were very different. As Willmott says, 'until 1943 Britain, with half the population and less than half the industrial capacity of Germany, out-produced the *Reich* in terms of aircraft, tanks, artillery and shipping'.<sup>2</sup>

Tony Blair has certainly dazzled with the speed and scale of his conquests. When he first stood for Parliament in the 1980s, there was a strong faction in the Labour Party that wanted unilateral disarmament, withdrawal from the European Community, the abolition of private education and health care, and a planned, self-sufficient 'fortress economy' in nationalized ownership. Now, we have a Labour government that is dead keen on NATO, the US alliance and the European Union; that helps the US bomb Iraq and Serbia; that is contemplating privatizations and private finance deals that Mrs Thatcher never dared (air traffic control, for example). Even state education is no longer sacred: private companies are being contracted to 'turn round' failing state schools.

But how much of this is just tactical brilliance, and how much reflects a realistic underlying strategy? Let's look at some

of the difficulties that the Government faced in the first weeks of 2000, after a thousand days in office.

The *National Health Service* nearly collapsed, because more people than usual got the flu. Labour first denied there was a crisis at all, then exaggerated the severity of the epidemic in the hope of concealing just how close to the brink the health service is even during a normal winter. *Background*: in its first years in office, Labour concentrated on NHS administrative changes that made and could make no fundamental difference, and on misconceived, cosmetic objectives. Some additional funds were provided, but not enough to make improvements that were visible to anyone except politicians and civil servants. Now, Mr Blair has said that the Government 'aspires' to increase NHS funding to levels comparable with other European health services—but it's only an aspiration and, with only one financial year before the likely election time, it's too late anyway. Let's put this one down as 50 per cent self-inflicted.

The Government has put a great deal of effort into ejecting the hereditary peers from the *House of Lords*; it reluctantly accepted a compromise under which a hundred or so remain as officeholders or as elected representatives of their, well, peers. The House is now dominated by life peers, there on account of their own merits rather than their ancestors'—and therefore much readier to amend or reject government legislation than the unreformed House was. This seems to have taken Mr Blair entirely by surprise: he seems to have thought that getting rid of the overwhelmingly Conservative hereditaries would solve a problem, not worsen it. 100 per cent self-inflicted.

Another early objective was *devolution*. Political energy and capital that could have gone into health and transport were used instead to set up the elected Scottish Parliament and Welsh Assembly. Mr Blair wanted to have his cake and eat it: the Scots and Welsh would be so grateful that they would vote Labour, and the Labour administrations would toe the Blair line. As anyone who has studied Australian politics for more than ten minutes knows—and Mr Blair has friends in Australian politics—this is fairyland stuff. In the words of the London *Evening Stand-*

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ard, 'any genuinely devolved assembly is bound to turn into a machine for kicking the government of the day in the backside', and that's what the Scots and Welsh have been doing. 100 per cent self-inflicted.

The best pantomime in town is the race to be the first elected *Mayor of London*. Mr Blair is trying and failing to arrange a fair and democratic process that will select the candidate he wants and not the one the members of the party want—and making a fool of himself and enemies of party members. 100 per cent self-inflicted.

I have written enough about *transport* in the past. Again, the problem is that the Government dawdled in its first years and is now realizing that the election is in sight and that it hasn't actually made any noticeable improvement. In fact, it's made things worse: its combination of tough words and little policy have put investors off the railway companies—which will make it harder to raise the massive amounts of capital needed. Say 50 per cent self-inflicted.

The purest of the own goals is the great Millennium Dome. I'll tell you more about that when I've been there myself, but—as a *Times* columnist put it—it will be a classic source of case studies for the management schools. 110 per cent self-inflicted!

Does Mr Blair understand what he's doing? On this evidence, it seems doubtful. Perhaps we will find out between now and the election.

Meanwhile, there's just been some brilliantly good news. The Chancellor, Gordon Brown, has announced that he plans to offer unlimited, matter-of-course income tax relief on private and corporate donations to charity—as in the United States. He cast it explicitly in terms of encouraging local associations and little platoons, and winding back the state domination of welfare and cultural provision that has grown up since the 1940s. Conservative ministers talked about this, but never dared give up that much control. If this government—Labour, and apparently obsessed with control—brings it off, it can be forgiven a great deal else.

#### ENDNOTES

- 1 Willmott, H.P., *The Great Crusade*, New York: The Free Press, 1989, page xi.
- 2 *Ibid.* page 218.

*John Nurick is a management consultant based in the South of England. From 1985 to 1990, he was editorial director of the Australian Institute for Public Policy, and later edited newsletters reporting on the UK Parliament and European Union institutions.*

I P A

# The 1999 Election in New Zealand

JAMES ALVEY

**F**ROM 1984 until the early 1990s, New Zealand was regarded as the leading economic reformer in the Western world. From 1993, reform continued at a slower pace. The 1999 New Zealand election, held on 27 November, resulted in some significant changes in representation in the Parliament and ultimately in the nature of the government. The election will result in a significant change in the direction of policy: the era of economic reform 1984–99 has come to a close.

The reform period was ushered in by the Labour Government (1984–90) and continued with National-led governments (1990–99). The British first-past-the-post electoral system was used until 1996, when MMP was introduced. This system is based on the German system and combines electorate seats with proportional representation. In the 67 electorate seats, the first-past-the-post voting system applies and the remaining seats are determined by a type of proportional representation system with a 5 per cent threshold. If a party wins an electorate seat, it does not have to reach the 5 per cent threshold. The party vote and total seat distribution in the last three elections are presented below.

As can be seen below, the big winner in the recent election was the Labour Party, both in terms of the share of the vote (up by 10.5 per cent) and in terms of seats won (up by 12 seats). The vote for the National Party (equivalent to the Australian Liberal Party) went a little backward: but surprisingly little, considering that it had been in power for three terms (1990–99). The big loser was New Zealand First (which dropped almost 9 per cent of the vote and 12 seats). It is run by a charismatic Maori politician, Winston Peters, who is a former National MP (1978–81 and 1984–92). He founded New Zealand First in 1993 and, in the election that year, secured two seats for his party. After the 1996 election, he formed a controversial coalition with National and became Deputy Prime Minister. New Zealand First rose to great heights in 1996 with three major policies: rejection of foreign investment, opposition to Asian immigration, and a better deal for pensioners. It also had an ambiguous appeal for Maori voters. After a disappointing performance in government, Peters was dismissed in August 1998. His party split into two groups and those who left formed a new party called Mauri Pacific. The latter

Party	1993 Party Vote (%)	1993 Total Seats	1996 Party Vote (%)	1996 Total Seats	1999 Party Vote (%)	1999 Total Seats
ACT NZ	—	—	6.1	8	7.0	9
Alliance	18.2	2	10.1	13	7.7	10
Greens	(See Alliance)	(See Alliance)	(See Alliance)	(3; See Alliance)	5.2	7
Labour	34.7	45	28.2	37	38.7	49
National	35.1	50	33.8	44	30.5	39
NZ First	8.4	2	13.4	17	4.3	5
United	—	—	0.9	1	0.5	1
Totals	100	99	100	120	100	120

was wiped out in the 1999 election and New Zealand First could not muster the same support it had in 1996. There are parallels that can be drawn with the One Nation story in Australia.

Unlike the Australian situation, six of the 67 electorate seats are reserved for indigenous voters. Labour won all of the Maori seats from 1943 to 1993, when New Zealand First won its first Maori seat. In 1996, New Zealand First swept the lot. In the recent election in the Maori seats there was a huge swing back to the Labour Party, which again won all of these seats. A partial explanation for Labour's improved performance last year can be traced to the return of Maori voters to the fold. One can reasonably ask whether a separate Maori roll and Maori seats remain appropriate.

Another interesting aspect of the election was the performance of the Greens. They became foundational members of the five-party Alliance in 1991, but the Greens decided to run a separate campaign in 1997. Immediately after the 1999 election, it appeared that the Greens had not won a seat in Parliament and the two major parties of the left, the Labour Party and the Alliance, formed a coalition. The coalition proceeded with plans to form a majority government with 63 out of the 120-seat Parliament. A few days later, after consideration of special votes, it turned out that the Greens had won an electorate seat and crossed the five per cent threshold and thus won seven seats. The Labour-Alliance coalition was transformed into a minority status and would have to rely on the Greens to pass legislation. It was frequently stated during the campaign that the Greens would support a Labour-Alliance government on confidence and supply. How much support the Greens will give the Government for its legislative agenda is unclear at this stage. After the Greens won their seats in Parliament, the Labour leader, Helen Clark, held out the possibility of the inclusion of a Green in the Cabinet.

One promising aspect of the election for the cause of economic reform was the good performance of the ACT Party. This party was begun in 1994 by Roger Douglas, the leader of economic reform under the previous Labour government. It is dedicated to small government, free trade and less regulation. The parliamentary leader since 1996 has been Richard Prebble, a former reform minister associated with Roger Douglas. In the last parliament, ACT generally supported the National-led government. ACT and National are logical coalition partners in the future. At the moment this potential Cen-

tre-Right coalition has 48 representatives. In addition, the United Party is a one-man party which has usually sided with National. This is a good foundation for the next election.

It seems that New Zealand First has run out of steam. If that turns out to be the case, and no new parties emerge that can cross the 5 per cent threshold, there will be two coalitions battling out the next election:

- National and ACT on the Centre-Right; and
- Labour, the Alliance and the Greens on the Centre-Left.

The capacity of the Greens to retain 5 per cent of the vote is not clear. But this sets out the basic fault lines for the next election.

In the next three years what policies are we likely to see from this Centre-Left government? Some policies will be reversed. Others will remain fairly constant.

Where will the Government reverse policy? A new personal tax bracket has been introduced with a rate of 39 per cent for incomes above NZ\$60,000. This raises the highest tax bracket by 6 per cent and was a major feature of the election campaign. This change, effective from April 2000, represents a major departure from the past pattern of flattening personal tax rates. The fringe benefits tax will also increase from 49 per cent to 64 per cent. A new interventionist body, called Industry New Zealand, will be set up to provide industry assistance and export aid. 'Strategic economic development,' or 'picking winners,' is a significant departure from the previous government's policy. Tariff reductions will be viewed more cautiously. A more nationalistic approach will be adopted towards the local music, publishing and film industries. A hint of the protectionist stance of the Alliance can be seen already. The Government is dedicated to significantly increasing government spending on education and health. It will reintroduce a government monopoly on accident compensation, which was opened to competition in the last parliament. It plans to scrap the *Employment Contracts Act*, which brought a great deal of decentralized bargaining into industrial relations. Unlike the past twelve years, there will be no public asset sales in this parliament. The previous government's tentative moves towards commercializing roads will be terminated.

Where will we see continuation of the old policies? The *Reserve Bank Act* giving autonomy to the Bank in the operation of monetary policy will be left alone. In the days just after the election (15 December) a new Policy Targets Agreement between

the Treasurer and the Reserve Bank Governor was signed and little change was made to the existing agreement. Low inflation (0-3 per cent) was maintained as the primary objective. The Alliance indicated that it was unhappy that the opportunity was missed to substantially change the Agreement. Similarly, other pillars of reforms such as the floating of the dollar, the *Fiscal Responsibility Act*, and the massive privatizations, are unlikely to be changed except at the margins. A return to the massive budget deficits of the Muldoon era appears to be unlikely. World Trade Organization membership and Closer Economic Relations with Australia also set limits on any protectionist moves.

Many of the institutions set up have been soundly designed to prevent grand experiments by interventionist governments. In principle, the rules and legislation of the reform period can be overturned. I predict, however, that, generally, these will be kept in place because Labour will find it expedient to blame these checks for the salutary limitations on the indulgences of the Alliance and the Greens. Nevertheless, there are some dangers:

- because Labour is in a coalition, some concessions will need to be made to the more interventionist junior partner, the Alliance;
- the minority status of the coalition itself means that concessions will have to be made to the Greens. Many of the new Green MPs have no experience in Parliament and most have no idea of how businesses operate;
- a new coalition could be formed with the Alliance and the Greens, shifting the balance away from the more moderate Labour Party.

It is these factors that represent major causes of concern.

The great reform period in New Zealand, that achieved such an international reputation, has ended, at least for a while. Even though there is scope for much mischief in the next three years, the minority nature of the Government suggests that little dramatic change can be achieved. There is considerable ground for optimism that any roll-back of policy will be minimal and not alter the fundamental reforms that were put in place over the past 15 years.

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I P A

REVIEW

# The One That Got Away

DON D'CRUZ

The defeat of the Kennett Government as a result of the Victorian State election of 18 September 1999 surprised almost all observers. A look at how defeat was snatched from the jaws of victory.

**I**N the aftermath of the 1999 Victorian State election and the inevitable recriminations, much of the blame was placed on the shoulders of the now former Premier, Jeff Kennett. Particularly during his premiership, Jeff Kennett was a larger-than-life figure who dominated his party and the political landscape. This profile made his style of leadership and policies an obvious lightning rod for criticism after electoral defeat.

The Kennett style and policies, however, only partially explain this defeat. A sizeable share of the Kennett loss can be attributed to a poorly, if not ineptly, structured campaign, whose shortcomings were reinforced and magnified by a series of poor tactical decisions during the campaign, and by administrative errors of judgement within the Liberal Party just before the campaign. The election once again proved the old political truism that 'Oppositions don't win elections, governments lose them'.

## CAMPAIGN STRATEGY

The Kennett Government strategy relied on calling an early election. With the Premier and the party enjoying a comfortable margin of advantage over Labor, a sizeable campaign war chest, the economy prospering and the mood generally good, the situation seemed right to go to the polls. The timing mirrored the 1996 election in that it was designed to take advantage of the disruptions caused by the sporting events, in this case the AFL finals.

With Labor having just installed Steve Bracks to replace the uninspiring John Brumby, and with Bracks not making headway, the timing was also designed to exploit his lack of public profile. By forcing Bracks to compete with the football finals, it was hoped that the new Opposition leader would be starved of the oxygen of publicity he needed to get his message across.

The Kennett Government felt reasonably confident about running on its record. Aside from the usual problems of all State and Federal governments in

health and education, there was no major issue that threatened to topple the Government. Nor was there any prevailing mood for change.

The Liberals also had one considerable electoral asset—Jeff Kennett. Given the tomes of *post ipso facto* election rationalizations about the Kennett style and the vote, it is all too easy to forget just what a good politician Kennett was. With his colourful persona and capacity to use the media to communicate his message, Kennett was a formidable political weapon.

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*The election once again proved the old political truism that 'Oppositions don't win elections, governments lose them'*

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The decision to run a very 'presidential'-style campaign was perfectly understandable. The retirement of a slew of senior ministers, most notably Alan Stockdale, was successfully portrayed by Labor as a depletion of talent. This was also not helped by the Kennett style, which seldom allowed his ministers to showcase their talents, leaving most of them with a fairly low public profile.

Most Australian elections are presidential in style. Although Australia borrows its system of government from the Westminster tradition, undue attention has always been paid to the leaders. That the Liberals used Kennett so prominently is hardly surprising. If one goes back over the election, Kennett did

perform competently. Ironically, this disciplined performance may have worked against him when it came to the expectations of the result.

Where the Liberals departed from usual practice was the infamous 'gag'. There is still some doubt as to what this exactly entailed, with some denying any such limitation on Liberal candidates. It has been explained as a 'misunderstanding' by the media. Nevertheless, it seems some sort of directive was issued that did convey the impression that some sort of gag had been imposed.

In the context of modern campaigning, this tactic had an element of logic so as to stay 'on message' and avoid embarrassing gaffes. But it was flawed in its conception and bungled in its implementation. The gag soon became a focus of criticism in a lifeless campaign.

The one serious difficulty that the Liberals faced with their strategy concerned the negative component of their message and overall strategy. At the heart of any campaign is its message. A good campaign message contains two distinct yet complementary parts. The first is the positive component, which is about the party. The second is the negative part, or point of contrast with the opponent.

The previously successful 'Guilty Party' advertisements no longer struck a responsive chord with the electorate. The rush to the polls and a new Labor leader meant that the Opposition presented an extremely small target. It also afforded the Liberals no time to flush Labor out on their policy positions. It seems that there was some difficulty in constructing a compelling negative message for the campaign.

The seriousness of this cannot be overstated, as a significant percentage of the some 20 per cent of the electorate identified by ABC election analyst Antony Green as 'swinging voters' do respond better to negative message appeals.

Labor was faced with the enormous task of reeling in the Coalition's sizeable lead. But the size of Labor's task

was also its greatest asset. As no-one, not even the staunchest Labor supporters, expected a Labor win, the ALP was spared any real scrutiny of its policies and agenda. The gimmick of the 'financial audit' by Access Economics was effective in killing-off any real interest in Labor's policy detail and in keeping the focus squarely on the Government. Neither its policies nor its shadow ministers were really tested. As a consequence, Victoria now has a Labor Government whose policies and agenda are as much a mystery to Victorians as is their frontbench.

Labor waged a fairly strong negative campaign. It was an improvement on their last outing, arguably one of the most inept campaigns in modern Australian politics. It sought to limit key points of differentiation, such as privatization and the Grand Prix, which had borne little fruit and instead concentrated on the issues, such as health and education, that promised greater electoral returns.

#### EXPECTATIONS MANAGEMENT

Expectations management has become a crucial part of Australian election campaign strategy—for reasons ranging from increased volatility, alienation and distrust (not to mention dislike) of politicians to the system of compulsory voting and the traditional Australian love of the underdog. Today, perceptions of a politician's complacency and smugness can be his or her greatest weakness. Everyone wants to be the underdog.

The failure of the Liberal Party to structure its campaign carefully to allow for this was undoubtedly one of the campaign's great flaws. Ultimately, it may have cost them government.

Kennett did make a practice of warning against complacency and that the election would be close, but they were basically just a few throw-away lines and were contradicted by various Liberal actions. Liberals seemed complacent about the dangers. This is surprising because, with no 'hot button' issues, expectations of a big win were always going to be one of the campaign's major problems.

The entirely wrong tone was set by the Party's State Director, who told journalists at a press conference at the start of the campaign that this was the most sophisticated campaign ever in Australia, if not the world. Given what we now know about the way in which the campaign was planned and implemented, this statement borders on the laughable. But the hubris also reinforced the media's belief that Labor would be battling merely to hang on to its own seats.

The news media are a primary target audience in their own right. The failure to impress upon the media the dangers inherent in such a lead manifested itself more subtly in the way that reporters covered the campaign. It also helped Bracks and Labor avoid any scrutiny—basically, journalists did not consider they were talking to a likely next Premier when interviewing Steve Bracks.

During the campaign, the Liberals made forays into various Labor seats and conveyed the impression that they were seriously targeting them. I'm unsure exactly how genuine these efforts were, or whether they were just a ploy to keep Labor guessing about where to divert its resources, but the effect was damaging to any expectations-management strategy the Liberals might have had.

The absence of advertising to assist with minimizing expectations is one of the more puzzling features of the Liberal campaign. With the opinion polls showing a comfortable victory, the only conceivable bump in the road, barring some enormous gaffe, was always going to be the expectation of an easy Kennett victory. With the warning

about a close result not getting through to the media, advertising was the one communication tool at the party's disposal. But they failed to use it.

The Liberals simply allowed Victorians to give Jeff a bit of a shock, after which he would return, suitably chastened, and govern accordingly. But things went awry.

#### POLITICAL ADVERTISING

The Liberal Party's advertising (particularly on television) was subjected to intense internal criticism. Many party members felt the advertising was too 'soft'.

The Liberals relied on a combination of positive advertisements where their message was illustrated thematically using various issues. The 'negative' advertisements were implied comparative advertisements where images of Victoria now were juxtaposed with negative images from the Cain-Kirner years. The advertising was implied-comparative because Labor was not mentioned until the very end.

At the State Council meeting following the election, the State Director argued that harsher negative advertising had not tested well with target audiences. Fearing a backlash effect, these commercials were shelved. Given that the Labor Party made themselves a particularly small target, harsh negative advertising was ill-advised. Bracks was an even smaller target. Not only was he pitted against Jeff, but he simply had not done anything significant in his life to use as ammunition. It is an interesting reflection on Australian political life when not having achieved anything in one's life can 'qualify' one for high public office and can indeed be a political virtue.

This still does not totally explain why, in a presidential-style campaign, the Liberals chose not to respond to Labor attacks, particularly on the Premier.

Broadly, the Liberals could have adopted two approaches to combat Labor's attack: a proactive inoculation strategy (that is, a pre-emptive defensive measure used to prepare for known or presumed opposition attacks by raising and framing them first in a manner that may deflect subsequent attacks); or a reactive responsive strategy.

Party strategists probably felt that a proactive inoculation strategy was ill-advised. Any attempt to put an unfavourable issue on the agenda was dangerous as it would give credence to Labor's charges. And any effort to do a



bit of 'backburning' could see such a fire rage out of control with a sudden change of the political wind.

The other broad approach is reactive response, of which there are a number of different modes such as refutation, counterattack, and admission, among others. The reactive response approach was probably the Liberals' best option, but it was not used.

The failure to initiate any advertising to combat the harsh negative content of Labor's was clearly a miscalculation. Kennett was the Liberals' greatest electoral asset, but that image was not unbreakable. It was essential that the Liberals protected their chief political asset, if they were unwilling or unable to do anything to drive up the negatives on Bracks. As the negatives on Kennett increased, the positives on Bracks increased. So much so that, on polling day, Labor supporters were handing out Labor 'how-to-vote' cards and saying Steve Bracks' name instead of the Labor candidate's. The damage to Kennett had been done.

Instead, the Liberals persisted with their positive advertisements but the published empirical evidence supporting the value of purely positive political advertising is not strong. Most of this data comes from the United States where some degree of positive advertising is necessary for name recognition and ensuring voter turnout of supporters. But in Australia, the value of such advertising is considerably less.

In contrast, Labor adopted a form of negative advertising known as direct comparative advertising. In its advertisements, negative messages on health, education and law and order were juxtaposed with a positive grab from Bracks. This solved Labor's problem of raising his profile while, at the same time, delivering a harsh negative message without being labelled as too negative by the media.

### THE MARGINAL SEATS STRATEGY

A detailed discussion of the marginal seats campaign is not possible here, but a few of the administrative and tactical mistakes do explain the Liberals' relatively poor showing.

The administrative party errors that cost the Liberals dearly were the decision to preselect candidates relatively close to the election and the decision to divert valuable resources into a number of three-cornered contests.

Generally, three-cornered contests do favour the Coalition parties by in-

creasing their share of the votes. However, the free-for-all that ensued placed tremendous strain on the Coalition partnership. The ferocity of some of these contests got out of hand and fed into Labor's line that the Liberals and Nationals were simply fighting over the spoils of an expected victory.

Preselecting candidates shortly before the election cost the Liberals seats in regional and rural areas, where, unlike their metropolitan counterparts, candidates usually enjoy higher profiles.

Also, for many undecided voters in many of these electorates, the manner in which the candidates address and engage in local issues is as important as any specific election promise. They are looking for a strong local voice that will best represent them in Parliament.

Without candidates in place, the Liberal Party was denied the opportunity to campaign with them well before the election campaign, when the clutter of campaign messages and the cynicism of the electorate are at their highest. It was also impossible to initi-

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## *But what Labor's victory has shown is that things are never irretrievable*

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ate low- and high-intensity direct voter contact activities due to the absence of a local candidate in many seats.

If one looks at some of the better marginal seat campaigns waged by the Liberals—Leonie Burke (Pahran) and David Lean (Carrum)—the decision to run prolonged grassroots campaigns, as much as a year preceding the poll, illustrated the value of a 'permanent campaign' in limiting the size of any anti-Government swing. Preselected Liberal candidates did not have this necessary advantage.

In contrast, Labor candidates were preselected at least a year in advance and had plenty of time to make themselves known to the local media and public. In seats such as Seymour, this was crucial to the final result.

Finally, a tactical decision to use the gag was received negatively in the

marginals. This was designed to keep MPs' comments to major news outlets to an absolute minimum and keep the focus on the leader—all part and parcel of a presidential style of campaign.

The gag had a number of other unfavourable consequences, besides antagonizing journalists and becoming a distraction in its own right. Aside from being rather insulting to Liberal MPs, given what it implied, it severely undermined the efforts of local MPs and candidates who had worked hard to establish themselves as a strong voice for their local communities. Labor simply portrayed them as muzzled. And it also fed into Labor's 'Restoring Democracy' theme. The image of being muzzled was the most damaging aspect of the gag to local MPs, with the front page of the *Herald Sun* ruthlessly exposing this perception.

### POLLING

Following the election, the accuracy of the Liberal polling was also criticized. It is impossible to provide any reasoned analysis without access to it, other than to say that poor polling would partially explain the poor standard of advertising, because good polling is prescriptive not just descriptive. The interactive use of polling and advertising is what modern campaigning is all about. In *The New Machine Men*, Stephen Mills observed that 'separately, each half of the relationship is like a blunt scissor blade'.

So why did it apparently fail? Given that polling is always a closely-guarded secret, it is impossible to say. The review being conducted by past Liberal Federal President Tony Staley might provide some answers.

### CONCLUSION

The sense of despair among Victorian Liberals has only intensified since election night with the subsequent heavy defeats in the Frankston East and Burwood by-elections and Steve Bracks flying high in the opinion polls. But what Labor's victory has shown is that things are never irretrievable. And government is never that far away.

The challenge for the Liberals is whether the party that has done so much to reform Victoria to make it competitive and dynamic can do the same to itself.

*Don D'Cruz is doing a PhD on communication strategies in Australian elections at RMIT.*

I P A

# Letter on America

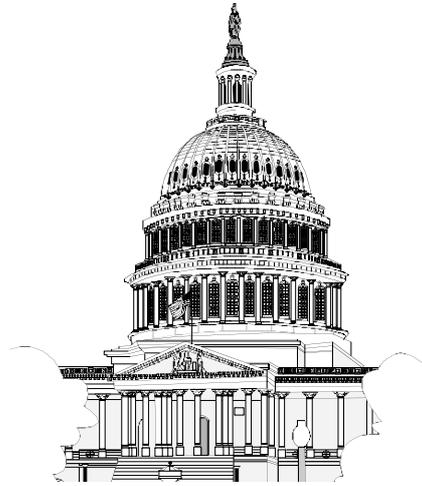
NIGEL ASHFORD

## Campaign Finance Reform: A Mantra without Substance

**T**HE two insurgents for their parties' US presidential nomination, Bill Bradley for the Democrats and John McCain for the Republicans, share a common central plank in their platforms: campaign finance reform. They argue that no major policy reforms can be achieved without a change in how campaigns are financed. They blame most of the ills of the US Government on this factor. In an unprecedented event, they shared a joint press conference on this issue hoping to appeal to independents that favour bipartisan politics. The media gave almost exclusively positive coverage to their stance, which helped make them serious contenders—at least for a while. The view that US politicians are corrupted by money is to be found in all parts of the media, including political novels and films. These claims are made with almost no evidence and used to support remedies that would pervert the electoral process.

Fears that presidential candidates were over-reliant on a few big contributors, who then exercised excessive influence, led to the 1971 *Federal Election Campaign Act* (FECA) which, with some amendments, remains the basis of the law. FECA provides for taxpayer funding of presidential campaigns, limits individual contributions and bans direct donations by companies and unions.

Americans can award three dollars of their income taxes to the fund for presidential campaigns, administered by the Federal Election Commission (FEC). Candidates meeting certain specific conditions can receive matching funds dollar for dollar. The rules require a large number of small donors and primary candidates to drop out of the race early if they are to receive funds. In the general election, the candidates for the two major parties receive their funding from the taxpayer. Minor parties obtain funds if they receive 5 per cent of the vote. The nomination of the Reform Party has attracted Pat Buchanan and Donald Trump



precisely because their campaign would receive \$12.5 million. Candidates, however, do not have to accept the money and the resulting restrictions. Ross Perot and Steve Forbes did not in 1996. FEC aid requires candidates to limit their expenditures and to disclose all expenditures, contributions and the names of those giving \$200 or more.

The rights of the citizen are constrained. Individuals may only provide a maximum of \$1,000 to any candidate in the primary and again in the general election. Any organization seeking to contribute to candidates must create a Political Action Committee (PAC). Corporations, unions and single-issue groups create PACs to which they encourage their supporters to donate. PACs can give only a maximum of \$5,000 per candidate and the average is \$300. PACs account for two per cent of presidential contributions and 22 per cent for the House of Representatives.

Bradley and McCain have focused their attack on 'soft money,' donated to the party for voter registration, party building and get-out-the-vote drives. This soft money should not be used to support particular candidates. In 1996, however, Clinton controlled the soft money spent by the Democrat National Committee, making a mockery of the law.

Campaign reformers propose:

- a ban on soft money;
- a ban on PACs;
- taxpayer finance of parties and candidates;
- TV and radio stations to provide free time to candidates.

Campaign finance reform has become a mantra with little substance.

- First, it is not the case that too much is spent on election campaigns—in an election year, expenditure is only about half the sum spent on perfume and cologne.
- Second, there is little evidence that contributions buy votes and decisions. PACs give money largely to those who already support their cause.
- Third, FEC rules require candidates to spend too much time raising money from small contributors instead of speaking to the voters.
- Fourth, limits to campaign contributions are a restriction on free speech, protected by the First Amendment. Contributing money is as much a form of political expression as giving a speech or attending a rally.
- Fifth, restrictions on spending reduce the ability of candidates to fund their own advertising, thus increasing the power of the media to control campaign messages. Forcing the media to provide free time is an attack on the independence of the media.
- Sixth, parties are already weak by international standards and banning soft money would make them even weaker.
- Seventh, why should taxpayers be coerced into funding campaigns, if they are not willing to do so voluntarily?
- Eighth, once government controls campaign finance, it will use its power to distort the process in its favour.

Campaign finance reform would make US elections worse, as previous reforms have done. Only one rule is required: transparency. All significant contributions should be made public on the Internet, as George W. Bush has already done. All other campaign finance laws should be abolished; on spending, contributions and taxpayer finance. The voters can make their own judgements on whether and how to support candidates, and on those who do.

*Dr Nigel Ashford is Visiting Fellow at the Social Philosophy and Policy Center in Bowling Green State University, Ohio.*

IPAA

REVIEW

# The 'R' Files

ALAN MORAN

## Communications Policy: What Is to Be Done?

Franco Papandrea, in his article in this issue and his longer IPA publication *Broadcasting Planning and Entrenched Protection of Incumbent Broadcasters*, has done an excellent job of unveiling the fraud and pomposity of successive governments' television policies. Franco, like virtually every other communications expert, has ridiculed the decision to place datacasting on a short leash, recognizing that this is fundamentally anti-competitive, denies consumer choice and risks cutting off a new technology that could become dominant. Communications experts have also declared the requirement of the networks to triplecast HDTV, SDTV and analog a total waste of money. And nobody who is pro-consumer can defend the part of the policy that forbids a new TV network until 2007.

The Prime Minister, Mr Howard, might be the only person in Australia who sincerely believes his broadcasting policy is both fair and efficient. The electromagnetic spectrum encompasses issues that are breathtakingly complex. Nobody knows how much each part of the spectrum is worth—and arguably, since the spectrum is infinite, over the long term it is not worth very much. Nobody knows how its uses will pan out. Everyone knows that they will metamorphose, bring great benefits and help create new fortunes.

These are precisely the reasons why governments should hold themselves at arm's length from the fray.

Instead, we are seeing tiers of regulations as technological developments open unforeseen loopholes in previous plans. Ever more ornate definitions of what constitutes a TV broadcast become necessary as the Internet carves into the previous definitions.

It may be that the technological developments will frustrate the straitjacket which the Government is attempting to maintain. But, at best, the



digital TV decision's spectrum compartmentalization and 'no-go' areas will result in billions of wasted dollars as businesses attempt to meet or circumvent the regulatory veneer created by the regulatory arrangements.

The Prime Minister, following the universal pillorying that the Government's proposals on digital broadcasting and datacasting have received, must now reflect on the options for the future. Clearly his own preferred plan—which favours some media and penalizes others—cannot work.

The only means that the Government has of exiting the regulatory mess is to define the property rights to the spectrum, allocate these rights by gift and/or auction, and leave the various players to decide, in the light of the kaleidoscope of demands, what uses to satisfy with what parts of the spectrum. Of course, this would mean the Government would be unable to establish local content schemes and shell out boondoggles hoping for favourable political coverage in return. Instead, it would require the Government to act as it should act!

One objective of the Government's broadcasting policy is to free up the analog spectrum as early as possible (by 2008). In doing so, it is conscious that people have made investments in TV sets that would require additional investment to receive digital signals and which would need to be replaced if they are to obtain the full benefit of digital. Another objective is to position Australian providers at the cutting edge—hence the

mandatory requirement for an HDTV Rolls-Royce. Marrying these two goals has given birth to the bribe of free spectrum and protection of competition extended to the existing networks. The Government is fearful that, without this, the networks may abandon analog and leave many viewers stranded. Or that the networks might have inadequate incentives to convert from analog if freeing the spectrum space merely means spending money and handing back an asset, possibly for a rival to use.

Yet, if the Government allocated spectrum as a tradable property right and allowed its owners to do what they wish with it, consumer and industry needs will be met most efficiently. If a part of the spectrum presently used for analog TV is valuable, its owners will make gains by converting from analog and either running more channels or operating HDTV. They will weigh up the costs of these options against the losses of revenue incurred by no longer serving those viewers who do not have sets capable of receiving digital TV. If the spectrum turns out to be less valuable than currently assumed, few if any will go to the expense of converting, and datacasting will have to look at other parts of the spectrum for delivery.

A mix of outcomes and experimentation is likely to emerge from this approach. Some providers, say Seven or Nine, may see great advantages in an early conversion to SDTV or even to HDTV. This offers them the opportunity to transmit higher resolution material, albeit to fewer viewers, and to either sell or make other uses of the saved spectrum. Others may consider the process not to be worthwhile and continue broadcasting analog. Either way, the market outcome based on firmly specified property rights is the one which offers the best compromises and the best means of developing a strong industry.

*Alan Moran is the Director, Deregulation Unit at the Institute of Public Affairs.*

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- To promote discussion about the operation of industrial relations in Australia including the system of determining wages and other conditions of employment.
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- To promote reform of the current wage-fixing system.
- To support the necessity for labour relations to be conducted in such a way as to promote economic development in Australia.

# A Viewer's Complaint

PETER PRIEST

**D**AVID Bowman's article 'In praise of the ABC' in the February 2000 issue of *The Adelaide Review* has prompted the following observations. The thrust of his article appeared to be that the ABC is independent, not biased and should not be restricted financially or otherwise by the Coalition Government.

I hold an alternative view regarding criticisms of the ABC, as it seems that only those who have the appropriate sympathies, or have become so used to behaviour, or who only watch or listen to the ABC and/or read like-minded newspapers, would consider the ABC to be balanced. In my opinion, the ABC is so imbued with the Labor viewpoint, and has been so for many years, that many apparently fail to notice it.

The ABC should take note that, in the 'Cash for Comments' affair, the Australian Broadcasting Authority made a statement about 'the importance of Broadcasting and that it must be fair and balanced'. The ABC should be monitored by the Australian Broadcasting Authority to ensure that any favours and support by the ABC for the Labor Party are dealt with so that its broadcasting is indeed 'fair and balanced'.

Mr Bowman went back to 1970, mentioning the Liberal Gorton Government and its proposal to reduce funding to the ABC. Richard Alston was also mentioned for 'massive funding cuts' and for 'hounding the ABC', in recent times. Mr Bowman did not mention, however, that when Labor's Bob Hawke came to government in 1983, he sacked Dame Leonie Kramer and her entire ABC Board. Imagine the furor if the Coalition tried to do something like that.

Before detailing some of the ABC's activities in recent weeks, it is worth looking at some of the ABC's past history. It did its very best to crucify John Hewson over his attempt to bring in the GST, and also Alexander Downer over a minor bumble he made at a remote

Aboriginal community in the Northern Territory. At least Mr Downer made the effort to visit there as the Liberal Opposition Leader—I have not heard of any senior Labor figure visiting this remote community to that time, or since.

Similarly, the ABC only presented one side of the Hindmarsh Island Bridge saga: it ignored the disadvantaged dissident Aboriginal women whose information was supported by the subsequent Royal Commission. Where is the balance here?

Surely the ABC's duty is to provide both sides of the story, particularly as it is taxpayer-funded by people from all sides of politics. If it cannot do this, steps should be taken to ensure that it does.

Why is it that, for years, the *7:30 Report* has had two people with Labor backgrounds (Kerry O'Brien and Barrie Cassidy) regularly on the programme, particularly when it is obvious that they find it difficult to hide their dislike of Coalition people? Why not one with a Coalition background who could serve at least equally as well as Kerry or Barrie, so that there is a person from each side of politics to provide the balance which is lacking in the *7:30 Report*?

Moving to recent weeks, the following activities in the ABC TV news and the *7:30 Report* seem noteworthy.

On 7 January 2000, Maxine McKew interviewed Labor's Bob McMullan and Liberal's Tony Abbott regarding the Church-based employment agencies. There was no hard evidence produced to support Labor's claims that non-Christians were being discriminated against. Maxine kept interrupting and talking over the top of Tony Abbott, so that he was not able to present his side of the story.

Some of the points relevant to this interview and which Mr Abbott subsequently made in his article titled 'True Believers need not apply' in the February 2000 issue of *The Adelaide Review* are:

- Church-based agencies have been delivering government-funded em-

- performance at putting job-seekers into work was the chief factor in assessing job-network tenders
- If Church agencies' employment practices were acceptable under the former Labor Government it is hard to see how identical practices can be unacceptable now.
- Kim Beazley wants to discriminate against high-performing Church agencies in favour of a low performing government agency.

Labor's attacks, supported by the ABC—who should be impartial—constitute an assault on what has been settled Australian practice at least since the time when Liberal Bob Menzies began state aid to Catholic schools in the mid-1960s.

Historically, Church agencies have received government funds because they have been good at their job. Surely the role of the ABC is to ensure that the public is fully informed and not just fed the Labor line?

In the *7:30 Report* on 4 February 2000, Kerry O'Brien interviewed Coalition Senator John Tierney regarding the entitlements of the textile workers in the Hunter Valley who had lost their jobs. Kerry didn't want to know that Labor had done nothing about the problem of workers losing their entitlements during Labor's 13 years in government, or that what the Coalition Government was doing to help the workers was unprecedented. Instead Kerry said, 'Why has it taken so long?'

It is interesting to note the completely different attitude adopted by Kerry over the long-running Yallourn power dispute in an interview with Steve Bracks on 7 February 2000. Kerry introduced the programme with the words 'Victoria's Labor Government wins in its showdown with unions over a crippling power dispute' and followed that up by saying 'for the first time in recent memory a State government has invoked its emergency powers to guarantee the supply of electricity'.

This was the complete opposite to the approach to Senator Tierney and the Coalition's efforts regarding the National Textiles workers as detailed above.

Also, on the TV News, when John Howard met with the National Textiles workers, the ABC applied its usual sarcasm and denigration towards the Coalition, Geoff Sims saying sarcastically that the Prime Minister flew in and the textile workers came by bus. Video of the PM's plane and a bus were shown to

emphasize this message. If it had been Kim Beazley going to meet the workers I am confident that Geoff Sims would have been rather more positive.

Tim Lester, of the *7:30 Report*, was very supercilious and sarcastic and showed no indication of that basic respect to which everyone is entitled, when interviewing Tony Abbott on 9 February 2000, regarding Employment National, and when giving a report on John Howard, the Government and the National Textiles affair on 10 February 2000. Such behaviour does nothing to improve the image of the ABC.

In the *7:30 Report* on 28 January 2000, Alan Kohler made the statement, 'the Reserve is worried about the GST, it thinks Australia should not be putting

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up prices by 10 per cent'. Alan Kohler, and any other person who wants to know, understands that when the GST is in place, the currently hidden wholesale sales tax will be abolished. Many prices will be reduced and others will not go up by 10 per cent. Alan Kohler should have explained this, and not misled the public into thinking that everything will go up by 10 per cent—again the Labor line.

The ABC makes a practice of identifying anyone who may have conservative or Coalition leanings such as Piers Ackerman, David Barnett, Donald McDonald or Michael Kroger. The ABC also has clear 'targets', such as Ray Martin, who they hound at every opportunity, the last unacceptable occasion I saw being on *Media Watch* on 7 February 2000. Progressive or Labor-leaning people do not get similarly identified. Why the tag for those who have or who

are considered might have conservative or Coalition tendencies?

While genuinely funny pieces are welcome, the so-called skits by John Clarke and Brian Dawe against the Coalition, on Fridays on the *7:30 Report*, are disgraceful and quite unfunny. These men and the ABC are hiding behind the guise of satire in their continuing efforts to denigrate John Howard and the Coalition. If they should ever satirize Labor, I have no doubt that Labor would be treated without the same degree of denigration.

The recent survey by Newspoll and commissioned by the ABC ('Johns warns: people on Aunty's side', *The Australian*, 27 January 2000) is surely very misleading. The survey included people who do not watch or listen to the ABC: so how can they possibly offer a legitimate viewpoint on something they do not watch or listen to?

Alternatively, if you take the ratings into account, only, say, eight per cent to 15 per cent of the population watch or listen to the ABC. The reported Newspoll findings do not differentiate between those who watch or listen to the ABC and those who do not. What is the point of taking such a survey unless it reflects the actual situation so that it will not mislead people?

As an example of the ABC's audience, David Dale in his article 'ABC muscles in on bullies' (*Sydney Morning Herald*, 12 February 2000) states that on Monday, 7 February 2000, 'The Vicar of Dibley' got 1.45 million (viewers) an amazing figure for any ABC show'. Even at its very best, this equals only 8 per cent of Australia's population. And this, and other programmes, not only cost taxpayers \$500 million, but we are not getting the 'fair and balanced coverage' that the Australian Broadcasting Authority considers broadcasters should provide.

Finally, unless the ABC can present fair and balanced coverage of the political scene, then the \$500 million of funds spent annually on the ABC may be better, and more equitably, spent on health, education and other community needs including, say, workers in similar situations to those from National Textiles.

In short, non-Labor taxpayers need to be assured by the Australian Broadcasting Authority that they are not just supporting the Labor Party through the ABC.

*Peter Priest is a retired bank manager.*

**I P A**



**TRUTH IN SCIENCE?**

I happened upon something almost unbelievable on TV the other night: a show giving the other side of the environmental debate. Of course, that television even recognizes that an 'other side' exists is extraordinary. Occasionally, though, something of this nature does appear on SBS. What was almost unbelievable was that this series, *Against Nature*, was run by the ABC. And at a viewable 9:30 at night.

Congratulations ABC! (My faith in the ABC's own nature has since been restored by a brief mention on ABC Radio National of the programme as 'controversial and largely discredited'.)

You don't, however, have to wait for the rare whim of ABC or SBS pro-



grammers to receive some hint of the truth. You don't even have to wait for your quarterly instalment of this journal. There is a US Internet site devoted solely to debunking false science, particularly 'science' about the environment.

JunkScience.com keeps close track of scientific pronouncements by governments, and the policies they promulgate on the basis of questionable scientific foundations. Among the areas of coverage are the sillier uncritical press reports of environmental and health scare stories, and exposure of pro-green businesses who happen to market decidedly un-green products.

This site is popular, with over 1.4 million visitors by February 2000. Go to:

<http://www.junkscience.com/>

Related to JunkScience is the Consumer Distorts site, which monitors and criticizes the US's version of our own *Choice* magazine, *Consumer Reports*. Not, I must rush to add, that I am accusing *Choice* specifically of any problems alleged against *Consumer Reports*, but Consumer Distorts does give an insight into methodological and political biases that are all too likely to intrude into consumer goods testing, particularly where the organization is also involved in 'consumer' advocacy. Go to:

<http://www.consumerdistorts.com/>

**GUNS AND SCHOLARSHIP**

A strange thing has been happening in US academia: minds are changing. In some ways, it is a little reminiscent of the reversal twenty years ago of the broad position on economics. Views had previously ranged from disdain for the whole science through to well-wishing assumptions about the abilities of government management. Then reality hit. The theories failed to work and the views of the few anti-Marxist, anti-Keynesian doomsayers in the economics profession began to be reappraised, with grudging recognition that, just possibly, they had not been entirely wrong.

And so with guns. It is obvious that if there were no guns in society, no guns at all, there would be no gun crime. For most of this century there have been several faulty assumptions based on this truth. One is that governments may be able to achieve the precondition: the removal of all guns from a society, along with the prevention of new guns being introduced (just as we so successfully stop all illegal immigrants and narcotic drugs from entering Australia!). Another is that by removing gun crime, other crime will not increase to fill the void. This, in turn, seems to be based on a belief that guns are inherently corrupting of their owners.

Yet it seems that much previous scholarship about the relationship between guns and crime has been de-

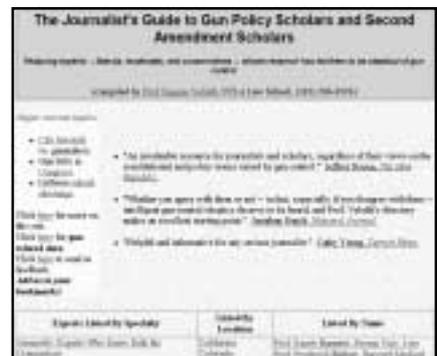
fective, often because of the inadequate availability of crime data, sometimes because of the determination of researchers to reached preconceived results.

Over the past five years, though, the direction of scholarship has been changing. Once again, reality has struck. Despite occasionally heroic efforts to prove the association of firearms with crime, the reverse has become increasingly apparent. A quick and dirty way of checking trends in academia is to look at the direction in which defectors are moving. In the US gun debate, virtually all academics who have switched camp in the past decade have moved away from a pro-gun control position, often with considerable reluctance. This has included both criminologists and constitutional scholars. The latter are increasingly coming down on the side of the 'gun nuts' in their interpretation of, as one legal article termed it, the 'Embarrassing Second Amendment' (the right to keep and bear arms).

An extensive roundup of recent scholarship on this issue is available at:

<http://www.gunscholar.org/>

Links are provided to many articles online. These include an extensive paper on the history of Japanese weapons controls (covering as far back as first Japanese contact with Portuguese



explorers!) and giving reasons for the low Japanese crime rates beyond a superficial link with firearm availability. There is also a paper mounting a

powerful 'Slippery Slope' argument based on the British experience of the past 90 years, commencing with no gun controls and virtually no gun crime, and ending with near-total banning of handguns and tight controls on other firearms accompanied by high and rising levels of gun crime.

Australia has, ahem, enjoyed its own recent experiences with firearms controls. One of the few bodies to express reservations about these controls is the Sporting Shooters Association of Australia (*Disclaimer: I am a member of this body*). Some interesting figures suggesting an increase in Australia's gun crime rates following the 1996 banning of self-loading long arms appear at this site. Go to:

<http://www.ssaa.org.au/>

### FREE FEMINISTS?

I confess, I have long been unable to grasp why disgruntled 'minority' groups look to governments as their saviours. The worst of the many oppressions suffered by homosexuals, for example,



were enthusiastically supported, even fostered, by law. The mere presence of laws against any class of people, in addition to their direct persecutions, opens the way for private abuses against the targeted individuals.

The public face of feminism seems to have adopted an essentially Marxist view of the world, substituting sex for class in its analysis. With the search for new oppressions taking priority, all other values fall away. The value of individual freedom, which I would have thought to be the most compelling argument against any of the sun-

dry nasty 'isms', has itself been abandoned in a number of areas. The primary one is pornography. Unable to reconcile the right of women to earn money in whatever way they choose, yet unable to label such women as evil (since that category is reserved only for men), such women are stripped of their human dignity as self-directed individuals and assumed to be puppets.

Yet there are other streams of feminism, of which we hear little. Consider the ifeminist (individualist feminist) movement. Wendy McElroy is one of the leaders, if there can be considered to be such, of this movement, and also the editor of a new Internet site devoted to the movement. Her own words describe ifeminism better than I can:

'Freedom and choice do not threaten women. Government and orthodoxy do. Pornography and prostitution? Let women do what they want to with their own bodies. Verbal sexual harassment? If women want an equal right to explore their own sexuality, they risk encountering the offensive sexual attitudes of others.'

Go to:

<http://www.ifeminists.com/>

### BITS AND PIECES

Rafe Champion's site, previously mentioned in this column, is now more readily accessible at:

<http://zap.to/rafechampion>

Likewise, Rob Stove's *Codex* magazine has graduated to an appropriately named site:

<http://www.codexmag.com.au/>

Planning and Markets is a site which examines planned interventions in social and economic mechanisms operating within society, comparing their success to market approaches. Go to:

<http://www-pam.usc.edu/>

It appears that libertarianism as a philosophy is not confined to the English-speaking world. A French-based site (although the name disguises this)



called Liberalia carries freedom-oriented papers in both French and English. Go to:

<http://www.liberalia.com>

One of the most prolific and powerful US writers on the issue of governmental abuses of power is the US journalist James Bovard. His books include *Freedom in Chains: The Rise of the State and the Demise of the Citizen*. Read more about, and from, Bovard at:

<http://www.jamesbovard.com>

On one view, quoting the famous is a cheating argument. It can be seen as an attempt to argue by authority, rather than by reason. On the other hand, good collections of quotations often contain packages of words for conveying our own meanings in a style of which we may be incapable. To find many wonderful quotes in support of freedom, go to:

<http://www.freedomsnest.com>

One of the great, foundational books of Austrian economics, and in free enterprise thinking, is Ludwig von Mises' *Human Action*. The Ludwig von Mises Institute has placed the entire text of the book on line at its Internet site. Go to:

<http://www.mises.org/humanaction.asp>

### FEEDBACK

I continue to welcome advice from readers on any other sites of interest to *IPA Review* readers. E-mail me on [scdawson@iname.com](mailto:scdawson@iname.com).

Compiled by IPA staff, columnists and consultants ...

## THE POTATO POLICE

Marketing boards have long disfigured rural policy, corralling Australian producers into compulsorily using their services. This can lead to high farce, as it did in WA in 1997 and 1998, where the potato marketing board—Western Potatoes—hired private security guards to ‘stake out’ potato growers who were giving their potatoes away in protest at the arbitrary statutory power of Western Potatoes.

It is nice to know that government authorities are willing to spend money to defend us against the scourge of free potatoes.

## PRIVATE PARTY, PUBLIC SNARKINESS

After Keating’s amazing 1993 Federal election win, when Hewson lost the unlosable election, the ALP held a big, public, victory party in the Great Hall of Commonwealth Parliament funded by donations. The media coverage was almost fawning. In November, Howard held a small, private cocktail party, funded out of his own pocket, at Kirribilli House, the PM’s Sydney residence, for ‘No’ campaigners to celebrate a much bigger electoral victory. The media coverage was very snarky. The ‘Yes’ Campaign Director, whose most elevated public office so far has been as a staffer to the Commonwealth Minister for Finance, complained publicly that night about the Prime Minister’s ‘partisan’ involvement in the referendum campaign.

Pardon us? The Prime Minister, one of our most experienced politicians and political leaders, cannot speak to the general public about his views on our form of government? Particularly as the Opposition Leader campaigned strongly for ‘Yes’? The intolerance and arrogance are incredible: and precisely the attitude that lost the referendum for them.

## ... AND ON THE POLITICS

Various commentators, such as Laurie Oakes, tried to explain how the PM being on the winning side of the referendum was politically bad for him. Yet, the more the PM campaigned for ‘No’, the higher his approval rating went and

the lower support for the republic went. The reverse happened for Beazley, the Opposition Leader. Politically, that has to have been the salient event. As far as we are aware, only one columnist has even commented on it: the media’s sole prominent monarchist, Christopher Pearson.

## UNDERSTANDABLE MISTAKE

In *The Age* on 8 December, ‘Backpage’ was making some remarks about Tory MPs and sex scandals, citing Jeremy Thorpe as an example. Unfortunately, Thorpe was a member of the Liberal Party, in fact its leader at the time. Still, we have to say that it is a fairly natural mistake to assume that a British MP involved in a sex scandal would be a Tory. It used to be one of the rules of British politics: if it was a scandal over money, it was a Labour MP; if it was over sex, it was a Tory. It just depended on what the party in question was most repressed about ...

## TURN OF PHRASE

On the subject of British politics, some of their politicians have an enviable turn of phrase. Labour éminence grise (or should that be puce?) Mandelson was heard to observe of one Tory MP that ‘he’s so far in the closet, he’s in Narnia’.

## MICHAEL JORDAN BEATS MAO

The *Financial Review* reported (13 December 1999) that in a 1992 opinion poll, Chinese schoolchildren had nominated the two greatest figures of the twentieth century as Zhou Enlai, the long-serving Chinese Premier, and Michael Jordan, the basketballer. The nomination of Jordan seems bizarre, except that black sporting and athletic achievement provides some of the defining images of the twentieth century. The really striking fact is that Mao Zedong did not make it. Perhaps that says something about how Mao is really remembered in China.

## WHO’S TOP, WHO’S BOTTOM

Americans do hate lawyers. Louis Harris Inc. has released its yearly na-

tional poll asking citizens to rank their faith in various institutions. Once again, the US military won first place, ahead of medicine, education and the US Supreme Court. The bottom five: the federal government, Congress, organized labour, the press and, finally, law firms.

## BUT THE DEAD NEED HELP TOO

Presumably it is illegal for the dead to collect food coupons, but that is what has been happening, as reported in a US General Accounting Office study released this year. The congressional watchdog agency estimated that more than 25,800 dead people were issued Food Stamps during 1995-96. The worth of the stamps over the two-year period was \$8.5 million. It used to be said that there are only two things one could be sure of—death and taxes. Now it seems Americans are even being taxed to feed the dead.

## AND SO DO ILLEGALS

UN High Commissioner for Refugees, Mary Robinson, recently complained about the US policing the safest border crossings from Mexico, ‘forcing’ illegal immigrants to use riskier routes. 455 people have died—of sunstroke, dehydration, drowning or hypothermia—trying to enter the US illegally in the five years of increased patrolling under Operation Gatekeeper. One can see the former Irish President’s point: after all, the British just let the Irish in ...

Reminds us of the story of the American asking the Mexican why they hate Americans. Because, the Mexican replies, you stole half our country; and, what’s more, you stole the half with all the paved roads.

## ALAN SMITHEE R.I.P.

Hollywood has decided to retire Alan Smithee, the pseudonym that directors have traditionally used when they don’t want their own names attached to a film, generally because of studio interference. Smithee was recently replaced in the credits for the MGM film *Supernova* by Thomas Lee, a pseudonym for the origi-

nal director, Walter Hill. (The sci-fi film opened without fanfare; MGM had already written off losses for it.) Apparently, Mr Smithee was getting too well-known for his own good following Joe Eszterhas' 1997 flop, *An Alan Smithee Film*.

## WHAT ARE THEY SAYING?

Microsoft's newest television advertisement uses the musical theme of the 'Confutatis Maledictis' from Mozart's *Requiem*. 'Where do you want to go today?' is the cheery line on the screen. Meanwhile, the chorus sings, 'Confutatis maledictis, flammis acribus addictis', which translates to: 'The damned and accursed are convicted to flames of hell'. What is Microsoft trying to tell us?

## OUR CENTENARY IN, THEIR BICENTENARY NOT

The British Government is planning to celebrate the centenary of (our) Federation—but not the bicentenary of the United Kingdom, which also falls next year.

The UK as such dates only from the Act of Union of 1801, which created the United Kingdom of Great Britain and Ireland. This became the United Kingdom of Great Britain and Northern Ireland on the establishment of the Irish Free State, now the Republic of Ireland, in the 1920s.

Lord Laird, an Ulster Unionist life peer who raised the matter in Parliament, said he hadn't been expecting anything lavish, but that there should be some recognition of the anniversary, even if only a commemorative stamp.

## FAST TRAIN TO THE MONEY

The Very Fast Train proposal linking Sydney and Canberra continues to bubble along. We wonder why they don't propose a VFT to Newcastle: it has the same population as Canberra, after all? But, of course, the people handing out the money don't live in Newcastle ...

## THE TRUTH REVEALED

There has, of course, been genuine concern about global warming, but some

sceptics are making efforts to determine exactly just how true some of the scientific claims really are. Yet Canada's Environment Minister, Christine Steward, is not deterred. She was quoted in the *Financial Post* of 26 December 1998 as saying, 'No matter if the science is all phoney ... climate change [provides] the greatest opportunity to bring about justice and equality in the world'. But can justice ever be based on false claims? And if she has no facts to support her gut feelings, can we really even say that at least her heart is in the right place?

## THEIR CHOICE

In the 1996 Census, 71.5 per cent of Aborigines identified as Christian, compared with 70.9 per cent of the general population. Only 2.06 per cent of Aborigines identified themselves as followers of a traditional Aboriginal religion. So Australian Aborigines are 35 times more likely to identify as Christian, than as a follower of an Aboriginal traditional religion. Two per cent of two per cent is a very tiny proportion of the population—yet they have amazing success in getting publicity and legislative support! Could all that fashionable stuff about 'Aboriginal spirituality'—which Aborigines themselves seem to find less inviting than Christianity—be merely a new form of the sad Western tradition of alienated intellectuals projecting their own obsessions on to indigenous peoples?

## FRENCH SCHOOLS OFFER MORNING-AFTER PILL

According to the BBC, French authorities have decided to allow schoolgirls access to emergency contraception without needing to see a doctor. School nurses have been given the new responsibility in an attempt to reduce what it calls the 'emergency' 10,000 teenage pregnancies in France last year. Neither a doctor nor a parent has to be consulted. Conservative groups have strongly attacked the move, saying it will lead to promiscuity. Teenage pregnancy rates in France are much lower than those in the UK, where a doctor must be consulted before the morning-after pill can be handed out. The morning-after pill can be taken up to 72 hours after sex has taken place to

prevent a pregnancy, although one study has shown that to delay taking it by 12 hours can significantly increase the risk of pregnancy. Schoolgirls at one French school seemed to think that the easily-available morning-after pill was a good idea although, as one said, 'I don't think it protects from any diseases—I think condoms still have to be used.'

## PC CHRISTMAS GREETINGS

Please accept without obligation, implied or implicit our best wishes for an environmentally conscious, socially responsible, low-stress, non-addictive, gender neutral, celebration of the winter solstice holiday, practised within the most enjoyable traditions of the religious persuasion of your choice, or secular practices of your choice, with respect for the religious/secular persuasions and/or traditions of others, or their choice not to practise religious or secular traditions at all ... and a fiscally successful, personally fulfilling, and medically uncomplicated recognition of the onset of the generally accepted calendar year 2000, but not without due respect for the calendars of choice of other cultures whose contributions to society have helped make Australia great (not to imply that Australia is necessarily greater than any other country or indeed great at all), and without regard to the race, creed, colour, age, physical ability, religious faith, choice of computer platform, or sexual preference of the wishee.

(By accepting this greeting, you are accepting these terms. This greeting is subject to clarification or withdrawal. It is freely transferable without alteration to the original greeting. It implies no promise by the wisher to actually implement any of the wishes for her/himself or others, and is void where prohibited by law, and is revocable at the sole discretion of the wisher. This wish is warranted to perform as expected within the usual application of good tidings for a period of one year, or until the issuance of a subsequent holiday greeting, whichever comes first, and warranty is limited to replacement of this wish or issuance of a new wish at the sole discretion of the wisher.)

We would like to think that it was just a joke ...

I P A

# Book Reviews

## Selective Indignation

Robert Stove reviews

### *Pansy: A Life of Roy Douglas Wright*

By Peter McPhee

Melbourne University Press  
352 pages, \$45

Civil libertarian: is there a more depressing oxymoron in our language? The phrase's very sound conjures up some hirsute teacher-unionist locked in a 1970s time warp, snuffling indignantly through his adenoids about Bjelke-Petersen's Queensland being a 'police state'. Was it always so? Did civil libertarians once take seriously their implied commitment to freedoms other than their own? The career of Roy Douglas Wright (nicknamed 'Pansy' for his extreme ruggedness of physique, much as redheads are nicknamed 'Bluey' and giants 'Tiny') might help answer such questions. In some respects Wright, though he died only in 1990, seems to have inhabited an age now impossibly far-off. In other respects he appears bang up-to-date. In all respects, he clearly deserved the honour of a full-length book devoted to his life.

Born in 1907 on a farm near Ulverstone, Tasmania, Wright never lost his consciousness of origins at once unglamorous and remote. (Manning Clark's description of the Apple Isle as 'the nursery of eccentrics and outsiders, the school for training men and women in adversity' represents a presumably unique instance of Clark getting his facts right.) For a boy as intelligent as Wright clearly was, his background must have inculcated that fear which marks all gifted people from the boondocks: the fear that he excelled merely by local standards, not by the wider world's requirements. In fact, his apprehension on this score proved needless. The layman writing these words is, putting it mildly, incompetent to assess the true value of Wright's career in medical science. But his—at times quarrelsome—dealings with Howard Florey, Sir Macfarlane Burnet, the anatomist Sydney Sutherland, and

the pathologist Peter McCallum indicate something of the stature which he obtained in his specialism. His talents belonged, it emerges, to the fields of exposition and consolidation rather than stunningly path-breaking research. Certainly his is not among the greatest names of modern medicine. Yet if lacking the originality that makes world headlines, he clearly deserved his plaudits as an admirable member of the discipline's second rank.

For every Australian who could speak authoritatively of Wright's professional achievements, however, there were a hundred who knew of him as a flamboyant spokesman for political freedom. Had he not shone in this area, he might not have attracted Melbourne University Press's attention at all. One suspects that Peter McPhee—whose own previous publications include studies of Revolutionary and post-Revolu-

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as strong as ever***

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tionary France—values Wright less as a scientist than as a sort of antipodean Zola, forever bubbling with indignation at overweening governments. Wright's attitudes in this area deserve closer inquiry.

The regrettable conclusion to which at least one reader has been forced after examining Dr McPhee's account is that Wright's much-vaunted moral courage, far from being a damn-the-torpedoes enthusiasm for pulling down the mighty and exalting the meek, derived from the world-view

which Cocteau cynically articulated: 'I know how far I can go too far.' To Cocteauism he added (the evidence indicates) a delusion familiar in scientific circles, and more particularly familiar in Australian scientific circles: the belief that expertise in one technical area automatically spills over to expertise in remaking the world 'nearer to our heart's desire'. He never reached the wilder shores of political foolhardiness amid which Linus Pauling so gleefully paddled. Still, when it came to thinking at what Ortega y Gasset called 'the height of our times'—especially thinking of liberty's nature, totalitarianism's nature, and any other topic capable of drawing on his wider cognitive powers—he scarcely earned a bare pass-mark.

Take Communism. Wright was, as Dr McPhee shows, no Communist himself. Apart from the fact that his talk's constant, proto-*South-Park* smut would have tested even the most forbearing commissar's patience, Wright lacked that cosmic envy which the true acolyte of Marx requires. (As *Li'l Abner's* creator Al Capp summarized Communist doctrine: 'If you got it, I deserve it.') His favourite politician was Victoria's old-style Labor Premier John Cain Snr. But once Menzies introduced his Communist Party Dissolution Bill in 1950—when Stalin already ran half of Europe, and North Korean troops would soon be sweeping across the 38th Parallel—Wright began bellyaching about *our* dictatorial leadership. Communist operatives, apparently, must in every case be given the benefit of the doubt, and in every case have their freedom's privileges preserved. Since the idea of preserving freedom's privileges for those whose entire *raison d'être* is to destroy freedom makes about as much sense as the idea of preserving vegetarianism's privileges for those whose entire *raison d'être* is a proselytizing cannibalism, Wright hardly carried intellectual conviction. But his stance was nothing if not popular in academic circles, not least at the University of Melbourne, where he taught; and, swept up in the crowd's enthusiasm, he could safely ignore pettifogging logic. The world since 1917 (and above all since 1936) appears to have left Wright with the overwhelming impres-

sion that Communists were no worse than a bunch of ratbags, deserving the same gratifications as other ratbags, and possessing a distinct moral advantage in being atheists, therefore fit to chinwag with in the Senior Common Room. After visiting Red China in 1971, he published an exercise in fellow-travelling fantasy which—judging by Dr McPhee's allusions to it—makes *Meeting Soviet Man* resemble the apogee of hard-boiled realism. Later he called Mao the greatest leader of our time.

Wright's behaviour towards other victims, less modish than Communists, differed greatly. Dr McPhee notes Wright's enthusiasm for defending 'due process and individual rights.' Such enthusiasm failed to manifest itself when P.R. Stephensen found himself interned from 1942 to 1945 for alleged collaboration with the Japanese, despite the fact that Stephensen's captors never formally charged him with any crime whatever, or gave him a chance to defend himself. Unlike Sir Paul Hasluck and the maverick leftist MP Maurice Blackburn, Wright remained totally silent about the denial of Stephensen's civil liberties. Nor does the consignment of his depressive sister Phyllis to the oubliette of mental institutionalization for three decades bespeak a sleepless vigilance on Wright's part concerning psychiatric patients' fundamental dignity. (Then again, how many divisions did either Stephensen or Phyllis Wright have?) Say what you will about Wright's failure to reach the highest scientific levels; in his gifts for selective indignation, Wright shot straight to the top of the class.

Wright achieved his greatest fame defending the rights of yet another fashionable victim: this time Sydney Sparkes Orr, dismissed in 1956 from his Hobart philosophy lectureship on charges of seducing a female student. While Wright's self-sacrificing dedication to Orr was laudable, his forensic diligence perhaps fell short of the Perry Mason league. He simply asked Orr whether Orr dunnit. No, said Orr. Thus satisfied, Wright devoted to Orr's rehabilitation time and money which he could ill spare, and to which Orr responded with furious legal action against his champion. As Clive James observed of F.R. Leavis, so Wright found with Orr: that the admirer's tongue had scarcely time to make contact with the beloved's boot-polish before the boot itself was firmly lodged among the admirer's teeth.

At least Wright enjoyed, unlike Orr's other loyal backer Harry Eddy, a post-Orr life of some consequence. During the Swinging Sixties, which in Australia lasted until the early 1980s, Wright flourished anew. Feminism, for example, had a strong—if largely theoretical—appeal to him. In language worthy of Eva Cox, Wright maintained that 'a proper society' would make sure all mothers were economically conscripted, 'using their brains and abilities' rather than undergoing the obscene horrors of staying with their children. (How 'a proper society' could ensure this utopia—tax-breaks? Forced abortions? Re-education camps?—he never condescended to explain.) Alas, his *Brave New World* ebullience did not long outlive his first meeting with Germaine Greer, whom he memorably described as being even worse than the 'yuppie' (his epithet) Dame Leonie Kramer. Even granted that he was—like most Australians with the gift of the gab—a rhetorician rather than an empiricist, he revealed a decided inability to follow up his own pronouncements' implications.

From 1980 to his death Wright served as Melbourne University's Chancellor. His tenure warrants attention for two characteristics above all: his refusal to espouse in public any 'due process and individual rights' for the University's—indeed, Australia's—greatest historian, Geoffrey Blainey; and his ill will towards his own Vice-Chancellor David Penington. Penington had arrived at the shocking conclusion that, if university teaching was to survive, it would have to start abandoning Alice's Wonderland and paying some slight attention to market forces. (Adam Smith had by this time been dead for a mere 190 years. Fast learners, these Aussies ...) Nothing could have horrified Wright more than such reasoning. Overseas, the Berlin Wall might have collapsed, and simple economic reality might have reduced even Sweden's nanny-state culture to a smoking ruin. But in good old Australia, Wright's belief that the clapped-out jalousy of welfarism was the triumphal car of all human progress remained as strong as ever.

The present reviewer, who to his sorrow never met Wright, inevitably finishes Dr McPhee's account echoing the verdict Somerset Maugham is supposed to have passed on Hugh Walpole: 'easy to like, difficult to respect.' Many, not being content with liking him, loved him. For an Australian academic

he did remarkably little harm. (Sexual predations and intellectual bullying à la John Anderson had no discernible counterpart in Wright's career.) The question remains, of course, why mere harmlessness should guarantee an entire working life spent cosily nuzzling the taxpayer's teat. It does not look as if Wright even bothered to postulate this question, let alone to acquire the philosophical ammunition needed for answering it.

R. J. Stove publishes the Internet-based quarterly magazine *Codex* ([www.codexmag.com.au](http://www.codexmag.com.au)).

**I P A**

## Ever-Hopeful

John Freebairn reviews

### *Room to Manoeuvre: Political Aspects of Full Employment*

By Paul Boreham, Geoff Dow and Martin Leet

Melbourne University Press, Melbourne  
1999, 249 + xii pages, \$29.95

After the 30-year period (to 1974) of low unemployment rates of less than two per cent, the last 25 years have seen Australian unemployment rates in excess of six per cent and as high as eleven per cent. Other OECD countries also experienced higher unemployment rates from the mid-1970s, but the unemployment rate varies from country to country. In *Room to Manoeuvre* the authors argue that there are no technical obstacles to restoring full employment and that the solution requires significant changes in political institutions and rejection of neo-liberal policies.

In Chapter 4, Boreham, Dow and Leet outline their policy strategy to restore full employment, and at the same time improve job security and job quality. A significant increase in government investment expenditure would provide a Keynesian-type stimulus to aggregate employment creation. Three major institutional changes to facilitate social-democratic corporatized decision-making are proposed to co-ordinate public and private investment, to provide for societal control over wages and profits, and to oversee labour market pro-

grammes. The proposal is unashamedly for bigger government and more corporatized control over the decisions of the remaining capitalist market sector.

Even if the broad outline of the proposal was accepted, and many will not, the book leaves many important questions of detail unanswered. How low is full employment—five per cent as noted in political targets or under two per cent as was the case in the long boom? Is the boost in public investment to be tax-financed or debt-financed? What criteria are the national investment board to use in choosing not only public infrastructure projects but also in guiding private sector investment? The discussion of Chapter 6 indicates that there also are many options and considerable uncertainty about details of the required new extra-parliamentary organizations to co-ordinate investment, the distribution of income and labour market activities. In fairness, the authors are more concerned about presenting a broad strategy rather than a detailed plan, but clearly much of the devil lies in the details.

An implicit assumption behind the proposed Keynesian government expenditure boost on public infrastructure to create jobs and reduce unemployment is one of no crowding-out. In fact, the authors argue that extra public investment crowds-in more private investment. The proposed corporatist income-distribution institution is to restrain inflation and ensure that extra nominal expenditure becomes extra real output and employment, and the enlarged labour market programmes are to smooth away bottlenecks. No crowding-out effects of a larger budget deficit, or of increased taxation, are allowed for via the usual macroeconomic forces of higher interest rates, a higher exchange rate, or reduced private consumption and investment. Again, the authors presume an omniscient and benevolent government which wisely chooses investment projects, and assume that there are available good projects. (*Given that Australian governments have, since 1976/77, financed non-capital spending by borrowing or asset sales to the tune of \$91 billion, this really is a triumph of hope over experience. Ed.*) Further, government is assumed to have the knowledge and the ability to bring forward investment in cyclical recessions and to delay projects during cyclical booms. Empirical support for the assumption that extra government investment in net will reduce unemployment is based on cross-OECD correla-

tions of a strong negative association between government investment and unemployment.

Debate on the relative merits of centralized or corporatist versus decentralized or market direction of investment and of the determination of wages, profits and prices is ongoing, contentious and unresolved. While the authors eschew statist models of the former socialist economies and refer favourably to current social-democratic models of Sweden, Norway, Austria and Luxembourg, and perhaps the 1983–87 Australian Accord, their proposal for Australia of the twenty-first century is vague. No mention is made of performance of the highly decentralized and competitive US model with unemployment now under five per cent, and better than the rates of the 1950s and 1960s.

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*Room to Manoeuvre* comes in six chapters. Chapter 1 sets the scene with comments on policy objectives towards unemployment and a general conclusion that achievement of low unemployment is no longer a dominant objective when compared with competitive efficiency and low inflation driven by liberalism. Much of Chapter 2 involves comparisons of OECD countries, and particularly using two-variable comparisons of unemployment against government expenditure, investment, labour costs, inflation, importance of manufacturing, R & D intensity, and so forth. Australian policy as a base for the proposed strategy to reduce unemployment is found wanting because of its small government and small manufacturing sector, and it is concluded that labour costs, inflation and economy openness have no effects on unemployment. These simple correlations raise questions of direction of causation and effects of omitted third variables, although the regression model

of Chapter 5 meets the last of these methodological concerns.

Chapter 3 on 'Economic Limits' presents a critique of current, neo-liberalism policies for reducing unemployment. It is argued that policies to push undifferentiated economic growth, to use contractionary monetary policy to reduce inflation and current account deficits, to reduce labour costs, and to dismantle assistance to manufacturing are either unhelpful or actually harmful to reducing unemployment. Most of the evidence is garnered from cross-OECD country two-variable correlations. On the labour cost issue, for example, no reference is made to the very large number of time-series studies in many countries finding significant negative labour elasticities of demand (that is, that demand for labour falls when labour costs rise). And, if labour costs are unimportant, why do the authors argue for centralized income policies to set wages?

Chapters 4 and 5 set out and argue for the preferred policy package to reduce unemployment. Most of Chapter 5 returns to drawing lessons from comparative government expenditure, particularly on investment, and of corporatist versus decentralized institutions of OECD over the 1974–94 period. Of particular interest is an ordinary-least-squares regression of unemployment rates on ten explanatory variables using panel data for 16 OECD countries and 19 years, 1974 to 1993. (*The period after the end of full employment: Ed.*) Unemployment is found to fall with higher government investment, higher private investment, a larger manufacturing sector, faster economic growth, and a more corporatist wage-setting system. For example, on a scale of 0 to 10, Australia is rated at 2 in the 1970s and at 8 during the Accord period, and this increase in corporatization is estimated to reduce unemployment by nearly four percentage points. This effect exceeds that estimated by most Australian studies using Australian data.

A final chapter evaluates the likely prospects and challenges of the Australian polity moved towards the recommended strategy. From the perspective of this reviewer, the good news is that the authors anticipate considerable hurdles.

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REVIEW