In the security scare that followed September 11, it became something of a sport for American news organisations to sneak prohibited items through airport screening.

So when The Chaser—the Australian political satire group—loosely disguised themselves as the Canadian delegation convoy, and easily passed the security at APEC, it wasn’t surprising. The media pounced on the incident—after all, not much else was happening of interest at APEC. The Chaser’s War on Everything, when it aired the next week, achieved its highest ratings ever.

The Chaser is part of a genre of satirical news programs, which include the US’s The Daily Show and its spin-off, The Colbert Report that are gathering loyalty from the apparently ‘disengaged’ youth demographic.

(If it is conspicuous that the commentators who bemoan the Australia’s ‘disengaged’ youth always assume that once they become engaged they will immediately become Left activists. But what if all those yooof got off their bed, put down their headphones, and en masse joined the Young Liberals?)

The popularity of satirical news programs with youth audiences has led some on the Left to view these programs as the saviour of democratic engagement. But satire is a double edged sword. It doesn’t always do what you think it does.

Some on the Left have cottoned on to the uncertain potential of satirical news. One piece last year in the Boston Globe was titled ‘Why Jon Stewart Isn’t Funny’, and it argued that the host of The Daily Show, through his relentless satire of Washington buffoonery, encouraged political complacency.

The article claimed that The Daily Show leads audiences to adopt a ‘holier than art thou attitude toward… national leaders’ and undermined ‘any remaining earnestness that liberals in America might still possess’.

Given the dreary sanctimony of so many of those in the American Left, if this is true then Jon Stewart does a fantastically important public service. But the Boston Globe writer is spot on. Satirical news programs display an extremely cynical attitude towards the political class.

After all, making fun of politicians is really easy, and fantastically rewarding. The Colbert Report and The Chaser’s War on Everything are able to take advantage of the self-seriousness and cautious approach to the media that politicians harbour. Stephen Colbert, in his ‘Better Know a District’ interviews, successfully tricks junior politicians into making outlandish statements. (‘It was wrong to break the law to get people out of slavery—that’s what you just said’)

And The Chaser is never funnier than when they are harassing humourless politicians at their press conferences. But Left politics relies on the heroic politician, blessed with intellect and political cunning, to enact policies in the ‘national internet’ for the betterment of ‘society’. Cynicism about the type of people who choose to go in to politics and the capabilities of government action does clash with the ongoing hunt in the left for the political saviour.

For this reason, The Chaser’s jokes may seem fairly left-wing, but by undermining the sacred authority of the political class, satirical news tends to be more libertarian than socialist. A generation raised on cynicism and sarcasm are far less likely to jump on the bandwagon of a charismatic leader-type.

The IPA Review has been sceptical of governments, politicians, regulators and other self-appointed ‘leaders’ for sixty years, and this edition is no different. Sinclair Davidson and Ken Phillips criticise the ideological baggage of the union movement, in teaching and construction respectively. Tim Wilson treats yet another call for a government petrol price inquiry with the contempt it deserves. Jennifer Marohasy and Alan Ashbarry decry the cultural divide of forest politics. And in our cover story, Nicholas Eberstadt stares directly into the eyes of the anti-natalists, and asks what they have against children.

Wolfgang Kasper reminds us that federalism is more than just anachronistic ‘State’s rights’, as the Prime Minister seems to consider it. Instead, the principles of federalism are at the heart of liberal government. And Richard Allsop completes the thankless task of reading recent Prime Ministerial biographies, to try to discover more important things than the hometown of John Howard’s grandfather.

There is, of course, the standard array of book reviews, complaints about regulation, personal digs at high-profile environmentalists, and references to Adam Smith that have made the IPA Review Australia’s leading free market review of politics and public policy.
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The spate of massive advertising campaigns by the federal government has legitimately drawn criticism. Kevin Rudd recently commented that that is almost impossible to turn on the television without being bombarded by government advertising. What he didn’t say is that advertising by state Labor governments is on a similar scale to that undertaken by the federal Coalition. No administration has been able to resist the temptation of taxpayer-funded advertising. To stop such advertising will take an act of will that is beyond the power of any politician.

There is another problem with government advertising. When government takes it upon itself to do the job of parents, or it tells parents how to bring up their children, the government undermines the family. If you didn’t care about the status of the family this wouldn’t be a problem. Indeed entire political systems have been built on the basis that the state should replace the family. Plato’s Republic attempted to create a model of social organisation in which biological parents had no role. Conservative governments are supposed to protect the family—and the Howard government is avowedly ‘conservative’.

Two recent federal government advertising campaigns—replete with glossy brochures—deal with issues of legitimate community concern. One campaign is costing $189 million. It is the NetAlert—Protecting Australian Families Online program. The other campaign is part of the government’s $1.4 billion Tough on Drugs initiative. It attempts to tell parents how to talk to their children about illicit drugs.

The ostensible reason for both campaigns is that they provide ‘information’ to parents. The difficulty is that in providing ‘information’ the government invariably makes value judgements about matters that are best left to the discretion of parents.

For example, the NetAlert campaign contains warnings on matters such as how to limit childrens’ access to inappropriate online material, the dangers of ‘cyber bullying’, and internet fraud. Some of the information is so obvious as to be trite.

The NetAlert booklet informs parents that ‘Personal information in the wrong hands can lead to online abuse’ and ‘Children are also vulnerable online scams’. Yes—children are vulnerable to online scams—and so are adults. Do we need the government to tell us this? Likewise, do we need the government to tell us that ‘Hurtful comments and nasty rumours spread through text message or chat programs are just as damaging as those made in real life.’

Parents are advised in the NetAlert booklet that they should consider entering into a formal ‘internet safety contract’ which is agreed between parents and their children. This sounds suspiciously like the government telling parents how to raise their children.

Thankfully the government does at least acknowledge that ‘values differ from individual to individual’.
Regretting privatisation
Broadband and the 2007 election

Chris Berg

Telstra was sold barely a year ago, but both major parties want to bring the government back into the telecommunications infrastructure game.

The Federal Government has responded to its own failure to reform the decade-old regulatory framework for telecommunications with an array of subsidies and initiatives to introduce high-speed broadband networks. In response, the Labor Party dangles in front of voters a $4.7 billion high speed fibre-optic network.

Both parties are trying to make political capital out of the regulatory quagmire which government action has created for the telecommunications industry. But their proposals offer far less than substantive regulatory change could, and they offer it at a much greater cost to taxpayers.

How broadband became an election issue

A decade is a long time in the communications industry.

In 1997, the ABS reported that barely 300,000 Australians subscribed to Internet connections. In 2007, that figure is now six-and-a-half million. (The number of actual users is far higher. With modern networking hardware not widely available a decade ago, many people share Internet access in the household or workplace.)

With the limited speeds offered by dialup technologies, accessing video and audio was then idle futurism. Today, some estimates place video and audio downloads at 90 per cent of traffic.

Nevertheless, the regulatory framework which was developed in 1997 to govern the industry remains the same regulatory framework governing the industry in 2007. While technology and consumption patterns are almost unrecognisable a decade later, the regulation hasn’t budged.

This regulatory framework was designed to encourage the competitive provision of telecommunications using the legacy infrastructure owned by Telstra. By purchasing capacity from the infrastructure owner, competitors could share the network, introducing competition where previously there was none, and without the need for competitors to build their own network from scratch. The approach favoured by regulators under such a framework is to encourage competitors first to resell Telstra’s products, and then progressively to install hardware into the network to compete with the dominant telco.

With carefully regulated access prices, this ‘ladder of investment’ is designed to encourage both competitors and incumbents to invest in infrastructure—the former in order to siphon off some of the market share of the incumbent; the latter to invest to stave off hungry competitors.

The high level of competition for basic internet and telephony service attests to the success—at least on one metric—of this regulatory model. Indeed, at one time, there were more than 600 internet service providers (ISPs) in Australia.

But a mere two dozen of those have had more than 10,000 customers, and competition is not merely a synonym for ‘lots of companies’. Most Australian ISPs are small shoestring operations—reliant on regulated access prices for reselling Telstra services, and highly prone to failure. This segment of the industry looks like a caricature of the economic models of ‘perfect competition’—hundreds of companies, prices down to marginal cost, and homogenous products.

Nevertheless, the structure of the market is not the most significant flaw in the existing regulatory framework. Critically, the ‘ladder of investment’ theory is unable to deal with major shifts in technology. When it becomes time to move beyond the legacy copper-wire network—the need for a fibre-optic network in Australia is manifestly clear—access regulations are unable to encourage the creatively destructive investments required.

After all, regulators have encouraged firms to invest further

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Contrary to some media reports, a comparison between the coverage maps for Optus’s GSM network and the Opel maps reveal that the WiMAX network will consist, at least in part, of greenfield installations.
With the ink barely dry on the full sale of Telstra, *das broadband problem* has politicians wanting to try their hand again at managing the telecommunications industry.

and further into the existing Telstra infrastructure. These firms rely on a specific regulatory framework to provide them with a business model. Furthermore, the prospect of entirely new networks threatens their existing hardware investments—a fibre-optic network may strand a firm’s assets, or at the very least provide unwelcome competitive pressures. Understandably, these firms resist any proposed change to the telecommunications access regime.

The ‘ladder of investment’ may encourage investment up the ladder, but it discourages investment in alternative ladders.

There have been indications that this framework was distorting investment for some time. Optus had been migrating customers off its own cable network and on to the Telstra network when the regulated access price turned in its favour. Fearful of having its service declared by regulators as open access, Telstra is only turning on its recently upgraded high-speed ADSL2+ equipment in areas where there is investment from competitors—in Tasmania, for example, the telco has installed ADSL2+ in more than 100 telephone exchanges, but has switched it on in only three.

But the big evidence came in a flurry of controversy last year. The impasse between the Australian Competition and Consumer Commission (ACCC) and Telstra late last year over the access price for their proposed fibre-to-the-node network pivoted around the application of the regulatory framework to new infrastructure investments.

The fact that the two organisations could not come to an agreement (Telstra very publicly announced that it was scrapping its plans to build a new network) should have provided federal policymakers with a very clear indication that the decade-old regulations had finally collapsed.

Unfortunately for taxpayers, this was not to be the case. Instead of reform, the political reaction to this regulatory failure has been to propose subsidies, grants, programmes, initiatives and plans. Worse—all of the proposals on the table would increase government involvement in communications investment, not decrease it.

With the ink barely dry on the full sale of Telstra, *das broadband problem* has politicians wanting to try their hand again at managing the telecommunications industry.

**Picking winners, 2007 style**

When Communications Minister Helen Coonan announced a one billion dollar award to an Optus–Elders consortium (dubbed ‘Opel’) to deploy a WiMAX wireless network for regional and rural broadband, she had to defend the technology against its legion of critics.

WiMAX is a successor technology to the WiFi standard that is common in home internet networks. In optimal conditions—that is, with access to the right licensed spectrum band, and in the best geographic and environmental circumstances—the technology can deliver broadband speeds at distances of up to ten or fifteen kilometres, wirelessly from the base station.

However, WiMAX’s reputation has suffered from over-hype. Early enthusiasts proclaimed a range of seventy kilometres, and when the technology failed to deliver even half of that, cynicism about its capabilities crept in.

The Communications Minister has not avoided this trap. Releasing maps of the coverage of the Opel network, the Government has assumed a range of 20 kilometres, with a ‘possible’ further 5 kilometres, a much further distance than the broadband is likely to be available.

Two other factors work against the network’s favour. First, the Opel network will deploy a ‘fixed’ WiMAX network, which is being superseded by the superior ‘mobile’ WiMAX technology. Second, such range is only possible on licensed spectrum, to which the Opel network does not currently have access. WiMAX operating on unlicensed spectrum has to compete with a range of consumer technologies such as home wireless phones, private radio transmitters, garage door openers, and so on.

Given these problems, a more likely range for the WiMAX deployments would be in the region of five to ten kilometres. To be uncharitable, when considering environmental and topographical factors, a maximum range of as little as one or two kilometres is entirely possible.

When the maps of WiMAX coverage that were paraded around by the Communications Minister after the Opel announcement are redrawn with a more realistic range, the difference is stark.

Figures 1 to 4 illustrate this difference in two marginal electorates—Gippsland in rural Victoria, and Wakefield in northern Adelaide. (In an election year, electorates are always the most appropriate unit of measurement.) Figures 1 and 2 are the maps produced by the Department of Communications, which assume a twenty kilometre range with a possible added 5 kilometres for the WiMAX network. Figures 3 and 4 depict what the coverage would be like when we assume a more realistic, but
It is hard to justify the use of taxpayer money to build a network that the private sector—in this case, Telstra—was desperate to build itself.

still charitable, range of ten kilometres.

In both cases, what appeared to be blanket coverage is now revealed as relatively spartan.

A range of ten kilometres may still be too optimistic. Many WiMAX experts predict even less—down to five, or even one or two kilometres. Experience with a similar technology used by the wireless ISP Unwired in Sydney gives little hope.

That the likely range of a wireless network could be overestimated is certainly not unique. A firm competing in an open market that found its network was under performing would merely deploy more towers or upgrade to a better technology. But when the source of funding is public dollars, it should be of some concern.

As these maps make clear, it is highly unlikely that the one billion dollar grant for rural broadband will produce the services advertised.

There is one further core problem with the Federal Government’s rural broadband proposal. While the choice of WiMAX has been the major public focus, the Opel plan also relies on widespread ADSL2+ installations. (For instance, Omeo in Gippsland will be serviced by ADSL2+, rather than WiMAX.) However, as we have seen above, Telstra has deployed ADSL2+ in hundreds of exchanges, but because of the risk of regulatory appropriation, has not switched it on until there has been competing investment.

It is yet another striking demonstration of the perversity of the regulatory framework that governs the sector: once Opel has installed its equipment in exchanges around the country, and as a result Telstra feels free to switch its equipment on, taxpayers will have paid to build duplicated infrastructure.

Broadband to urban areas is to be dealt with separately, and a taskforce set up by the Government has released guidelines for firms applying to build a network. Applicants have until April to apply, and can specify any necessary regulatory changes required. The minister has gone so far as to suggest that one possible regulatory change would be to grant an infrastructure monopoly to the successful firm to protect it from competition, something which would resemble the legislative monopolies that have characterised Australia’s economic history for most of the twentieth century. Nevertheless, one of the core guidelines recommended by the taskforce is the maintenance of an ‘open access’ regime.

It is clear that few lessons have been drawn from the failures of access regulation in the telecommunications sector.

‘Well, we could just pay for the damn thing ourselves’

While the federal government has provided the most detailed plans, they were beaten to the punch by the ALP. In March, the Federal Labor Party announced its solution to the broadband problem—a $4.7 billion grant to build a national fibre-optic broadband network. Specifically, the ALP proposes a fibre-to-the-node network, which is the same sort of network that Telstra proposed and then abandoned six months earlier.

There is a degree of irony when considering the source of the $4.7 billion. $2.7 billion will come out of existing communications funds—a legacy of the more than a dozen broadband infrastructure programmes of the Howard Government’s last five years. But the remaining two billion dollars will be drawn from the Future Fund, itself a result of the sale of Telstra. Telstra is, as the country’s biggest telecommunications infrastructure providers, likely to be a big contender for the grant. The ALP proposal may return to Telstra the proceeds of its own sale.

But less facetiously, it is hard to justify the use of taxpayer money to build a network that the private sector—in this case, Telstra—was desperate to build itself. And instead of regulatory reform, both the ALP proposal and the Federal Government’s proposal lock the telecommunications sector back into a cycle of government investment and regulated access.

To appropriate the graceless expression made famous by the Communications Minister, neither proposal adequately ‘future-proofs’ the communications sector. When the next inevitable infrastructure upgrade is faced—fibre-to-the-node is hardly the last communications network that will be built in Australia—the same regulatory challenges will arise, unless a more comprehensive and ‘future’ orientated reform is pursued.

As Alan Moran and Warren Pengilley have demonstrated in their recent Institute of Public Affairs monograph, Regulation of Infrastructure: Its Development and Consequences, telecommunications is hardly alone in suffering from inappropriate access regulation. Ports, gas, airports, electricity and railroads have all been negatively affected by infrastructure regulation which grants competitors access to their networks at a regulated price.

In telecommunications, a regulatory framework that includes a disincentive to invest is particularly damaging—technological change requires continuous investment. Broadband in Australia is less than it could be, not because the federal government has failed to assume responsibility for its infrastructure, but because it refuses to reform obsolete regulations that hold private investment back. Bringing the government back into the telecommunications market is no solution.
The NT intervention: what next?

Gary Johns

My fear is that when life on the communities becomes too restrictive [grog and pornography restrictions] or too uncomfortable in its level of change [abolition of work for the dole], bush people will head for Alice Springs rather than stay. That will exacerbate our issues of accommodation and … jobs.

— Fran Kilgariff, mayor of Alice Springs, speaking to the Bennelong Society conference, 1 September 2007

The race is on to save Aboriginal children. Those who argue that it can be done in situ in remote communities have to overcome a major hurdle. A good education is probably impossible in remote communities. It is marginally more hopeful in regional centres.

Until the Howard Government, and in particular the minister Mal Brough, intervened in remote Aboriginal communities, governments feared offending the Aboriginal industry.

The pretext for the intervention, the Little Children are Sacred report, found that sexual abuse is rampant in virtually every Aboriginal community in the Territory. Its recommendations struggled to avoid offending the prevailing consensus—the dream of a separate Aboriginal society. The dream has condemned Aboriginals in remote communities to a short and meaningless existence. As a colleague of mine observed, ‘in Aboriginal policy, the Left have blood on their hands’.

The report blames the destruction of social mores on alcohol and pornography. It is less forceful on the real cause of the misery, the mistaken view that Aborigines do not have to pay the price of admission to the modern world. The price involves taking personal responsibility, attending school for at least ten years, and working. Each of these has been missing. The challenge for the future is to ensure that these factors are reintroduced.

The report made plain the common finding of the 40-or-so reports before it: sexual promiscuity (and drug abuse) among sub-teenage Aboriginal children is rife. The reason that there have not been commensurate adult arrests for child sexual abuse is that much of the abuse is performed by young boys and girls upon their peers or the very young.

The story reveals the collapse of morality. The number of teenage pregnancies ensures that the cycle of immaturity and inappropriate behaviour repeats itself rapidly. Banning pornography and grog is sensible, but only as a breather and as a signal that grog and under-age sex are diversions from a decent life.

The essential message that informed the Australian Government’s Northern Territory Emergency Response Task Force is that if Aboriginal children are not socialised in the same way as every other Australian child, they are doomed. Is it possible, though, to teach children when they live in an appalling social environment? Is it possible to have good teachers in remote areas? Of the almost 1,200 discrete Aboriginal communities in Australia, nearly 500 have no primary school or are at least 25 kilometres from one. Only 40 communities have a secondary school up to Year 12.

Is it possible in these circumstances to have every child in a remote Aboriginal community attend school? The absence of law enforcement over 30 years has condemned Aboriginal children to hell on earth. I asked a senior education public servant in the Northern Territory recently why the law was not enforced. ‘You would get a real debate about that up here’, was the response. What’s to debate? Are Aborigines so different that they do not have to attend school?

Saving children is bound to be tough in regional centres, it is nearly impossible in remote communities. Many good teachers have attempted to do the right thing and been shunned by communities. Not so long ago, a teacher at a remote school established a tuck-shop for students. It proved so successful that the parents began to eat there. The local shop, owned by the elders, got wind of the tuck-shop and demanded royalties from the sales. The teacher refused to be blackmailed and was thrown out of the community.

It is very difficult indeed to teach children who come from places where everyday behaviour is appalling, where the only expectation is to have sex and consume drugs. A school in every community would not solve the problem. The teachers who have the skills to handle such children are few.

Alice Springs and the larger centres will have to get ready for the changes ahead.

Gary Johns is President of the Bennelong Society.
People, pundits and Prime Ministers
What biographies reveal about Australia’s political culture

Richard Allsop
At the time of the 2004 Federal Election, John Howard had been the subject of one biography. He faced an opponent, Mark Latham, who was the subject of several.

In 2007, the contest will be more equal. John Howard has managed to score a second while, compared with Latham, Kevin Rudd has only attracted a comparatively modest two biographers.

It has become something of a cliché to note a greater propensity for books to be written about Labor rather than Liberal, political figures. This situation has been ascribed variously either to the political biases of authors and publishers, or to the fact that the book-buying public is not interested in books about Liberal politicians.

In fact, when one considers that John Hewson and Peter Costello both became the subjects of two biographies comparatively early in their parliamentary careers (while Kim Beazley and Simon Crean scored just one between the two of them), there is perhaps more to becoming a biographical subject than party affiliation.

One factor that publishers and authors obviously like is the idea of being the first with the full story on people who have recently assumed a role as a potential Prime Minister (they obviously did not see Crean in this light). This phenomenon is a comparatively new one in the Australian political scene.

The first Prime Minister to have been the subject of biography, before assuming the post, was Bob Hawke, about whom two books had been written (in 1979 and 1982) before his election win in March 1983. Before that, there had been only one example of a biography being published even early in a Prime Ministership—about John Gorton in 1969.

While some may scoff at the concept of the ‘rising star’ biography, one of Rudd’s two recent biographers, Nicholas Stuart, asserts that ‘we need to know about Rudd now’. While that is unarguably true, it does not necessarily follow that a biography is required for us to have an understanding of a politician. Most people had a fair idea of what John Howard was on about in 1996, without the need for a biography.

When a biography of Howard did appear the following year, *John Howard: Prime Minister* by David Barnett and Pru Goward, it was panned by the critics and quickly disappeared from bookshop shelves. While some of the criticism was perhaps more aimed at subject than author, there were unsatisfactory aspects to the book. The opening chapter took the reader from the arrival of John Howard’s great-great grandfather in Australia in 1855 through to Howard’s election to Federal Parliament at the age of 34 in 1974, all in just 19 pages.

The new Howard biography, co-authored by Wayne Errington and Peter van Onselen, expands this period of his life to 50 pages. This is better, but one is still left feeling that there must be more that could have been mined. In contrast, Rudd’s life before he entered parliament, which admittedly took him beyond the age of 40, takes over 100 pages in each of his two biographies.

There is perhaps more to becoming a biographical subject than party affiliation.

Although they share some similarities, the two Rudd biographies also have significant differences. Rudd co-operated fully with the Robert Macklin book, whereas he ‘told a number of people not to speak with’ Nicholas Stuart. It is perhaps no surprise, given this situation, that Macklin’s work is the one more prone to hagiography, while Stuart’s retains a higher degree of scepticism. To cite but one example where they differ, Macklin says of Rudd’s 1998 election in Griffith that Rudd ‘out-poll’d the national trend’, while Stuart states that ‘out of the 27 electorates in Queensland, all but three had produced bigger swings to Labor’.

Macklin believes that Rudd offers ‘an electoral asset of the most extraordinary potential’. He claims that any doubts he previously had about Rudd have gone, declares him ‘the man for our time’ and asserts that ‘his election to the Prime Ministership of our country is vital’. This style of work is unfortunately not unprecedented in Australian political biography. Norman E. Lee eventually settled on the title *John Curtin: Saviour of Australia* for his 1983 biography only after a close contest with an alternative which he describes as ‘equally true’—*John Curtin: Australia’s best loved Prime Minister*. Walter Murdoch, the author of the first biography of an Australian Prime Minister admitted that he was ‘an ardent admirer’ of his subject, Alfred Deakin, while Deakin was alive and that his admiration ‘has only deepened with the deeper knowledge of his life and character that has come to me since his death’. At least Lee and Murdoch were writing after the event.

In Macklin’s case, what grates even more than his growing love affair with Rudd is the short throwaway descriptions of other characters. We learn that when Rudd, the diplomat, went to Beijing the ambassador was ‘the respected Dennis Argall’, until he was replaced by ‘the highly respected Ross Garnaut’. Where Stephen Smith is described as a ‘prodigious worker’, Lindsay Tanner ‘did not have a reputation for consistent hard work’.

Despite these irritations, Macklin’s book does have some advantages over Stuart’s. His access to the recollections of Rudd himself, his wife and siblings is clearly useful. However, the fact that Stuart had to look elsewhere for interviewees meant that he unearthed some interesting and important alternative voices. Examples include other members of the Eumundi community talking about what the town was like in Rudd’s youth, political scientist Scott Prasser talking about his critique of Rudd’s role in the Goss Government in Queensland and Kim Beazley talking about recent key po-

Richard Allsop is a Research Fellow at the Institute of Public Affairs.
Norman E. Lee settled on the title John Curtin: Saviour of Australia for his 1983 biography only after a close contest with an alternative — John Curtin: Australia's best loved Prime Minister.

Lee acknowledges that 'there are thirty-six references to Rudd in the book, none of them as mad and leave his assertions undebated. Macklin says of Latham's diary that 'the point is that there is none of this talk about Rudd'. (Macklin is content with references to how much Kevin and Therese Rudd love each other.) Revised editions may need to mention the New York strip club visit.

How political is the personal?

In the past, quite a few Australian political biographers seemed to be deliberately excluding the personal aspect of their subjects' lives by using terms such as 'A Political Biography' in the title. A good example is provided by John Robertson's J.H. Scullin: A Political Biography. Robertson states that Scullin's 1907 marriage 'caused little or no change in his political ideas'.

However, in more recent times, there has been a notable change in how marital and sexual matters are treated.

This is perhaps best illustrated by comparing the two biographies of Ben Chifley. In L.F. Crisp's volume, published in 1961, Chifley's secretary Phyllis Donnelly's name is mentioned only twice. This is perhaps best illustrated by comparing the two biographies of Ben Chifley. In L.F. Crisp's volume, published in 1961, Chifley's secretary Phyllis Donnelly's name is mentioned only twice.

But when David Day wrote his Chifley biography 40 years later, he makes it explicit that Donnelly, as Chifley's mistress, had played a far larger and more significant role in Chifley's life than Crisp had acknowledged. Day further explained that he had married a woman 'who seemed never able to provide him with children or perhaps even the normal conjugal intimacies of marriage' and editorialised that it was thus 'not surprising that he would look elsewhere for sexual fulfilment'. Day does not seem to find it in any way worthy of negative comment that Chifley chose the unorthodox way of doing this not only by having a sexual relationship with Phyllis Donnelly, but also with her older sister Nell, confining the former to Canberra and the latter to Bathurst. Day certainly raised the ire of the Chifley family who, as he acknowledges, 'mostly deny the relationship'.

The Stuart work is unusual for an Australian biography in that it does not include an immigration story. By contrast, Macklin tells an interesting yarn about Rudd's convict ancestor Mary Wade who 'arrived on the Second Fleet and became perhaps the most prolific matriarch of our short colonial history'. Both books naturally cover the issue of the Rudd family eviction from the property that his father had managed before his death. It appears that Rudd may have embellished the story a little, but it is hard to see how his opponents can make much political capital by attacking the recollections of an 11-year-old boy.

The death of Rudd's mother was also dragged into the political arena following the publication of Mark Latham's diaries. While not wanting to be an apologist for Latham in this instance, in more general terms, the expunging of his political existence by the Labor Party and the media is a distortion of the record. Three years ago, large sections of the ALP and the media saw Latham as the messiah. They cannot now simply dismiss him as mad and leave his assertions undebated. Macklin says of Latham's diary that 'there are thirty-six references to Rudd in the book, none of them favourable'. Well—let's have an assessment of them to see whether Latham sometimes had a point.

Macklin's book places an emphasis on Rudd's intellectual development, underscored by reprinting his article from The Monthly on Dietrich Bonhoeffer as an appendix.

However, none of the three newly published political biographies goes anywhere close to a work such as Philip Ayres' Malcolm Fraser: A Biography, which devotes considerable attention to what books Fraser read at Oxford University and to the ideas contained in his essays. Ayres' focus on the development of Fraser's ideas is a constant throughout the book with, for instance, a detailed analysis of Fraser's 1971 Alfred Deakin Lecture. While John Curtin had a very different upbringing from Fraser's, his biographers still managed to chart his intellectual development despite its lack of formal academic training. Both Lloyd Ross and David Day describe the impact that Frank Anstey had upon the young Curtin from the time they met during Anstey's campaign for the State seat of Brunswick in 1902, through to the 'small gatherings of like-minded youths' which Anstey would host on Sunday mornings, where Anstey would 'lecture to them on socialist principles and debate the questions of the day'—something that continued even when they were living on opposite sides of the country.

While the Howard and Rudd books could have done more on intellectual life, they probably are limited when it comes to providing colour-ful anecdotes about personal life. Errington and van Onselen raise 'rumours of infidelity on Howard's part', but conclude that these were 'simply slurs' on the basis that the only people giving them any credence were anti-Howard. When the issue of affairs and infidelity arises in Stuart's book, he comments that 'the point is that there is none of this talk about Rudd'. (Macklin is content with references to how much Kevin and Therese Rudd love each other.) Revised editions may need to mention the New York strip club visit.
Before writing his Chifley biography, David Day had already written one about Curtin, giving Day the surprisingly unique position of being the only writer of biographies about two different Australian Prime Ministers. He finds Curtin’s early sexuality a perplexing topic and says ‘we can only speculate about the strains imposed upon Curtin by his priest-like devotion to the socialist cause and his abstention so far from romantic love and, apparently, the pleasures of the flesh’.

Day finds Curtin’s middle-aged behaviour as Labor Leader more straightforward when he describes his friendship with the housekeeper of a Perth pub ‘with whom he was apparently sleeping’. He also discusses whether Curtin had an affair with Hotel Kurrajong manageress, Belle Southwell, without coming to a firm conclusion.

Another biography written in the twenty-first century which brings a breezy tone to sexual peccadilloes, a style which would have been unimaginable in earlier times, is Ian Hancock’s biography of John Gorton. Hancock is at pains to deny the existence of a sexual relationship between Gorton and his controversial 22-year-old Principal Private Secretary, Ainsley Gotto, but does acknowledge Gorton’s ‘having “two or three” extramarital relationships’.

Gorton’s reputation for enjoying a drink was one which was shared by Bob Hawke and, in the case of the latter, it was clearly a significant issue before his assuming the position of Prime Minister. Blanche D’Alpuget’s biography played a significant role in educating the broader public that Hawke had indeed had a problem with alcohol. In the 1970s, television reporters were doing what would be unthinkable today and ‘covering up for Hawke and scrapping film of him recorded when he was drunk’.

The Australian biographic practice

With the exception of D’Alpuget, who was a novelist, and one or two others, almost all the biographies of PMs, or potential PMs, have been written either by journalists or by academics. Undoubtedly, with their experience of daily deadlines, journalists are well suited to the ‘rising star’ biography genre when speed is required. Macklin says that he had four months to complete his work and one assumes that Stuart had a similar timeframe.

With its much longer lead time, the Howard biography was more suited to academics. Academic biographers have generally been historians. Before Errington and van Onselen, the two previous political scientists to have written prime ministerial biography wrote psychological biography, rather than using the narrative style favoured both by journalists and historians. Judith Brett’s study of Robert Menzies and Stan Anson’s biography of Bob Hawke attempt to explain what they see as flawed public careers on the basis of the psychology of their subjects.

Chifley argued against academics writing about politics on the grounds that they were ‘too remote’. This accusation cannot be made against Errington and van Onselen. In fact, the publication of extracts from their book in the newspapers virtually made them political players.

Their major coup was to get Treasurer Peter Costello to talk so revealingly about his frustrations. While there was not a lot new said about the current leadership issues, Costello offered quite an expansive critique of Howard’s years as Treasurer, saying that he ‘had not been a great reformer’ and ‘not a success in terms of interest rates and inflation’.

There are other revelations. Apparently, in 2001, when
the government’s fortunes picked up, Peter Reith seriously reconsidered his announced retirement. This was ‘unbeknown to Howard’ who, in an interview with the authors, said that he wished Reith had told him because he would have ‘twisted his arm’ to stay.

The interviews provided by Janette Howard also give us a much clearer insight into the often speculated degree of influence she wielded over her husband. The fact that those close to Howard were prepared to be interviewed for a book which, on balance, is a negative for him, either displays a refreshing openness or a political misjudgement.

Aside from its newsworthy aspects, the book has other strengths. It highlights the crucial role of key staff in the Howard office and provides an excellent description of how the Cabinet process has worked in the Howard Government. It also shows an interest in, and some understanding of, the key role that the ‘dries’ played in changing the intellectual climate in which politicians operated from the late 1970s onwards. The input from John Hyde is a very valuable aspect of the book. The authors recognise that, in government, Howard has been far from a free-market ideologue, pointing out the absurdity of Kevin Rudd’s claim that Howard is a disciple of Hayek. As they note, ‘the true disciples of Hayek were distraught about Howard’s economic record’. They are also clever enough to recognise that there is a distinction between being pro-business and pro-market.

They also understand the fact that many ‘who early in Howard’s government had seen plenty to criticise, soon found themselves defending Howard from the worst excesses of his critics’. These critics have never been able to decide whether Howard is a rabid ideologue or a poll-driven opportunist. As Errington and van Onselen point out, he is never attacked by the Left for a classic piece of opportunism—banning guns in the wake of the Port Arthur massacre.

However, there are also problems. There are occasionally sweeping statements such as ‘economic reform, while successful on its own terms, had left an emptiness at the nation’s heart’. Given how inconsistent this is with some of the other sentiments expressed in the work, one even wonders if the co-authors brought somewhat different perspectives to the table. The chapters on the Howard Government, in the words of Australian journalist George Megalongis, ‘try to cover too much ground and struggle with the balance between policy and politics’.

The balance that Howard has chosen between policy and politics has proved difficult to categorise throughout his career. Just when one thinks that Howard has run a generally responsible government, he flies into Devonport and announces a bad piece of public policy at the local hospital. Commenting on Howard’s centralisation of power, Errington and van Onselen note that ‘a future Labor Government will enjoy pulling the levers of power that Howard has centralised in Canberra’.

The lack of respect for traditional boundaries between the Commonwealth and the states is but one manifestation of how Howard has altered the way in which politics is conducted. Stuart’s Rudd biography has a fascinating paragraph where a Beazley-supporting member within the Federal Labor caucus condemns the undoing of Beazley brought about by his Rove McManus/Karl Rove gaffe. The unnamed individual argues that ‘leaders don’t need to and shouldn’t comment on every bloody thing anyway’. She argues that it leads to politicians becoming just another part of celebrity culture and ‘the dumbing down of political discourse’. I am not sure if the female caucus member would agree, but in my view it also inexorably leads to ever bigger government, as no problem in society is deemed to be outside the legitimate range of interest of the federal government.

The trouble with writing any sort of book about contemporary politics is that it quickly gets overtaken by events. Those pre-2004 election Latham biographies all looked a bit silly within a year of their publication.

Before the new Howard biography, the best book about the Howard Government was the collection of essays by Australian journalists, The Howard Factor. It probably still retains that status. When it was published, in early 2006, it appeared that the basic Howard narrative was of the battler made good, confounding his critics. Eighteen months later, with the Government trailing 41–59 in the most recent Newspoll, Howard is back looking more like the failing figure of his first spell as Opposition Leader or of his early Prime Ministership. The Howard story will be told very differently if he loses the upcoming election and, in particular, if he suffers the humiliation of losing his own seat.

Maybe when Howard does go, his critics may begin to appreciate how absurd their anti-Howard rhetoric was.

As Errington and van Onselen state, ‘John Howard’s Australia, with its high levels of immigration, close ties with Asia, booming wages, record workforce participation for women, record taxation, and record spending on health and welfare, is a long way from the country imagined by his critics’.

Perhaps the post-Howard critics will be those who hoped to see significant further free market reform and smaller government. They may well turn on Howard in a similar manner to that which (correctly) greeted Fraser after his March 1983 defeat. As the authors comment, ‘Howard’s departure will once again spark a debate about the direction of the Party’.

Liberal Party members remember the period after the defeat of the Fraser Government as the worst of times; policy-driven types recall that time as actually being quite exciting.

Whatever happens at the coming federal election, there will certainly be the need for more Howard biography; despite Errington and van Onselen’s best efforts, there is still much analysis to be done of this hugely significant character. Only a Labor victory will produce the need for more to be written about Rudd; between them, Macklin and Stuart have done their more limited job well enough.
When the critics are at a distance, and friends close at hand, literature is projected as an accurate and vivid mirror of the world; when the critics close in, and the friends are absent, oh well, then, some degree of literary licence has to be tolerated in the name of creative imagination.’

— Richard A. Epstein

To keep up with current affairs requires a lot of reading. In Australia, one would naturally look to the Quarterly Essay journal as a medium for understanding what issues are making Australians scratch their heads. You could learn, for instance, that Australians have been encouraged to fear each other. In case you hadn't noticed it (you obviously haven't been reading enough), the defining mood of the Howard years is an uneasy fear of each other, the fear that we're growing apart—that is according to David Marr, public intellectual extraordinaire.

The joining of the literary world with the actual world is a practice that was picked up long ago. Yet political writing today is typically influenced by the political writing that has characterised twentieth-century politics, the writing to which we are introduced at school and later at University, should we be that unfortunate.

The topic at hand is the literary and political mastery of George Orwell. It is difficult to make proper commentary on twentieth-century politics without Orwell looming over our shoulders. His presence grows stronger still into the twenty-first century, as anti-terror laws have the effect of impeding our liberty and tripling the number of literary allusions to Nineteen Eighty-Four.

These allusions are sometimes striking, but often self-indulgent. The phrase ‘War On Terror’ is often associated with the Orwellian invention of Newspeak. Take the following example from an opinion piece in the Washington Post by Zbigniew Brzezinski, former national security advisor to the Carter Administration.

The phrase itself is meaningless. It defines neither a geographic context nor our presumed enemies … But the little secret here may be that the vagueness of the phrase was deliberately (or instinctively) calculated by its sponsors. Constant reference to a ‘war on terror’ did accomplish one major objective: It stimulated the emergence of a culture of fear. Fear obscures reason, intensifies emotions and makes it easier for demagogic politicians to mobilize the public on behalf of the policies they want to pursue.

This is dripping with Orwell. Assuming the essence of Brzezinski’s premise is correct (after all, these arguments rely a lot on ‘essence’; see ‘vibe’ for more detail),

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Fear obscures reason except when applied to Brzezinski, whose genius goes so far as to penetrate the power of fear and prevent it from destroying the analytical faculties of his own mind. Other exceptions, of course, would be the countless others who take issue with the current US administration’s foreign policy.

With 9/11 clouding international affairs today, literary figures have conjured up frighteningly new dystopias in the mould of Orwell’s Oceania. Other social democrats who have disowned Soviet communism or the false historicism of Karl Marx have begun to target American neo-liberalism as the new totalitarian threat, though in a more sophisticated, subtler way. Journalists and political scientists salivate at the opportunity to dissect political language and propaganda that might otherwise have deceived the unknowing masses. If you happen to purchase a copy of Nineteen Eighty-Four from the online ABC shop, you’ll notice that the product description describes the book as ‘more relevant than ever’.

This is hardly a surprise, and furthermore, it is an accurate description. Orwell’s writing was so prolific, his generalisations so magnificent, that there is literally something for everyone. Socialists can take ease at reading his hopes for universal equality. Conservatives can enjoy his musings on the English language and its abuse by Stalinist dogmatists.

We know that we can never agree with Orwell on everything, and so we embrace the particular writings of his that fit into our own conception of the universe. Orwell is both the working-class hero and the patron-saint of intellectualism. He is the defender of a socialist state and a warrior against totalitarianism. He tried to reconcile these two positions in this manner:

Capitalism leads to dole queues, the scramble for markets, and war. Collectivism leads to concentration camps, leader worship, and war. There is no way out of this unless a planned economy can be somehow combined with the freedom of the intellect, which can only happen if the concept of right and wrong can be restored to politics.

If you go looking for Orwell’s in-depth, empirically based justification as to why these two types of political/economic systems necessarily lead to similar ends, you won’t find it. Would such a wordsmith allow his literature to be spoiled by statistics and facts? This would be a harsh judgement on Orwell, though partly evident in his short article title ‘What is Science?’ where his skepticism is made known.

Orwell was rightly critical of the idea that scientists are better able to appreciate and understand social phenomena than the historian or the literary writer. After all, chemical reactions in a test-tube are predictable, where as human behaviour is not.

Again, however, Orwell falls prey to his constant literary generalisations:

Put in these words, and the apologists of scientific education will usually agree. Press him further, ask him to particularize, and somehow it always turns out that scientific education means more attention to the sciences, in other words—more facts. The idea that science means a way of looking at the world, and not simply a body of knowledge, is in practice strongly resisted.

Orwell’s critical mind and his skepticism are what makes him a deserved hero, but his reliance on literature as a medium through which to deliver his analysis lets him down. That is not to say that literature is ultimately useless, or dangerous. Rather, it is the strongest medium for expressing human emotion, and weaker as a tool for constructing empirically verifiable observations of the real world. Moreover, literature is easier to write, because we are our own masters of how we feel and connect with the world around us. The scientific method requires a dedication to an analytical frame of thinking that challenges us to separate emotion from fact.

There are benefits to deploying the literary, fictional world for political writers, however. The use of metaphors, similes and allusions to other literary works makes it easier to produce an ‘argument’ that might otherwise be discredited by inconsistencies with real-life facts.

To hark back to our opening examples, the atrocities of the Nazi regime, or the Soviet regime, are still too recent to begin comparisons with contemporary governments, without offending people who’ve experienced both. We can, however, compare the Bush Administration to ‘The Party’ in Nineteen Eighty-Four, even if Orwell’s imagined regime was a lot worse.

Similarly, it would be too much to suggest that dealings with the nuclear industry are like dealing with Adolf, so we can choose Satan instead. A ‘Faustian bargain’ sounds a lot less offensive than ‘holding hands with Hitler’, even if Satan is more evil.

Richard Epstein’s brilliant essay, ‘Does Literature Work as Social Science? The Case of George Orwell’, describes an undergraduate class he attended where the teacher presented two different texts describing the conditions of the working class in England and France during the nineteenth century. One of the texts was a novel by a famous French novelist, the other a non-fictional defence of industrialism. By far, the class preferred the novella over the dry historical defence.

Literature has the ability to sweep us off our feet or hit us with a crushing emotional blow. This is probably, ironically, where Zbigniew Brzezinski sees George Bush’s generalisations as dangerous. This may unfortunately be half true. Politicians are just as bound to utter crass generalisations as the humble wordsmith. But fighting fire with fire never solves the problem, not in any effective way at least. Moreover, the general public are always less stupid than intellectuals make them out to be.

Orwell stands on top of political literature, and to some extent he has succeeded in making many of us think within the same paradigm as he did. It is time to recognise the weakness of this method, however, and take a more critical look at the work of Eric Arthur Blair.
The Institute of Public Affairs participates in an annual assessment of economies compiled by Canada’s Fraser Institute. Called the Economic Freedom of the World, the compilation assesses 141 countries against 42 criteria to determine how open they are to private enterprise. These criteria include:

- Size of Government;
- Legal Structure and Security of Property Rights;
- Access to Sound Money;
- Freedom to Trade Internationally; and
- Various labour market, credit and other business regulations.

The assessment, which commenced in 1975, owes much to the late Milton Friedman, who is easily the most outstanding economist of the latter half of the twentieth century. Friedman assigned tasks for the first assessment and personally collated the ratings.

Unremarkably, the best performers in the index are the open market free enterprise economies led by Hong Kong and Singapore, but including the US, western European countries, New Zealand and Canada, as well as Australia. Also, since the fall of Communism, we have seen a steady increase in economic freedom in almost every country.

The Eastern European economies have progressed particularly strongly this past 20 years. Indeed, Estonia, Latvia, Kazakhstan (yes, Borat truly is a myth!) and Slovakia are now up with the leaders. China has seen a rapid improvement, as has India which has emerged from a long period when its economy was mired by state planning and controls.

In Africa, Botswana, the one country which started early on the free market, small government path, has been the stand-out achiever. More recent reforms in countries such as Ghana, Kenya and Tanzania have yet to be translated into solid sustained income dividends.

Those going backwards are the basket-case failing economies such as Myanmar and Zimbabwe, soon to be joined by Venezuela where retrograde assaults upon property rights are still masked by oil wealth. (Some countries, such as North Korea and Cuba, which would fall squarely within this category, are not rated in the compilation.)

In aggregate terms, economic freedom is heavily associated with prosperity, longer life expectancy, faster economic growth and even lower levels of poverty. In fact, the income share of the poorest 10 per cent tends to be remarkably similar at a little over 2 per cent of total GDP in all categories of economies. Average levels of per capita income are illustrated below.

Australia comes in at ninth in the world, above Japan and most of Western Europe as well as the Usual Suspects.

This rating may be mildly flattering, since the assessment criteria are of necessity somewhat rigid. They may therefore fail to detect some of the deficiencies in property rights with which we are familiar in Australia—matters such as the diminished certainty resulting from Native Title, and the fact that, unlike the Federal Government, the States are not obliged to provide ‘just terms’ compensation for property seizures.

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The Economic Freedom of the World Report is available at www.freetheworld.com
A new protectionism: dashed hopes and perhaps worse for US trade policy

Daniel Ikenson

Over the next 14 months, culminating in US elections in November 2008, the world will learn whether America’s budding protectionism reaches full bloom or is just a passing fancy. The global economy can shake off a failed Doha Round of multilateral trade negotiations without missing two beats. But if the United States turns inward as well, the consequences could be profound and far-reaching.

Some would argue that US protectionism is already beyond the budding stage. There has been an explosion in the use of trade remedies in 2007, including the first US antidumping case initiated against Australia in 15 years (involving the electrolytic manganese dioxide industry).

Earlier this year, the United States launched three high-profile complaints against China in the World Trade Organization, and reversed its 23-year-old policy of not applying the countervailing duty (or anti-subsidy) law to so-called non-market economies, when it initiated a case against Australian in 15 years (involving the electrolytic manganese dioxide industry).

But, by and large, the United States has yet to cross the precipice. Bringing antidumping and countervailing duty cases and launching WTO complaints are all permitted within the global trade rules. Those actions are not necessarily cause for alarm—at least relative to what could be in store in the months ahead.

The Democratic Party, which has grown increasingly hostile towards trade over the past decade, controls the legislature, and thus the policy agenda, for the first time in 12 years.

President George W. Bush’s authority to negotiate trade agreements and present them to Congress for an up-or-down vote (the so-called Fast Track or Trade Promotion Authority) expired in June, and will not be renewed. Completed bilateral trade agreements with South Korea, Colombia, Peru and Panama have been shunted aside to consider, instead, trade legislation that is antagonistic, if not expressly protectionist. Although a few of those bills were crafted mostly for political effect, it is a good bet that some of the nearly two dozen pieces of provocative trade legislation will at least make it to the floors of both chambers of Congress for official votes before the 2008 elections.

As Congress reconvenes in Washington, it is likely to begin moving some of those bills, which include, among other things, provisions that:
- make enforcement of trade agreements systematic and mandatory;
- lower the current evidentiary thresholds for imposing antidumping, anti-subsidy, and China-specific safeguard duties;
- establish a panel of retired federal judges to review adverse WTO decisions and advise Congress on the propriety of those decisions before any steps toward compliance are undertaken;
- forbid the United States from entering into any new trade agreements;
- revoke China’s ‘normal trade relations’ status;
- define and treat currency manipulation as a countervailable subsidy;
- require the President to pursue concrete measures to achieve greater trade balance with countries that have persistent trade surpluses with the United States; and,
- expand trade adjustment assistance programmes to cover people who have lost jobs in the services sectors due to outsourcing.

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Implicit in this legislation: trade liberalisation is bad, US trade partners cheat, and the folly of America’s embrace of globalisation is evidenced by its massive human toll.

The primary target of most provocative legislation is China. But that shouldn’t prompt sighs of relief in other countries. Thwarting Chinese imports into the United States is an indirect assault on other countries, particularly those in the Asia-Pacific region. What the US Congress fails to grasp is that many products imported from China comprise value-added materials and labour services provided mostly in other countries. In that regard, the bilateral US trade deficit with China is a meaningless statistic. Yet it fuels the legislative push for action.

Adoption of the kinds of protectionist policies under consideration in the United States would likely have a dramatic, adverse impact on the global economy, with particularly acute consequences felt in countries that supply China with components, machinery, and raw materials. If the world’s largest consuming nation buys fewer Chinese wares, Chinese factories won’t be buying as much iron ore, bauxite, electronic components, or LCD screens. There is indeed a bit of Australia, Japan, Korea, and Malaysia in the typical Chinese cargo container unloaded in Long Beach, California.

Furthermore, legislation that effectively challenges the efficacy and legitimacy of the WTO dispute settlement system can only lead to a weakening of the multilateral trading system, as other countries are tempted to follow suit and treat adherence to the rules as optional. There is indeed a bit of Australia, Japan, Korea, and Malaysia in the typical Chinese cargo container unloaded in Long Beach, California.

The WTO system isn’t perfect, but it has worked well to facilitate the growth of trade and investment, while practically extinguishing the historic tendency towards tit-for-tat trade wars. Until now, at least.

Once-giddy expectations for comprehensive international trade liberalisation at the outset of the Bush Administration have been downgraded to hoping that the US President is prepared to veto the slew of anti-trade legislation expected to reach his desk. Not too long ago, Bush Administration officials spoke optimistically about a free trade zone ‘from Alaska to Tierra del Fuego’, and a world free of industrial tariffs by 2015. The Administration initiated bilateral trade talks with dozens of countries as part of its programme of ‘competitive liberalisation’, hoping that the momentum that it spurred would lead to a relatively quick and successful conclusion to the Doha Round.

But Doha lies in a cryogenic state and it remains to be seen whether the Bush Administration is able—even willing—to hold the line against the impending protectionist offensive. Some in Congress speak of veto-proof majorities (Congress can override a Presidential veto with support from two-thirds of each chamber), which attests to the growing bipartisan nature of skepticism over trade.

Not long ago, Republicans were solidly in the pro-trade camp, while Democrats abandoned the pro-union, anti-trade line with infrequency and at their individual peril. As we enter the spirited US election season, President Bush is likely to be pressured by Republican lawmakers and the party leadership to acquiesce before the rising protectionist tide in an effort to minimise Republican losses in November 2008.

The era of negotiation and accommodation and optimism has yielded to one of confrontation and litigation and skepticism.

It is difficult to pinpoint a specific event that precipitated America’s apparent change of heart. It has been more of a drift, perpetuated by a confluence of several factors, including the rise of China, the myth of US manufacturing decline, relentless salesmanship from politicians and media personalities of their mercantilist narratives, widespread disaffection for President Bush and, also, the failure of the Bush Administration to make a convincing, comprehensive case to the American public about the benefits of trade liberalisation.

That last factor is probably the most significant determinant of the present state of affairs. Had the Administration done a better job of communicating the merits of a liberal trade agenda through its words and actions, the other factors might never have risen to prominence.

But instead, the Bush team opted to politicise the process. They reckoned that with a Republican majority in Congress at the time, the trade agenda could advance without need of much Democratic support. Given the anti-trade sentiments permeating the Democratic caucus, that strategy had virtue, if not merit.
Ultimately, though, that approach alienated important Democrats who now control the congressional trade agenda. And it would be naïve to think that experience doesn’t colour their current perspectives on trade policy.

Bush granted steel tariffs to make it easier for certain Republicans in Congress to support trade promotion authority—a move characterised by former US Trade Representative Robert Zoellick as ‘one step back for two steps forward’. Similar protectionist back-steps were taken to secure support from key Republicans in textile- and farm-states, as well. In that process, the Administration legitimised the claims to exceptional treatment for import-competing industries while preaching the merits of free trade abroad, a hypocrisy that contributed to the poisoned atmosphere surrounding the Doha Round.

The Administration also erred badly in the way it promoted trade agreements. The USTR’s office has had a short-sighted tendency to focus on the benefits of trade from an exporter’s perspective. A common refrain from the USTR when pitching trade liberalisation is that the United States runs an aggregate trade surplus with the dozen or so countries with which the Administration had concluded bilateral or regional trade agreements—the implication being that strong export growth and minimal import growth constitutes success. But if that’s the appropriate metric, it doesn’t take much of a leap to conclude that US trade policy is failing given an overall trade deficit approaching $1 trillion.

That kind of salesmanship—routuing exports and downplaying the benefits of imports, which are the source of most of the gains from trade—played into the hands of the mercantilists in Congress, where too many already believe that exports are good, imports are bad, and the trade account is the scoreboard. To them, the large and growing trade deficit is confirmation that the United States is losing at trade. And it is losing, in large measure, because US trade partners are cheating.

In China’s case, the purported transgressions include currency manipulation, widespread subsidisation of industry, unfair labour practices, intellectual property theft, opaque market barriers, among others. Some of the allegations have some degree of merit, but not to an extent that comes close to explaining even a fraction of the bilateral deficit.

Allegations of currency manipulation and its adverse impact on the US manufacturing sector have dominated the political discourse this year. As Congress gripes and threatens action, the Chinese Yuan continues to appreciate against the US dollar. It is up nearly 8 per cent since the firm dollar peg was abandoned in July 2005. Yet the bilateral deficit continues to rise. It is quite clear that Congress hasn’t given much thought to the prospect that a dramatically appreciated Yuan could actually increase the deficit.

The key to achieving greater trade balance without sparking a US recession is not to tax US consumption through protectionist legislation, but to encourage Chinese consumption. That is the essence of what has become known in Washington as the ‘Paulson Approach’. Treasury Secretary Henry Paulson has been engaged in dialogue with his Chinese counterparts, trying to foster the kinds of structural changes needed to dissuade excessive thrift there. However, Congress seeks fireworks, not durable solutions.

But why focus on the trade balance at all? Japan has run a trade surplus for decades, but its economy has been stagnant for the better part of the last 15 years. The Germans have a large trade surplus, but double-digit unemployment. The United States has a large and growing trade deficit, but also consistently strong economic growth and an unemployment rate, near all-time lows, of 4.5 per cent.

Still, the trade account as scoreboard metaphor resonates. Americans are told repeatedly that their jobs are being exported to China and India and that the trade deficit is a proxy for job loss. The loss of nearly 3 million US manufacturing jobs during the recession of 2001–2002 is constantly cited as evidence of failed trade policies, even though the US economy has generated 1.8 million net new jobs every year, on average, since 1980, when imports, in real terms, were only 45 per cent of what they are today.

Policymakers have perpetuated a myth that the US manufacturing sector is in decline, which has encouraged further skepticism among Americans about trade. But closer examination reveals not only that US manufacturing is thriving according to every relevant financial yardstick (in 2006, the sector achieved record sales, record profits, record output, and record return on investment), but that it is thriving in large measure because of relatively open US trade policies.

Access to foreign markets has been a crucial component of US manufacturing revenue growth. And access to imported raw materials, components, and capital equipment has helped keep the lid on US manufacturers’ costs. In fact, US producers accounted for 55 per cent of total US imports in 2006, which confirms a long-observed relationship in the manufacturing sector: imports and output move in tandem.

It is unlikely that the truth about trade and manufacturing will suddenly prevail upon the political discourse and reverse America’s growing scepticism. Not with an election on the horizon. Perhaps the best to hope for is that some of the pending legislation is made less onerous as it advances through the process, while President Bush does his part to veto legislation that would take the United States, and the world, down a path it would regret.
Who decided that private property was subservient to political protest?

Alan Moran

If terrorists were to invade Bob Brown’s house and create hundreds of thousands of dollars of damage to his antique collection, he would be understandably irked. His anger would hardly be muted if the terrorists turned out to be Green activists complaining about him as a householder burning greenhouse gases to ward off the cold and to power himself to his Canberra office.

Yet his reaction to an invasion of the Loy Yang Power Station, as part of the APEC protests, was to blame the Victorian and Federal Governments for inciting the demonstration by their climate policies. The invasion cost the station alone some $200,000.

Four people were arrested for the break-in. One of whom was a spokesperson for Friends of the Earth, a tax-exempt environment group.

Not only that, but the perpetrators—when they are apprehended—are treated lightly. They get bailed to appear some time later and will doubtless be punished with a nominal sentence involving ‘community service’ of some sort.

Contrast this with the mythical people who might have trashed Bob Brown’s expensive antique collection in a violent protest. Doubtless, since all of them have previous form, they would have been remanded in custody awaiting trial and would eventually have faced jail sentences.

It should make no difference that one form of damage is squarely shouldered by an individual, whereas the other is incurred by individuals as shareholders.

Some reacted to the scandalous intrusion by blaming Loy Yang. The Herald Sun editorialised, ‘It is clear that security at the plant is laughable’ and ‘Thank heavens they were just protesting against climate change’. But the facility is on 5,000 hectares of land. It has a 40 kilometre peripheral and it has a major road running through the middle of it, a road that divides the plant proper from the mine and the conveyor feeding it. In other words, it is less easy to secure than almost any farm in the State.

If the reaction to economic terrorists is to call for property owners to increase security, then the upshot is higher prices. This is the very outcome that the terrorists are hoping for with coal-fired electricity— in other words, we are rewarding them for their anti-social activities.

Whatever happened to the protection of property as a goal of the authorities themselves? Property protection starts with appropriate penalties as a deterrent to those who would attack it. If we set lower standards of protection against those assessed to be protesting about climate change, should we not also apply similar standards to those protesting about animal rights? And what about those protesting against the Infidels who fail to recognise the one God and His Messenger?

In fact, the notion of private property and its protection by the community as a whole is what sets successful societies apart. There is no function of government more vital to the achievement of high standards of living than upholding rights to property and all this entails with a police force and judiciary. And yet we see the protective mechanisms snubbed by protesters, violent or non-violent, secure in the knowledge that the penalty will be a slap on the wrist and lionisation by their co-conspirators.

The damage to property and harm to individuals we have seen with protests, including last year’s G20 riots and the S11 protests about the World Economic Forum, have entailed a curious reversal—the protesters have licence to create mayhem and it is up to individuals and property owners to take evasive action.

We need to see the rule of law restored with appropriate penalties for invasion of property and the associated losses to those whose property or business interests are damaged.

Aside from having the law upheld, several other measures recommend themselves.

First, those involving themselves in such activity should pay a personal penalty which would include forfeiture of their taxpayer-financed payments in unemployment benefits or student allowances that offer them the opportunity to engage in destructive activity.

Second, any organisation supporting that supports breaking the law should lose its any privileged tax-free status they hold. The community should not be offering financial support to those who seek to undermine its basic fabric.

Third, people who believe in private property and the rule of law should be able to fund and proceed with civil cases against miscreants and organisations who have engaged in destructive behaviour.

Unfortunately, we have become so inured to the progressive relaxation of property rights and the elevation of the rights of those who claim to hold strong views with passion that none of this will happen. We will, instead, see a progressive increase in costs to accommodate the ‘rights’ of those who would trample on the property rights of others.

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IPA
Critics of private schools are playing an increasingly shrill game of one-upmanship. In May of this year, Catherine Deveny—a columnist for The Age—wrote a scathing op-ed on private schools. She used explosive terms such as ‘social apartheid’ and ‘false economy’ to describe private schools.

Deveny had, in turn, been inspired by an ideological rant by Shane Maloney, recounting how he had verballed a group of school boys at Scotch College. Writing again in The Age, Maloney argued, ‘our children are increasingly divided into educational ghettos that undermine our civil values and reward religious fundamentalism’. (It is not clear from his article, however, whether it is public and private schools that he considers as ‘ghettos’.)

Meanwhile, Deveny argued that non-public schools were ‘divisive, discriminatory, [and] reliant on hand-outs’. Her fundamental point was that if people wanted to send their children to private schools, they should pay for it themselves.

Running through this ugly commentary is contempt and hatred for religion—yet the Victorian Equal Opportunity Commission has yet to bring charges under Victoria’s Racial and Religious Tolerance Act.

The Australian Education Union (AEU), with its celebrity and media allies, has been running an appallingly dishonest campaign against private schools. We hear and read that government funding is biased towards private schools. In particular, that public school children go without because private school children get all the government funding.

The AEU even produced figures showing that private school children have greater per capita funding than public school children. It suggested that Commonwealth funding was ‘the major contributor to the fact that private students have more spent on their education’. This remarkable statement is refuted by the AEU’s own data. Its data show that the single largest source of funding for private schools comes from private sources—school fees and endowments and the like. Private school students have more spent on their education because their own parents chose to do so.

Figure 1 shows school funding data for the period 1998–99 to 2005–06. In the first instance, it is clear that the lion’s share of school funding comes from the State and Territory governments. The public education lobby tries to be vague about the actual funding of schools. For example, in its press release of 20 August, the AEU cited Commonwealth funding figures per student, but not State funding figures. The AEU went on to argue, ‘That is what the Education Minister, Julie Bishop should be explaining rather than hiding behind state funding figures …’ Yet it is plain to see that the Commonwealth is not a large player in funding education.

Until recently, the school funding debate occurred in a factual vacuum. Indeed, the AEU would have it no other way. It is easy to blame the shortcomings of the public school system on an elitist Howard Government and its alleged under-funding of public schools. It isn’t enough that the public school lobby wants more money from the federal government, it wants private schools defunded.

In response to this attack, the Association of Independent Schools of Victoria (AISV) commissioned an analysis of total government spending on schools. Using data for 2004–05, that study finds that total public funding to government schools is far greater than that to non-government schools. The AISV argued that the existence of a private school system saved the taxpayer $4.9 billion in that year. This calculation was performed on the basis of what it would have cost for all private school children to be educated at a public school.

The AEU responded with a press release headlined ‘Independent schools sector research confirms the imbalance of federal education funding’. You have to admire the chutzpah.

In the 2005–06 financial year, total government spending on primary and secondary education amounted to $35 billion. The Commonwealth’s share of that funding was a mere 22 per cent, with the States and Territories paying the remainder.

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The States and Territories paid $28.19 billion for schools in that year, with the Commonwealth paying just $7.8 billion. Schooling is not a Commonwealth responsibility and, unsurprisingly, the Commonwealth plays a minor role in funding schools. School funding makes up 3 per cent of the Commonwealth budget, while it comprises over 20 per cent of State and Territory budgets. In other words, if there is a problem in school funding and performance it is primarily a State and Territory government problem. The AEU claims that public schools are under-funded by $2.9 billion—it is a State responsibility to meet that funding shortfall—if it exists at all.

The data do not get any better for the AEU. Approximately two-thirds of Commonwealth funding is spent on private schools, with one third going to public schools. This is the basis of the AEU complaint. Yet what the AEU doesn’t tell us is that State government funding is distorted too. Approximately 88 per cent of State and Territory funding goes to public schools, with the remainder going to private schools. Consequently, it is possible to calculate total funding to each sector, public and private. The share of total government money going to private schools is slightly over 24 per cent, and funding going to public schools just slightly over 75 per cent. Yet, only 67 per cent of students attend public schools. The public school system has a greater share of government funding than is justified by its share of students. Yet, somehow, the AEU and its allies are able to claim that they are hard done by.

We can go one step further. Total government funding per public student in 2005–06 was approximately $11,790, and approximately $7,589 per private student. The ratio of private spending per student to public spending per student is 64 per cent. In other words, I estimate a discount to private schools of 36 per cent. The AISV estimates a discount of 42 per cent (it includes capital costs in its analysis). If anything, private students are being under-funded, not public students. It is public schools that are reliant on hand-outs. Imagine if the public education lobby achieved its goal of having no private school system. All those students would come into the public system that would then be funded at the rate of approximately $10,390 per student. At best, funding per student would fall. Indeed, if the Commonwealth exited the school funding market, the per capita funding would fall dramatically. Clearly, it is nonsense to suggest that private school funding deprives public schools of resources.

The first $4,000-or-so of private school fees simply makes up the shortfall in government funding to those schools. Yet, the public school lobby complains that it is government schools that are starved of resources. The AEU claims that public schools across Australia are under-funded by $2.9 billion. Yet if public school children’s parents were to pay a mere $1,300 per child, that shortfall would be made up. Indeed, that amount would be far less than the average shortfall that private parents have to pay. It seems that the AEU would rather have under-funded schools than ask parents to help pay for their own children’s education.

The blunt reality is this: every student that exits the public system further highlights the failures of the AEU and its members. Parents are leaving the ‘free’ education system for an expensive education system. As a response, the AEU engages in class warfare and continues to argue that private schools are elitist and snobbish. Never mind that Dr Andrew Leigh of the Australian National University investigated that very question and found no evidence that private school children were less tolerant than public school children.

Of course, we should recognise that our union-dominated public school system is in crisis. The AEU wants to create a monopoly education system with a monopoly provider of teachers. And yet, as always, parents want choice and competition.
Any effort to promote workplace reform in Australia is always confronted by moral arguments against the reforms mounted by coalitions of unions, Christian churches, labour academics and significant sections of the ALP. Permanent reform will never be achieved unless the moral issues are dealt with.

At the heart of the moral objections is the assertion that employees are always in a position of unequal and subservient bargaining power when compared with employers. State institutions, it is argued must always control the employment contract to prevent employers engaging in the exploitation of employees. Exploitation cannot be prevented, it is presumed, unless unions are secured an institutional role in society.

Further, it is assumed that senior executives and employers are shorn of their normal, personal moral reasoning and behaviour because of their slave-like subservience to the profit motive. It is said that to consider employees only within an economic context is to treat them as if they were commodities. Employees must never be treated as commodities because they are humans with rights, emotions and sensibilities—so the argument reasons. More broadly, reforms are seen as destroyers of community and of the social mission to achieve social justice which is a hallmark of the Christian faith.

The Catholic Bishops of Australia have mounted these arguments against the WorkChoices laws in a 2007 publication Workplace Relations: A Catholic Perspective.

The Anglican Archbishop of Sydney, Peter Jensen, also argued these points in his 2005 ABC Boyer Lecture series.

Jensen attacked what has been branded ‘the cult of individualism’ which he defined as ‘the liberal view of ever-expanding choice’ but which, according to him, is in fact ‘selfishness masquerading under the grand name of liberalism’. He asserted that individualism causes the decay of unions, clubs, voluntary associations and churches, presenting ‘as great a danger to our true humanity as the collectivist spirit of Marxism proved to be’.

For those who have longest been promoters of workplace reform, the reforms have merely been an extension of the free-market arguments for removal of tariff barriers and artificial industry protection. For them, the morality of free markets is about the liberation of people and the primary reason for communism being brought to its knees. For reformers to be accused of being as evil as Marxism is not only illogical, but an insult and affront to their own ethics, which are frequently deeply religious.

The fact is that workplace reform is essential for the moral improvement of Australia and our capacity to work together as communities.

It is true that the employer–employee relationship is at law one of unequal bargaining power. This is embedded in the legal definition of the contract, which determines that the employer has the ‘legal right to control’ the employee. But true workplace reform seeks to undo that. The first phase is to initiate facilitative legislative change which enables the nurturing of manager-to-worker relationships that reflect equality of bargaining.

Unions and some Christian churches, however, deny that this is possible. They bow to the inevitability of inequality at work. But in doing this, they condemn society to sustaining debilitating relationships of class warfare, which never allow

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A study by Econtech has found that construction industry productivity has improved significantly due to the existence of the Office of the Australian Building and Construction Commissioner (ABCC) and related industrial relations reforms.

Historically, the costs of construction tasks in the commercial sector have been consistently higher than those in domestic construction. This result was first discussed in a 2003 study by Econtech for the Department of Employment and Workplace Relations. The study used data from the highly respected Rawlinsons Australian Construction Handbook to compare the costs for commercial construction tasks with the costs of the same tasks in domestic construction. Importantly, this comparison was based on the same tasks in the same States in the same years. The study found that a significant cost gap existed between the two sectors, and that this gap was largely due to more restrictive work practices in the commercial sector.

Interestingly, this cost gap has now almost vanished. This is shown in our 2007 report for the ABCC, which contains an update of its 2003 analysis. This update shows that, after averaging 10.7 per cent in the ten years to 2002, the cost gap has recently closed dramatically to only 1.7 per cent in early 2007. The cost-gap closing has coincided with the operation of the ABCC and its predecessor, the Taskforce.

The cost gap has closed because of improved productivity in the construction industry. The report shows that there has been a 17.6 per cent lift in productivity in commercial building and a 9.4 per cent gain in labour productivity for the construction industry as a whole. These gains are due to ABCC’s enforcement action around industrial relations laws.

Case studies support the findings that the existence of the ABCC and its supporting regulatory framework has led to significant improvements in labour productivity. Furthermore, actual construction industry labour productivity (as measured by the ABS) has outperformed predictions based on historical performance by 9.5 per cent, similar to Econtech’s identified labour productivity impact of 9.4 per cent.

So what does this mean for the Australian economy? While there is no doubt that the overall costs of construction have increased significantly over the past couple of years, the study shows that these costs would have been even higher without the ABCC. Further, consumer prices are lower (by 1.2 per cent) and Australian GDP is higher (by 1.5 per cent) than they would have been if the ABCC had not existed.

Jodie Patron is an economist with Econtech.

Improved productivity from construction reforms

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pathways to reconciliation. They too often lose their moral authority because their arguments reflect those of rent-seekers who seek to retain institutional privilege by defending the ‘underprivileged’ classes.

This is taken to the extreme, for example, by New South Wales’ work safety laws. Occupational Health and Safety prosecutions conducted under the legislation strip vital protections from the system of criminal justice in NSW. Employers are presumed guilty and are denied full rights of appeal. The laws have strong academic support—evidenced by academic papers that argue that corporate executives have no morality because of their single-minded pursuit of profit.

This flagrant denial of human rights for corporate executives is taken to be acceptable by unions, labour lawyers

and academics, and by some Christian churches, who campaign against anti-terrorism laws even where those laws retain the presumption of innocence. These groups appear blind to their own moral hypocrisy.

The moral debate for workplace reform in Australia has a long journey ahead of it, which must enter a new phase. One thing that reformers cannot do is shy away from the moral dimension to the debate. The anti-reformers are too often institutional self-servers, no matter how well they are normally regarded, who must be engaged with countervailing moral argument.
Workplace reform is essential for the moral improvement of Australia and our capacity to work together as communities.

Managers need to adjust to new environment

Paul Duckett

Traditionally, industrial relations in Australia has been viewed as a conflict between capital and labour. Unions and employer organisations have played this out within a system that promoted conflict.

Forces for change started gathering momentum in the late 1980s. Industries who found themselves facing the full force of a competitive world market realised that a different approach was needed. If they were to survive and thrive, then reliability of supply and operational efficiency were critical. Sectors such as alumina and iron ore began long-term strategies based on managerial leadership and workforce communication to dilute the third-party influences that traditionally polarised their workforces.

This process of change gained momentum with the Keating Government. Strong economic growth and falling unemployment have created further pressures on Government to facilitate efficiency at the enterprise level. The sustained gains made by the mining industry provided impetus for the Howard Government to further facilitate changes.

Despite what many commentators say, it is not legislation that is driving change. Rather it is a new paradigm of strategic business thinking—one that sees the need to engage an increasingly mobile and aware workforce in order to sustain and improve competitive performance.

Confronted with a buoyant economy, a growing shortfall in skilled labour, and increased competition, Australian business is realising the strategic imperative of engaging their with employees as well as the mutually beneficial outcomes of working together. This is not a new concept for management. It was the basis of the strategic one-on-one engagement that the mining industry embarked upon in the late 1980s.

Manufacturing has introduced various Total Quality Management systems over the last two decades. These seek workforce participation as part of the inputs to deliver operational efficiency. Organisations who have made substantial investment in this area, discover that it’s on the engagement front that the real dollar value is yet to be realised. But the manufacturing sector hasn’t undertaken the same degree of strategic change in labour relationships as the mining sector.

The construction sector is seeing the value of improved direct relationships, due to the changes following the Royal Commission. It has still yet to demonstrate—particularly in States such as Victoria and NSW—that projects can be built in a truly competitive manner, but there are emerging examples of progress.

It is still Australia’s resources sector that continues to maintain the productivity jumps through the fostering of leaders who value the one-on-one relationship. Australian management in general needs to realise the possibilities that can arise out of such strategic thinking. Managers need to put in place strategies that fully utilise the new legislative, that foster engagement and the building of relationships at the enterprise level.

This point is lost in the current industrial relations debate. The debate and effort need to focus on how Australia develops, maintains and continues to enhance a fair and competitive workplace environment. It is from the workplace level that Australia’s future competitive edge will come. Business needs to focus on leadership and engagement. Unions need to proactively work to deliver competitive certainty to both their members and the businesses who work with them.

Paul Duckett is a management consultant who has had a long career as a senior HR and IR executive manager with some of Australia’s largest companies.
This spectre is the supposed imperative to ‘stabilise human population’. That objective is today embraced by a panoply of subsidiary institutions within the ‘UN family’, including the United Nations Environmental Programme, the United Nations Children’s Fund, and the United Nations Population Fund, which explicitly declared its mission in 2002 to be the promotion of the ‘universally accepted aim of stabilising world population’.

That goal of ‘stabilising human population’ is also championed by a broad network of population and environmental advocacy groups, including most prominently Planned Parenthood and the Sierra Club.

Further, ‘stabilising human population’ is a prospect that has been welcomed and financially supported by many of the world’s most prominent and successful captains of industry—among them, self-made multi-billionaires Ted Turner, Warren Buffet and Bill Gates. The propriety—or necessity—of ‘stabilising global population’ has been expounded by a wide array of respected writers, spokespersons, and commentators in the media. Politically, the goal of ‘stabilising world population’ is officially approved by USAID (America’s foreign aid apparatus).

And the quest to stabilise is championed internationally by political figures who are both influential and widely popular: one of America’s most passionate and outspoken exponents of ‘world population stabilisation’, former Vice-President Al Gore, very nearly won the presidency in the closely contested 2000 election.

But what, exactly, does ‘stabilising human population’ actually mean? Though the objective is widely championed today, the banner itself is somewhat misleading, because advocates of stabilising are in fact not concerned with stabilising human numbers.

If they were, one would expect champions of stabilisation to turn their attention to the outlook for Europe and Japan, where populations are currently projected to drop significantly over the next half century. Or focused on the decline in the Russian Federation over the past decade—in 2006 alone, that country suffered almost 700,000 more deaths than births. Yet virtually no supporters of ‘population stabilisation’ have agitated for coordinated measures to lower Russia’s death rate, raise its birth rate, and staunch its ongoing demographic losses.

The reason for such seemingly curious insouciance about demographic decline by self-avowed population ‘stabilisers’ is that their chosen standard does not quite describe their true quest.

For exponents of ‘stabilising human population’ do not simply look for population stabilisation. Rather, as the former Executive Director of the United Nations Population Fund framed the goal, they strive ‘for stabilisation of world population at the lowest possible level, within the shortest period of time’.

Upon inspection it is apparent that ‘stabilising human population’ is really code language: a new name for an old and famil-
The ongoing anti-natal population crusade couches its arguments in the language of social science and invokes the findings of science to bolster its authority—but it cannot withstand the process of empirical review that lies at the heart of the rational scientific method.

The case for action to ‘stabilise world population’ rests upon four specific premises:

- we are in a crisis of ‘overpopulation’;
- this population growth is unsustainable;
- reducing birth rates provides a solution; and
- well-placed decision-makers can effectively and expeditiously engineer the desired changes in worldwide population patterns through deliberate policy interventions.

To the extent that any of these separate premises are testable, it would appear that they are demonstrably false. Whether they realise it or not, advocates of ‘world population stabilisation’ are devotees to a doctrine, not followers of facts.

**Overpopulation?**

Jared Diamond associates what he calls ‘overpopulation’ with ‘more deforestation, more toxic chemicals, more demand for wild fish, etc’, while Gore writes that an ‘overcrowded world is inevitably a polluted one’—a verdict that many of those worried about world population growth would accept without reservation.

But ‘overcrowding’ is not as easily established as some might suppose.

Population density, for example, might seem to be a reasonable criterion for overcrowding. By that criterion, Haiti, India, and Rwanda (each with over six times the world’s average population density) would be somewhat ‘overcrowded’. Bangladesh—with almost 20 times the inhabited globe’s average density—would be massively ‘overcrowded’. By that same criterion, however, Belgium (2000 population density per square kilometre: 336) would be more ‘overcrowded’ than Rwanda (2000 population density per square kilometre: 289).

But the most ‘overcrowded’ country in the world would be Monaco. With a dire 33,268 persons per square kilometre in 2000, it ‘suffers’ a population density almost 40 times that of Bangladesh. Yet, as we all know, population activists do not agitate themselves about the ‘overcrowding’ problem in Monaco—or in Bermuda, or in Bahrain.

Moreover, it is hardly self-evident that there is any association at the international level between population density and economic performance.

Do other demographic measures provide a better reading of the population problem that so many take to be so very obvious today? Perhaps we might look at rates of population growth. At the dawn of the twenty-first century, sub-Saharan Africa was estimated to have the world’s very highest rate of population growth, and sub-Saharan Africa is clearly a most troubled area these days.

However, if we look back in history, we will discover that the United States had an even higher rate of population growth at the end of the 18th century—in the decade 1790–1800, in fact, the US pace of population growth was 3.0 per cent a year. Some to-
day may believe that sub-Saharan Africa has too many people—but would they say the same about early frontier America?

The ‘population crisis’ that advocates of ‘world population stabilisation’ wish to resolve is impossible to define in demographic terms alone, because it is a problem that has been mis-defined. In most people’s minds, the notions of ‘overpopulation’, ‘overcrowding’, or ‘too many people’ are associated with images of hungry children, unchecked disease, squalid living conditions, and awful slums.

Those problems, sad to say, are all too real in the contemporary world—but the proper name for those conditions is human poverty.

Is population growth unsustainable or unstable?
The relationships between population change and economic or political change encompass an extraordinarily broad and complicated set of interactions with an array of multi-directional influences, and consequential second-, third- and even higher-order impacts.

It is for this reason that the development economist Robert Cassen has described the state of current research trying to demonstrate a link between population growth and per capita economic growth as ‘unsettled’, writing that ‘attempts to demonstrate such an effect empirically have produced no significant and reliable results’...

Between 1900 and 2000, human numbers almost quadrupled, leaping from around 1.6 billion to over 6 billion; in terms of pace and magnitude, nothing like that surge had ever previously taken place. But why exactly did we experience a world population explosion in the twentieth century?
It was not because people suddenly started breeding like rabbits—rather, it was because they finally stopped dying like flies.

Between 1900 and the end of the twentieth century, the human lifespan likely doubled: from a planetary life expectancy at birth of perhaps 30 years to one of well over 60 years. By this measure, the overwhelming preponderance of the health progress in all of human history took place during the past hundred years.

Among the most important proximate reasons for the global surge in life expectancy was the worldwide drop in infant mortality rates. In the early 1950s, according again to United Nations Development Programme estimates, 153 out of every 1,000 children born around the world did not survive their first year of life; by the start of the new century, that toll was down to 54 per 1,000.

Even in troubled regions, great advances in infant survival were achieved. In sub-Saharan Africa, for example, the infant mortality rate is thought to have declined by over two-fifths, and Russia's infant mortality rate may have declined by over 80 per cent.

These sweeping and radical declines in mortality are entirely responsible for the increase in human numbers over the course of the twentieth century: the 'population explosion', in other words, was really a 'health explosion'.

Now, with respect to economic development, the implications of a health explosion—of any health explosion—are, on their face, hardly negative. Quite the contrary: a healthier population will clearly be a population with greater productive potential. Healthier people are able to learn better, work harder, and engage in gainful employment longer and contribute more to economic activity than unhealthy, short-lived counterparts.

There are, to be sure, explanations for this paradox—but the 'stabilisation' project's second premise, which holds axiomatically that population growth must result in resource scarcity, is hardly able to provide it.

The dilemma can be stated even more starkly: if the presumptions incorporated in that premise regarding the interplay between population growth, living standards and resource scarcity were valid, the twentieth century should not have occurred.

Anti-natalist public policy?
The third premise of 'world population stabilisation'—that birth rates must be lowered to alleviate the world population crisis and to mitigate the adverse economic, resource, and political consequences of rapid population growth—requires absolutely no substantiation if one is a true believer in the anti-natalist creed.

To the anti-natalist way of thinking, the purposeful reduction of birth rates (and especially birth rates in poorer regions) is an incontestably worthy policy objective—for, to this way of thinking, it is axiomatic that fewer births translates directly into benefits for present and future generations. For those who must be convinced that a problem exists before consenting to the public action proposed to redress it, that premise rests on their first two premises—and for the empirically inclined, as we have seen, those are shaky foundations indeed.

But even if we were convinced of the pressing need to take public action to lower global birth rates, it would not necessarily follow that the desired result could be achieved—or achieved at an acceptable cost—or achieved voluntarily. Here lies the pivotal importance of the fourth premise of 'world population stabilisation': for this tenet maintains that it is an established fact that 'population specialists' know how international birth rates can be lowered, and that these specialists can consequently provide policy-makers with reliable advice about the precise interventions that will bring about fertility declines.

In the final analysis, the single best international predictor of fertility levels turns out to be desired fertility levels—the number of children that women say they would like to have.

If a government sets population targets and wishes to stand a reasonable chance of achieving them, the mischievous independence of parental preferences means that wholly voluntary population programmes cannot be relied upon. If states, rather than the parents, are to determine a society's preferred childbearing patterns, governments must be able to force parents to adhere to the officially approved parameters.

Despite previously denouncing coercive and violent population control techniques, Jared Diamond in *Collapse—How Societies Choose to Fail or Succeed* praises the Chinese government's courage to 'restrict the traditional
freedom of individual reproductive choice…’ It is this type of population control—coerced restrictions, forced abortion, infanticide—that apparently ‘contributes to [his] hope’ and ‘may inspire modern First World citizens’ to follow a similar path.

Whether they recognise it or not, every advocate of anti-natal population programmes must make a fateful choice. They must either opt for voluntarism, in which case their population targets will be meaningless. Or else they must opt for attempting to meet their population targets—in which case they must embrace coercive measures. There is no third way.

The grim and inescapable connection between population growth and mounting economic problems that is posited by today’s anti-natal doctrine is hardly faithful to the actual record of global demographic and economic development over the past century.

But the apparent anxiety that some proponents of ‘stabilising world population’ experience in contemplating a future with 11 billion, 14 billion, or more human inhabitants of our planet may also be misplaced for a more prosaic reason—to judge by current trends, such levels may never be achieved.

The experience of the past four decades is worth bearing in mind. In the four decades since the early 1960s, global fertility levels are thought to have dropped by almost half: from a ‘total fertility rate’ (TFR, or births per woman per lifetime) of around 5 in 1960/65 to one of about 2.6 in 2000/2005. Over that same period, the average TFR for ‘developing countries’ is thought to have dropped by over half, from 6 to under 3.

The largely overlooked fact is that parents still caught in Third World poverty have been choosing to have ever-smaller families.

Fortunately for our perennially troubled planet, humanity’s population demographic and development prospects appear to be seriously misconstrued by the pessimistic doctrine of ‘world population stabilisation’. While the prevalence of poverty across the globe is unacceptably great today—and will continue be so in the future (after all, what level of poverty should be acceptable?)—humanity has enjoyed unprecedented and extraordinary improvements in material living standards over the past century, and over the past few decades in particular.

Those improvements are represented in the worldwide increases in life expectancy and per capita income levels that we have already reviewed.

The tremendous and continuing spread of health and prosperity around the planet betokens a powerful and historically new dynamic that anti-natalists today only dimly apprehend. This is the shift on a global scale from the reliance on ‘natural resources’ to the reliance on ‘human resources’ as fuel for economic growth. The worldwide surge in health levels has not been an isolated phenomenon. To the contrary: it has been accompanied by, and is inextricably linked to, pervasive and dramatic (albeit highly uneven) increases in nutrition levels, literacy levels, and levels of general educational attainment.

It is in ignoring these very human resources that so many contemporary surveyors of the global prospect have so signally misunderstood the demographic and environmental constraints upon development today—and equally misjudged the possibilities for tomorrow.
BEWARE
Most peaceful, free and affluent democracies have federal constitutions, which divide the business of governance between two or three tiers and encourage competition among various governments. This of course inflicts costs, but the resulting checks and balances have the weighty long-term advantage that the rulers’ power is controlled and that the creative search for better administrative solutions to emerging policy problems is encouraged. A federal constitution is a precious possession that helps to safeguard individual freedom and promotes good governance. As the collectivist tide that had characterised most of the twentieth century petered out, more and more nations have adopted federal constitutions and devolved powers to competing lower-level authorities—for example, Spain and Russia. Even formally unitary countries—such as Britain, France, Indonesia and China—have been moving in the direction of greater devolution. And one reason why most Europeans are rejecting the proposed EU constitution is that—official lip-service to subsidiarity notwithstanding—it shifts too much power to unelected rulers in far-away Brussels.

Friends of freedom favour federalism because they understand the dilemma inherent in all collective governance. It was described by the great American constitutionalist James Madison in this masterful way: ‘If angels were to govern men, neither external nor internal controls on government would be necessary. In framing a government which is to be administered by men over men, the great difficulty lies in this: you must first enable government to control the governed; and in the next place oblige it to control itself.’ Alongside electoral democracy and openness to the world, no constitutional provision has been more effective than federalism in obliging those wielding political power to control their political opportunism.

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Wolfgang Kasper

The Australian federal dilemma

The Australian Federation began with a robust commitment to strong States and a limited role for the Commonwealth. This has served the nation well. Nevertheless, Australia has been moving against the global trend. Canberra has ceaselessly tried to centralise powers, often eagerly assisted by the High Court, which performed juridical conjuring tricks with the external affairs and the corporations powers to relieve the States of some of their original roles.

The Achilles heel of Australian federalism has been a lop-sided fiscal arrangement, which makes the Commonwealth the predominant tax collector and the States dependent on hand-outs to fund their tasks. This fiscal constellation is often justified with an egalitarian aspiration: distribution according to need, and equal living conditions irrespective of performance or luck. It inspired much of Australia’s collectivist ‘Settlement’ at the time of Federation, but most of its props have long been jettisoned. Industrial protectionism on a ‘needs basis’, centralised wage-fixing, and welfare handouts without responsibility are all gone. The only surviving collectivist residue from that long-past era is the Federal–State financial system; indeed, the members of the rulers’ cartel have even managed to strengthen the protections against both competition amongst governments and political responsibility.

Despite occasional protestations to the contrary, State politicians have gladly connived in the centralisation of the tax system. That shielded them from the opprobrium for raising taxes, gave them access to Canberra hand-outs and allowed them to blame Canberra for shortfalls and blunders. The result has been much fiscal irresponsibility, spin doctoring, arm-twisting and State-Federal acrimony—as well as a growing dependency of the subordinate authorities and an emaciation of Australia’s original federalism. Why should State governments promote the growth of their own economies by enterprise-friendly arrangements as a means of enhancing their tax base? The tax pipeline from Canberra often even rewards them for hindering economic development by poor regulations. Whereas the constitutional principle of ‘fiscal equivalence’—that each State should raise the taxes to finance its tasks—would create a balance of responsibility between public spending and raising taxes, the Australian tax-sharing model has removed fiscal discipline and induced State governments to pursue political aims, whether this hurts the local economy or not. It has also introduced rigidities and removed incentives to learn and adapt by experimentation—features that are crucial in times of rapid change.
When fundamental constitutional rules are altered to suit the political opportunity of the moment, security, confidence and freedom are diminished.

True liberals have always seen federalism as a political problem-solving device and one of the means of maintaining control over the ( alas, necessary) rule of men. By contrast, social democrats and conservatives have often taken a more collectivist approach, centralising or cartellising political powers. They tend to believe in mechanistic interventions and have a static view of social interactions, whereas genuine liberals know that every action in our complex, evolving societies has unexpected side-effects and that no individual or governing committee has the knowledge necessary for top-down interventions.

Conservatives and social democrats also tend to see government more as a master than a servant of the citizens. Labor governments in Canberra have typically been overly confident that central policies can achieve set objectives and have consequently favoured centralisation, such as centralised wage-fixing or using the lure of central funding to take over what originally were State functions. One stereotypical occurrence was the Whitlam Government’s takeover of the universities in the 1970s, followed in the 1980s by the ‘Dawkins reforms’ of the Hawke era, which created a ‘unitary tertiary system’. Quality competition amongst diverse universities and a diversity of higher-education establishments with different purposes and approaches to conveying knowledge and skills were not promoted by these measures, but administrative command-and-control mechanisms and juicy bureaucratic career opportunities proliferated.

In recent years, the Howard Government has deftly accelerated Canberra’s anti-federalism trend. Thus, the overdue reform, which gave us the goods and services tax, came with the fatal birth defect that the State-financing GST is collected by the Federal Treasury, and not by self-responsible States. The States became even more dependent on transfers from Big Daddy in Canberra. Then, new Commonwealth workplace legislation centralised industrial relations matters and de facto did away with diverse, potentially competing State systems. Those who applauded the reform because of its more market-conforming nature overlooked the fact that such institutional centralisation gives a future union-driven federal government the powers to overturn the new workplace rules in one fell swoop. Most recently, all the traditional niceties about the States’ sovereign role were cast aside when the Murray–Darling waters were placed under Commonwealth control, one Tasmanian hospital was singled out for preferential takeover by the Commonwealth, as were complex matters of local Aboriginal administration in the Northern Territory. It has, of course, always been easy to identify some good, specific reason for such takeovers. But the cumulative effect is that the federal constitution is being hollowed out.

Admittedly, liberal values can be promoted by a powerful centre. In the history of the West, liberals have often placed their hopes in enlightened reformers at the centre. Recent Australian history, too, shows that liberalisation can be enforced from the top down. But, over the long run, the consequences of centralism tend to be negative in terms of social harmony, individual freedom and prosperity. The progressive concentration of political power is invariably likely to turn the good intentions even of freedom lovers into arrogance, stupidity and a reluctance to learn. Power concentrations therefore always carry within themselves the seeds of destruction.

One consequence of vertical tax transfers and federal takeovers is that under-performing State governments need not fear that the electorate will punish them at the next poll—a right of the citizens and one of the classic ways to control governments which Madison had in mind. When special-purpose grants or direct Federal takeovers reward State irresponsibility, the citizens consider Canberra, which pre-empts their judgements, as high-handed and arrogant. They feel sidelined. Little wonder, also, that the centralists in all parties unite to argue for the abolition of the States.

People who understand the importance of the rule of law (in contradistinction to the arbitrary rule of ambitious men) know that fallible humans need reliable rules to guide them. When fundamental constitutional rules are altered to suit the political opportunity of the moment, security, confidence and freedom are diminished. People then need to invest much costly effort into co-ordinating their pursuits, and political risks and insecurity prevent many potentially useful actions. Liberal philosophers, such as Friedrich Hayek, rightly made the point that it is often essential to uphold a confidence-inspiring rule, irrespective of practical consequences in a particular circumstance. He warned that unprincipled political opportunism gradually destroys the constitution of liberty.

Maybe the spreading cynicism among Australians about the ad hoc opportunism at Canberra Centre, too, is informed by a vague understanding of the costs to liberty and prosperity that centralising interventionism and the disempowerment of the States inflict. Perhaps voters perceive that Canberra cannot solve all problems in this wide, diverse land and should confine itself to fewer tasks, but do them better, instead of scheming Napoleonic takeovers when it suits them politically. Australians appear to have a pretty good understanding of the merits of ‘subsidiarity’—that governance tasks should be undertaken at the lowest possible level, where the rulers are close to the action and where citizens are well informed. Of course, rulers are never keen on citizen control and often pursue ideological causes irrespective of local aspirations. The bien pensants may assume that the rulers are angels, but the more worldly wise know the perils of distant government and weak
constitutional controls. Observers with a sense of history know that elected representatives work less conscientiously on behalf of those whom they represent and scheme more recklessly to stay in power, the more remote they are from the people.

Why competitive federalism?
Federalism protects the freedom and prosperity of the citizens, controls opportunistic governments and promotes the nation’s international competitiveness best, if it embraces the following constitutional elements:

The **rule of origin** ensures that any good or service, which is legally produced in any one State can be sold and traded without regulatory impediments in all others (free trade). Thus, if Canadian salmon can be sold legally in Sydney, it must not be prohibited from sale in Hobart, as this would offer unfair protectionism and profit advantages to local salmon producers.

The **tasks of governance** should be assigned exclusively to one level of government, so that duplication costs are avoided and citizens can hold one particular authority accountable. Thus, we should not have Federal as well as State departments of health or education duplicating services or even scheming against each other.

**Fiscal equivalence** has already been mentioned. It is the principle that each government should raise the taxes (and be responsible for the public debts) to finance constitutionally assigned and politically chosen tasks. It is a guarantee that the subordinate levels of government remain incorruptible and autonomous. When the powers to tax are insufficient or have been surrendered by opportunistic leaders, the States lose their autonomy. They also become irresponsible and in the eyes of the people maybe even illegitimate: No representation without taxation! Copious vertical and horizontal transfers only make the give-and-take in public policy non-transparent and promote political opportunism. They penalise States with good economic policies and reward the reckless spenders. ‘Welfare for the States’ thus destroys proper incentives and promotes mediocrity and dependency.

Since governments have coercive sovereign powers to tax and incur debts, it is also necessary for a proper system of competitive federalism to have an enforceable **ban on political discrimination**. A national competition policy is needed to implement something akin to the most-favoured nation clause in the international trade order. If a preferment is offered to one, it must be offered to all comers. When a State, for example, offers a subsidy to attract one car manufacturer, such subsidies must be made available to all. Otherwise, State politicians might be driven by short-term opportunism to engage in costly subsidy wars to attract industries away from other States, instead of competing by providing good institutions and policies. Subsidy wars can easily be conducted at the expense of other, legitimate public policies and unfairly burden future generations.

These points, which were made in two publications of the IPA’s Federalism Project in 1995 and 1996, are even more pertinent to good governance today than they were then. The citizens are better informed and more mobile than ever. The electronic age empowers us to network and move assets independently of big government, big business and big media. The global competition for mobile capital and enterprises among different jurisdictions is hotting up. This means that job creators shop around for those jurisdictions that offer the best support services for competitive costs in terms of taxes and user fees. We do not need self-seeking rulers, but support organisations that help us to keep our jobs in Australia and beat the overseas competition. In particular, the challenge for government administrations now is to provide good infrastructures and trustworthy institutions by legislation, administration and expedient adjudication. The best school for learning this is competitive federalism as outlined above. International competitive success begins with good competition at home, which is one reason why so many other jurisdictions now opt for greater devolution.
Can we revive the federal spirit?
Given the emasculation of State loyalties in the Senate by central party discipline and the lack of commitment by political parties to a truly federalist cause, the question arises: Will the call for competitive federalism simply remain a pipedream as far as Australia is concerned? Will we see future Commonwealth governments take over more and more specific management tasks, whatever the cost? Can we believe political assurances that Commonwealth interventions will be short-term and cheap, only to witness subsequent government failure and cost blowouts?

One cannot be optimistic in the light of the Federation’s history. However, Australians—like those ardent and successful federalists, the Swiss—have a healthy measure of scepticism about political authority and a disposition for solving problems by fair compromise and cooperation. This seems a good attitudinal basis for a revival of the federal spirit at a time when globalisation is increasing the competitive pressures on the average Australian. People now understand that the recent reforms of capital, labour and product markets, as well as privatisations, have underpinned a record rise in prosperity, but that treating any particular sector, such as the public sector, as a holy cow, which is exempt from competitive challenges, distorts the entire system. It places unfair burdens on those whose jobs have to compete in open markets. In any event, a return to a comprehensive, egalitarian and protective ‘Australian Settlement’ is unthinkable in today’s fast-moving, open world. We would suffer almost immediate losses of living standards and individual freedom. Nor would a construct, which makes many citizens dependent on caring governments, prove robust and resilient in the face of military or terrorist aggression.

This means that we—the citizens who are the principals in the national political venture—must ask our temporarily elected political agents to devolve powers and to compete with each other. To this end, we must give up unrealistic egalitarian dreams, because egalitarianism in present-day circumstances would cost the next generation its prosperity, security and freedom.

The Central Office
Satire by Kurt Tucholsky, 1925

Central Office knows everything better.
The Central Office watches over everything, it has faith in its overview, it keeps the record files. At the Central Office, men are busy among themselves with endless quarrels, but they slap you on the shoulder and say: ‘My dear friend, you cannot understand this from your individual vantage point! We are the Central Office…’

The prime concern of the Central Office is to remain a Central Office. God have mercy on the subordinate entity that dares to act independently. Whether something is sensible or not, necessary or not, urgent or not—the Central Office must first be consulted. Why else is it the Central Office? It is because it is—make note of that! Subordinates out there better learn to cope.

The men at the Central Office are not clever, just wily. A man who tends to his own little job may be clever, but he is not wily. If he were, he would duck out of it and for that there is only one thing to do – the reform proposal! Thanks to this proposal, a new department is created, which, it goes without saying, is subordinate to the Central Office and under its charge… One person chops wood and thirty-three others just stand around and watch – this is the Central Office.

Kurt Tucholsky was a German journalist, satirist and writer. He died in Sweden in 1935
Geoffrey Cousins, a well known Sydney businessman and confidante of the Prime Minister, ran a campaign against a pulp mill planned for Bell Bay in Tasmania. He enlisted the support of famous Sydney actors, playwrights, sports stars and business tycoons. What hope did the democratically elected government of Tasmania have of getting the proposal up, when Sydney’s elite decided they knew what was best for Bell Bay?

Tasmania has long been the central battleground of forest politics and, as a result, the State has some of the highest environmental protection measures in Australia. In 1989, the proposed Wesley Vale pulp mill was scrapped when the then Federal environment minister, Graham Richardson, intervened. The government has since increased the area of forest reserve almost four-fold. The State now has 42 per cent of its land area reserved, up from 13 per cent in 1982.

Stringent regulations for the construction of pulp mills have been developed. In 2004, the Tasmanian Government revised the existing guidelines and approved a new set following recommendations from the Resource Planning and Development Commission. The guidelines were developed over a nine-month period and involved the Federal Government, the public, regulators and experts.

The guidelines specify that any pulp mill needs to be either elemental chlorine-free or totally chlorine-free and operate on a hierarchy comprising waste avoidance, waste recycling/reclamation, and waste re-use. Any marine discharge at the end of these processes must have no significant environmental impact. Any proposed mill must adhere to the Stockholm Convention on Persistent Organic Pollutants while applying the principles of best practice environmental management, best available techniques and accepted modern technology.

The Tasmanian Minister for Planning contracted two independent consultants to undertake an assessment and review of the proposed Bell Bay Pulp Mill against the 2004 guidelines and the Pulp Mill Assessment Act 2007.

SWECO PIC, a Swedish-based consultancy, concluded that 92 per cent of the guidelines are met by the project, with the remaining able to be addressed through permit conditions.

ITS Global undertook a review of the net social and economic benefits of the proposed mill and concluded that the mill will add approximately 2.5 per cent to annual Gross State Product which, in lump sum terms, is equivalent to $6.7 billion in net present value terms to 2030. The pulp mill was also assessed as broadening and strengthening the industrial base of the Tasmanian economy.

Contrary to claims that the mill will be built in ‘classic Tassie wilderness country’, it is to be located in the Bell Bay Precinct. This is already the most significant industrial estate in Tasmania, with an operating aluminium smelter and powder plant, a ferro-alloy processing plant, seafood processing facility, power station, sawmill and export woodchip facility.

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The pulp mill is planned for the most significant industrial estate in Tasmania with an operating aluminium smelter and powder plant, a ferro-alloy processing plant, seafood processing facility, power station, sawmill and export woodchip facility.
On 10 August, a Federal Court judge rejected claims by the Wilderness Society and a group calling itself Investors for Tasmania’s Future that there were problems with the Commonwealth’s assessment process for the Bell Bay pulp mill. The judge concluded that the process had been fair and reasonable and that the public had ample opportunity to state their views.

The Federal Department of Environment and Heritage has not identified any likely significant impacts on the marine environment from the pulp mill, but has suggested that it is ‘desirable’ (not essential) to force the developer, Gunns Limited, to do more modelling and more monitoring over and above the requirements in the 2004 guidelines, which have since been accepted as the national standard.

The mill will also help in the struggle to reduce greenhouse gases. By reducing shipping and by producing surplus power, it will remove 1.3 million tonnes of CO₂ each year. This is more than what will be removed by the first four years of the Commonwealth’s light bulb replacement plan.

Until late August it looked likely that the pulp mill would be built—the development was being debated in the Tasmanian Parliament and appeared to have passed all environmental hurdles.

Then Geoffrey Cousins decided to run his campaign, which gained traction in the national media on the basis that the pulp mill had been ‘fast tracked’ and that the mill should be relocated to a less pristine site! Without mentioning the Federal Court decision, the report from the Swedish consultants, or that Bell Bay is already an industrial precinct, the national media have repeated Mr Cousin’s assertions.

Mr Cousins claimed that he was forced to act after being told ‘the truth’ from a Tasmanian fiction writer. While Mr Cousins does not claim to have a particular knowledge of the Tasmanian forest industry or the timber communities dependent on it, he is considered an expert on Sydney high society. In July 2007, he published a book called The Butcherbird. It is being marketed by Allen & Unwin as a boisterous thriller set in the boardrooms, yachts and waterfront mansions of Australia’s most decadent city.

Geoffrey Cousin’s campaign against the Bell Bay pulp mill is targeting Malcolm Turnbull, the Federal environment minister, because voters in his Sydney seat of Wentworth are very concerned about environmental issues, including those in Tasmania.

But if The Butcherbird reveals anything of its author’s attitude towards Turnbull’s Wentworth constituents, then he has a rather narrow view both of pulp mills and Sydney’s social elite. Cousins’s fictional Wentworth residents, with their penchant for fast cars, Botox and casual sex, don’t seem the sort that would be greatly concerned about environmental issues in far-away northern Tasmania.

Nonetheless, Turnbull delayed giving approval for the mill for another six weeks, pending yet another review.

In other words, a long and tedious approval process for a pulp mill planned for an industrial precinct in Tasmania was put on hold because Sydney’s elite believed that they knew what was best.

On 4th October Mr Turnbull approved the pulp mill, but as a consequence of Mr Cousins campaign there will be an extra twenty-four conditions at a cost of $2 billion. Perhaps it would be easier to build the pulp mill in Sydney.
It’s hard to imagine a retail product as closely scrutinised as petrol. Consumers watch it, hawk-like, as prices rise and fall and Governments respond to the slightest fluctuations with a new inquiry.

In June, the Federal Treasurer, Peter Costello, directed the Australian Competition and Consumer Commission (ACCC) to hold an inquiry into the price of unleaded petrol in Australia. The last major inquiry into petrol pricing was held in 1996. Since then, numerous smaller parliamentary, government and regulatory inquiries have been held into every facet of the industry. No aspect has been left unexamined—from the introduction of the shopper docket discount scheme to changes in prices around a single weekend.

The current inquiry will assess the structure of the industry, competition in the market, prices, and barriers to efficiency in the industry. It is due to report to the Federal Treasurer by mid-December.

In recent years, there have been major shifts in the industry. Partnerships emerged between Caltex and Shell and the supermarket chains Safeway (Woolworths nationally) and Coles. The refiners have increasingly handed their retail trade to the supermarket chains, and then coupled petrol sales with aggressive convenience store marketing.

Most importantly, the supermarkets are offering loyalty through their shopper docket petrol discount schemes. The shopper docket scheme works by providing discounts to shoppers who buy their groceries at the supermarket chain allied to the service station outlet. After spending a certain amount, consumers are given a docket that entitles them to a discount on their petrol bill.

A 2003 ACCC investigation into the proposed shopper docket petrol discount schemes reported that they were likely to reduce prices for petrol, increase non-price competition and, most importantly, encourage a culture of discounting.

But these supermarket–petrol retailer partnerships have upset many within the industry. A vocal contributor to the current inquiry is the Service Station Association that represents non-chain service stations throughout Australia. Its Chief Executive, Ron Bowden, has come out with his bat swinging, attacking the schemes by arguing that they are a duplicitous way of securing market share. Bowden claims that the partnerships are aggressively discounting petrol and recouping profits through higher grocery prices.

Bowden is not the only one making this point. Chief Executive of the National Association of Retail Grocers, Ken Henrick, also argues that supermarkets are hiking prices so that they can offer petrol discounts. During inquiry hearings, Henrick was asked to substantiate his claims with evidence. Not surprisingly, he couldn’t, but simply referred to grocery prices going up.

Of course Bowden and Henrick may be right—higher grocery prices may be covering for reduced petrol prices. However, such a practice is hardly news and similar practice has been used throughout the industry for years.
Independent service stations have traditionally had convenience stores attached to them which sell products with much higher profit margins than petrol. Retailers have to make a profit somewhere and using competitive petrol prices lures customers into buying profit maximising chocolate bars and drinks. And it is not just the independent chains that see a convenience store as part of their business model. In its submission to the 2007 ACCC inquiry, BP stated that convenience-store sales make up half of its service station revenue.

Ultimately it doesn’t matter if service stations are using petrol as a lead-in product. If consumers want to reduce their petrol bill, they only need resist that chocolate bar.

**Pricey petrol?**

The attack on loyalty programmes, the shopper docket scheme and the necessity to draw incomes from more profitable consumer goods demonstrate one essential point—retail petrol operates in a competitive market and retailers are compelled to be creative to attract consumers.

Unleaded petrol is a generic product whose price is widely known and attracts little or no brand loyalty. Of a typical tank of petrol, roughly 41 per cent of the total cost is tax, 53 per cent is production costs and 6 per cent is profit for the retailer. Across the entire supply chain the total profit is only around 10 per cent—a comparatively low profit ratio for a retail product. Fortunately, petrol is a high turn-over good, so low returns are offset by high consumption.

Australia’s petrol is amongst the cheapest in the world. We extract and refine the vast majority of it domestically and import only 15–20 per cent. Of a typical tank of petrol, roughly 41 per cent of the total cost is tax, 53 per cent is production costs and 6 per cent is profit for the retailer. Across the entire supply chain the total profit is only around 10 per cent—a comparatively low profit ratio for a retail product. Fortunately, petrol is a high turn-over good, so low returns are offset by high consumption.

The price cycle is famously blamed for peaks just before and on weekends and public holidays. Yet the evidence points to something different. The price cycle follows a largely predictable pattern. Current trend data from Melbourne show that peaks in price generally occur on Wednesdays and Thursdays and then prices decline until a trough starting on Monday or Tuesday. As a result, service stations are heavily dependent on the average takings of the entire week, not just a one- or two-day peak. If the price cycle is an effort to gouge the public for higher prices, retailers should be a little less transparent.

**Round and round we go**

Exchange rates and the world price are not the only contributors to the price of petrol. The least understood component of petrol pricing is the price cycle. The factors contributing to the price cycle are numerous and poorly understood. But there is one factor that is universally understood to be the most important—demand.

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And public holidays are no different. Following the June 2006 Queen’s Birthday weekend, the Senate Economics Legislation Committee held an inquiry into alleged increases in prices. Yet for all the hoopla made by politicians, it was up to the motorist’s lobby, the Royal Automobile Club of Victoria (RACV), to hose down the hype. In its submission, the RACV provided data
from Melbourne showing surprising stability in the market at the time and no abnormal price hikes. (See Table 1)

And all the criticism of the price cycle presumes that consumers are being exploited. The ACCC, petrol companies, petrol retailers and the RACV all beg to differ. Data collected by the ACCC show that a majority (roughly 60 per cent) of petrol is sold below the average of the price in the price cycle, not above.

The Senate Inquiry following the Queen’s Birthday weekend demonstrates the biggest enemy of low petrol prices—politicians.

When petrol hovered around a dollar a litre, the biggest slice was taken by the Government through the fuel excise and GST. Following political pressure from the Opposition, backbench Liberal MPs and the public at large, the Government’s fuel excise take was capped at 38 cents per litre. GST is added on after excise and all other costs and contributes 10 per cent of the final price—currently between 10 and 15 cents. Because of the cap on excise, the current take by Government is only around a third of the final price, but still a significant contributor to the price at the pump.

The Federal Government has regulations that also add costs for imported petrol. As an example, in 2001 the Federal Government introduced requirements limiting the content of benzene to less than 1 per cent, thereby adding additional refinement costs on already imported refined petrol.

But the Federal Government is not the only one to blame. In Western Australia, regulations exist that stop petrol companies from changing discounts and prices throughout the day. Service stations in WA have actually been fined for reducing their price of petrol. The aim of the regulations is to stop peaks in a price cycle, but their effect is to encourage retailers to set prices cautiously higher in order to manage the risk of undercharging and losing out.

Consumers beware

Despite inquiry after inquiry giving oil companies the all-clear, it hasn’t stopped Government interference. In March of this year, the Government introduced a new set of regulations—Oilcode. Oilcode is designed to regulate, and increase the transparency of, petrol pricing. Its centrepiece is the introduction of Terminal Gate Pricing that primarily requires wholesalers to advertise the price per litre of product to buyers and the public at large.

And it’s unlikely that Government interference will end there. When burnt, petrol is an emitter of carbon dioxide. With the ‘threat’ of catastrophic climate change on the political agenda, consumers should not expect a reprieve in prices. Caltex has already modelled how carbon price signals will impact on petrol prices. A carbon price signal could contribute anywhere from 2.4–12 cents per litre. If the Government wants to stop petrol price rises, perhaps it should conduct an in-depth review of the science supporting climate change.
Chris Berg reviews

**Hubbub: Filth, Noise & Stench in England**
by Emily Cockayne
(Yale University Press, 2007, 335 pages)

For Europe, the seventeenth and eighteenth centuries saw the rise of the nation state and the consolidation of sovereign power. It was a period in which the Baroque and Rococo movements celebrated the aesthetic potential of art, and in which we can first glimpse modernity in the fields of political theory, the media, commercial endeavours and industry.

But it was also very disgusting.

Two recent films graphically depict the repulsive squalor of urban Europe on the cusp of the Industrial Revolution. **Perfume: The Story of a Murderer**, based on Patrick Suskind’s novel of the same name, describes the ghastly scent of eighteenth-century Paris—from its gruesome montages of fishmongers, rotting meat, mangle, to the heat and stench of the tannery to which the protagonist is apprenticed.

The perfume of the title is the ultimate contrast to the film’s visceral portrayal of urban life.

In **The Libertine**, the 2nd Earl of Rochester—played by Johnny Depp—pursues his rakish lifestyle amongst the squalor of Restoration London. While wealth largely protects Rochester from the filth experienced directly by the protagonist in **Perfume**, his end is nevertheless gruesomely unglamorous. It is not revealing too much about the plot to write that Rochester’s debauchery leads to the macabre but inevitable contraction of syphilis.

Emily Cockayne’s **Hubbub: Filth, Noise & Stench in England** keeps the attention firmly on all this unpleasantness. Influential and great individuals figure in her survey of everything that was repulsive about life in the period, but only incidentally.

Samuel Pepys is awoken in 1660 to discover that ‘a great deale of foule wa- ter’ had seeped into his parlour from his neighbour’s house. Alexander Pope is disgusted by the ‘large tribute of dead dogs’ floating down the Thames. Jonathan Swift, frustrated by the roar of a vegetable merchant hawking his wares to passers-by, complained that

> Here is a restless dog crying cabbages and Savoys, plagues me mightily every morning about this time. He is at it now. I wish his largest cabbage was sticking in his throat.

Thomas Hobbes also pops up in a section on the ugliness of growing old: 60 years old, but dressed in a manner inappropriate for his age, and a little bit ‘French’.

As Cockayne writes in the first chapter, **Hubbub** is designed to provide an alternative to the customary histories of the period—which tend to focus on the pleasures of the times—by looking at all that is noisome and disgusting. Drawing from diaries, paintings and illustrations, court records, government archives, and even maps and architectural drawings, Cockayne lovingly combs the margins of the period to document all the possible grievances that an individual could have with everyday life. No nuisance is left unacknowledged. She neatly divides the book into separate categories of complaints: ‘ugly’, ‘itchy’, ‘mouldy’, ‘noisy’, ‘grotty’, ‘busy’, ‘dirty’ and ‘gloomy’.

Some of these grievances seem, at least upon their first citation, relatively petty. Hobbes may invite ridicule for having dressed too young and French for his age, but vanity certainly did not disappear with France’s ancien régime. Ugly people were ridiculed, but being ugly did not seem to harm career prospects, at least for men; women were at a much greater disadvantage, and those with physical deformities even more so.

As Cockayne’s sources are by necessity biased towards the literate upper class, it is not surprising that the din of everyday commercial traders and street sellers receives a great deal of attention. The poet Nicholas Breton summed up the situation well by noting that ‘the cry of the poore is unpleasing to the rich’.

And some of the poor must be forgiven for perhaps thinking that this essentially aesthetic complaint had the backing of the force of law. Two individuals were convicted of vagrancy in 1685, despite their protestations that they were shilling for work: one yelling ‘have you got any knives to grind?’ the other ‘have you got any worke for a tinker?’.

Similarly, satirists singled out ugly, scruffy and apparently atonal buskers for ridicule.

Cockayne notes that the wealth of the new merchant class combined with increased literacy had architectural consequences. In the early sixteenth and seventeenth centuries, a study tended to be located on the outside of an urban dwelling to maximise light. The heightened sensitivity to noise felt by a literate occupant meant that, by the eighteenth century,
studies were mostly located in the centre of buildings to minimise street noise.

Some of the complaints were mere nuisances. Others were certainly not. ‘Itchy’ and ‘mouldy’ make for very uncomfortable reading.

Sometimes the source of an itch was the ubiquitous wigs of the period. Wears would shave their heads for fitting, but the rough underside of the hairpiece would have caused much discomfort. Wigs could accumulate dirt and become greasy and disgusting.

Poor quality clothing was not helped by almost non-existent hygiene. It is difficult to discern how often or how thoroughly people washed in this period, but what little evidence we have does not flatter—rare was the ‘wet wash’. (It is alleged that Louis XVI took just one bath in his life.) While the diarists of the period rarely mention bathing, Pepys manages to slip in a note that he ‘rubbed myself clean’. Soaps were either greasy irritants or extremely expensive.

Worse still was the food. It is no surprise that one of the most popular cookbooks of the era, Hannah Glasse’s 1747 *The Art of Cookery*, had a section to teach aspiring cooks how to clear a room of bugs. Cockayne’s descriptions of the deteriorating food quality of this period are as close to gut-wrenching as a history book can get. Her description of everything that could go wrong with pork is indicative of the culinary challenges of the time:

While rooting in the back alleys and dunghills, pigs picked up contamination from city industries and noisome ditches filled with night soil and street sweepings. Mingling with dogs increased the circulation of disease and intestinal worms. Pork from city pigs needed to be cooked thoroughly to ensure it did not cause illness or worm infestation. …Pork with flabby fat and a hard ring, or with any part that felt ‘clammy’, should stay on the block.

Butcher shops open to the elements were susceptible to mud splashes and insect contamination. Fruit was prone to disease: apples were dismissed by one contemporary author as ‘unwholesome’.

But not all of the risk for food shoppers was unintentional. Shoddy merchants often knowingly disguised rotting meat or stuffed bread with filler—grit, wood, sand, and even stones were used to make up weight.

The list of unpleasantness is nearly endless. Choking smog so blanketed London that people detected house fires not by the smell of smoke, but by the crackle of flames devouring wood. The pavement was so uneven as to be dangerous. The wheels of carts bumping along poorly laid streets would shed their lubricating fat, which would combine with animal dung, soot and other filth.

The Thames was so ‘impregnated with the filth of London,’ said a character in Tobias Smollett’s *The Expedition of Humphry Clinker*, that ‘human excrement is the least offensive part’.

Cockayne’s catalogue of the filth of urban England is hardly balanced. There are scores of histories extolling the virtue of the polished and refined city lifestyle (albeit upper class city lifestyle), and to match each description of filth with a counter example of the luxuries of elaborate sixteenth century English gardens would be fatuous.

But she does address the overwhelming question that *Hubbub* raises—if the city was so bad, why did it continue to grow? City life was certainly filled with unpleasantness, but individuals were aware of the need to accept trade-offs in order to prosper. As Cockayne writes,

There were consolation prizes for those citizens prepared to put up with congested roads and grimey houses. The prospect of finding secure employment, with the opportunity to specialise and diversify, attracted migrants to the cities and induced them to settle, despite the risks and squalor.

‘Muck and money go together’ said a contemporary proverb. So too did the social interactions, arts and cultural life offered by urban density. And while the primary source for *Hubbub* is a seemingly endless list of contemporary complaints, individuals were able to acclimatise and cope with the vast majority of daily nuisances.

Furthermore, Cockayne rarely leaves the city limits. Rural life had its own share of complaints—urban unpleasantness was so visible to contemporaries because it was relatively new. Living and working in the English countryside was scarcely the idyllic life portrayed in Marxist anti-Industrial Revolution tracts, or even by John Stuart Mill or William Cobbett.

Even so, at the end of the period of Cockayne’s survey, London was progressing towards a cleaner, healthier place, despite the conspicuous acceleration of the Industrial Revolution in the last few decades of the eighteenth century.

Indeed, this period has modern political significance. Modern environmentalists point the finger at the Industrial Revolution as the originating point of today’s environmental problems—Leonardo DiCaprio’s upcoming *The 11th Hour* will reportedly do just that.

But as *Hubbub* reveals, long before even the most revisionist historian dates the beginning of the Industrial Revolution, Londoners were complaining of ‘duskie clouds’ over the city. Traditional biofuels such as wood, coal and charcoal were big sources of lung damage. The shift towards electrification that came in the early twentieth century may have spurred a great increase in the use of natural resources for energy generation, but it also shifted noxious smoke out of the kitchen and the living room.

The improvements in sanitation, public works, masonry—Cockayne details how poor craftsmanship meant that buildings in this period tended to fall down without warning—medicine and food technologies achieved during the Industrial Revolution have increased living standards far beyond the imagination of seventeenth-century diarists. Whatever environmental challenges we face, we are not served well by naively utopian paeans to pre-industrial Europe or by appeals to wind back development.

Annoyances such as toothaches, itchy clothing, excessive noise and drunken neighbours are all recognisable to twenty-first-century Australians, but to be so immersed in it is not.
The US State Department’s website provides some useful information about misinformation. It notes, ‘Does the story claim that vast, powerful, evil forces are secretly manipulating events? If so, this fits the profile of a conspiracy theory’.

Self-dubbed climate change martyr Guy Pearse ticks all those boxes and more in his recent polemic, *High and Dry*. Pearse’s claims to be a ‘Howard government adviser’ and a ‘ministerial minder’ were recently exposed when it was revealed that he had been employed for a total of five weeks by a Parliamentary Secretary, but had never been employed by a Minister. Obviously after eleven years in office, the ‘Howard government insider’ tag has become somewhat devalued.

Strangely enough, the ABC was prepared to send a journalist half-way around the world to challenge the credibility of global warming sceptic Martin Durkin, but has given Pearse a clear run to spruik his anti-Howard credo on numerous occasions.

*High and Dry* is full of contradictions, embellishments and factual errors, all aimed at sustaining a flimsy conspiracy theory.

*High and Dry* casts Australia as the climate change villain led by an evil Prime Minister who has become ‘captured by a small cabal of powerful greenhouse polluters’. Conveniently, this cabal also controls pretty much anyone who questions the existence of global warming.

Of course, no self-respecting conspiracy theory would be complete without a starring role for George W. Bush.

Pearse contends that ‘a crucial discussion’ between Bush and Howard in Washington on the eve of the September 11 attacks set Howard on a path to opposing the ratification of Kyoto, using the lack of targets for developing nations as his excuse to bail out. This culminated, according to Pearse, on World Environment Day, 5 June 2002, when ‘John Howard announced to the Parliament that Australia would not ratify the Kyoto Protocol because it would harm the Australian economy and because it did not require large emitters like China to reduce their emissions’.

Pearse then uses the pretence of this ‘announcement’ to claim that ‘the decision not to ratify Kyoto was made unilaterally by the Prime Minister, not by his cabinet’.

The only problem is: Howard didn’t ‘announce’ anything.

In Howard’s words—not directly quoted by Pearse—Australia would ‘continue to oppose ratification … [because] … the arrangements currently exclude both developing countries and the United States’.

Howard was simply re-stating his Government’s very public position—a position determined by Cabinet almost a year before Pearse’s alleged ‘crucial discussion’ between Bush and Howard, and almost two years before the so-called ‘announcement’ to the Parliament.

The Minister for the Environment and Heritage at the time, Senator Robert Hill had been just as blunt about not ratifying the protocol without US involvement.

In a speech to the Pew Centre in Washington, five months before the Howard–Bush meeting, Hill said ‘It is our view, however, that it is not possible to have an effective Protocol without the United States of America. If the United States has therefore determined that the
Pearse and his fellow-travellers have a simple approach to anyone—qualified or otherwise—who wishes to engage in debate about the science behind global warming: smear them.

Protocol is unacceptable … then we will want to explore with the United States its views on the international architecture which can deliver an optimal global response’.

Hill had made similar statements as far back as 1998. Pearse even refers to one in High and Dry, but still promotes the myth that this was all decided unilaterally by Howard some four years later.

Many of Pearse’s other claims only serve to confirm just how detached he was from the reality of climate change politics pre-Kyoto.

For example, he claims of an incident in March 1997, ‘as far as I knew … the government was preparing for a binding emission target following the Kyoto conference’.

The fact is that Australia refused to commit to the concept of binding targets right up until the Kyoto conference itself. At COP-2 in Geneva in July 1996, Hill went so far as to dissociate Australia from the Ministerial declaration, saying: ‘Australia does not endorse the aspect of the statement which commits the Parties to include in the final instrument legally binding targets’.

Australia was attacked constantly for arguing the need for differentiated targets while at the same time refusing to say whether, if we were granted such a target, we would then commit to it being legally binding.

Apart from numerous mistakes, Pearse is continually forced to contradict himself to sustain his ‘Australia is the bad guy’ position.

On the one hand, Australian industry should be forced to reduce its emissions at source and not be allowed to buy cheap offsets from overseas. But Pearse defends the EU countries who are failing dismally on their Kyoto commitments, saying that they will achieve their targets by buying cheap overseas offsets through the Clean Development Mechanism.

But perhaps the most outrageous aspect of High and Dry is Pearse’s sanctimonious adornings of the Liberal Party, and John Howard in particular, for not tolerating dissent and debate.

Global warming zealots such as Pearse, his mentor Clive Hamilton and his idol Al Gore are in no position to preach to anyone about tolerating dissent.

Pearse and his fellow-travellers have a simple approach to anyone—qualified or otherwise—who wishes to dissent from, or engage in debate about, the science behind global warming: smear them. Label them and their work as ‘polluter funded’. That, apparently, wins the argument. And under no circumstances engage with them on the detail of their position.

In Pearse’s mind, tagging these groups as ‘polluter-funded’ then relieves him of the responsibility actually to challenge the factual basis of the arguments their contributors have put forward.

Pearse makes numerous references to the ‘polluter-funded Energy Futures Forum’ (a group coordinated by the CSIRO) and lists the fossil fuel companies involved. Hidden in the fine print of the endnotes at the back of the book are the Forum’s other members: Pacific Hydro, Hydro Tasmania, Westpac, the Australian Automobile Association, WWF, the ACTU, ACOSS and the Public Interest Advocacy Centre—hardly a ‘Who’s Who’ of climate change bad guys.

Pearse glibly refers to ‘self-appoint ed experts with little or no qualification in any relevant field’ who have had their work questioning global warming published. Such a charge could be equally applied to Clive Hamilton, Al Gore, Tim Flannery—all of whom he quotes repeatedly—and even Pearse himself. And that’s before we get to his other ‘reputable’ sources such as Bianca Jagger, Anthony Albanese, Peter Garrett, Bob Brown and so on.

Perhaps the most ridiculous and offensive of Pearse’s smears is his ‘Carbon Club Honours List’—a list of more than 40 people who have received hon ours ‘since John Howard was elected’ and who Pearse insinuates have been rewarded for their ‘campaign to deny the science and/or delay emissions cuts by Australia’. Pearse notes that ‘most of the committee approving such awards, including its chair, are appointed on the advice of John Howard’ and that this was ‘the tip of the iceberg’.

So these people haven’t been rewarded for their years of service to industry, the community or politics—they received their gongs from a grateful PM for being climate change sceptics. Pearse expanded the list to 61 on his website, but apparently was forced to take it down after one of the people he named threatened legal action. To understand how absurd this list is, one need only consider that, since the election of the Howard Government, more than 28,000 honours have been awarded. Finding 61 people with tenuous links to industries affected by the greenhouse debate would appear to be stretching a loopy conspiracy theory to the limit.

Unfortunately there appears to be little in the way of truth in High and Dry—convenient or otherwise.
An ambitious work of philosophical synthesis

Ideas is one of those stupendous books that turns up now and again, attempting the impossible task of making sense of our history. Like physics’s holy grail—The Theory of Everything—it is ambitious and attempts to synthesise the myriad threads of the significant ideas that formed Western civilisation, and ultimately its success and prosperity. For anyone interested in the power of ideas, and the unique reasons that make the West what it is, this ambitious book deserves to be widely read.

The author, Peter Watson, succeeds in providing a most remarkable overview of the intellectual development of humans from the discovery of fire up to the beginning of the twentieth century. His skill is considerable in maintaining a coherent, overarching perspective which is both absorbing and exciting. In many respects it is the juxtaposition of the practical Aristotelian heritage against the Platonic utopianism that has played out over the ages. It is this struggle between these two urges in the present political world that can help us better understand the challenges faced by the West from Islamic terrorism, global warming, justice and inequality, Third World development, or even the self-hatred of many within the West itself.

After looking at the emergence of language, the control of fire and agriculture, Watson moves on to the first ‘set’ of immense changes in human civilisation, the so-called Axial Age of the ancient world or, in the words of Karl Jaspers, ‘the most deep cut dividing line in history’. This period saw the invention of ‘history’ itself, the exploration of the physical world with the Atomists, mathematics, astronomy, literature, and the long shadows cast by Plato and Aristotle. The author moves forward to provide a particularly deft and lucid description of the complex sets of interactions between the Judaic tradition, the propagation of the Christian message of St Paul, the Roman world and its Law, the decline and virtual disappearance of Hellenism, the gradual withdrawal from Aristotelian thinking, and the eclipse of the Hellenistic values that accompanied the fall of Rome and the subsequent plunge into the ‘dark ages’.

Watson calls this period the ‘near death of the book’. While attributing it to a combination of pressures—natural causes, the barbarian invasions, the rise of Christianity, the rise of the Arabs—he shows how the rise of the influence of the anti-intellectual St Paul, in the fourth century, had an effect on the decline of classical learning. The dialectical method—as epitomised by Aristotle, for example—was outlawed. ‘The scientific study of the heavens could be neglected’, claimed Ambrose, Bishop of Milan (374-39) for ‘wherein does it assist our salvation?’ The Hellenist idea of a round Earth—and remember the exact size of the Earth and distance to the Moon had already been calculated hundreds of years before—was so thoroughly rejected that, in 748AD, a Christian priest named Vergilius was convicted of heresy for believing in the Antipodes.

So, far from recounting an inevitable and linear progress in Western thought, the book gives us a greater understanding of just how easy it could have been to have lost all that went before. As we know, classical ideas were saved and preserved only because they were hoarded by Arab interpreters. Watson provides valuable insights into the nature of this continuation and the mechanisms for transmission through both the Islamic Middle East and Spain, and their subsequent re-emergence.

Consequently, the author nominates the two centuries from 1050-1250AD as central to the emergence of the West.
It would seem that nothing much of value came from Christianity—apart from some art. This is surprising, considering the critical role of the Church that Watson describes in some detail.

from this stupor and how the explosion of new ideas at that time were central to the West's identity and spectacular growth. Numbered in this period was the influence of Thomas Aquinas who attempted an amalgamation of Aristotelianism and Christianity, helping to fashion the possibility of a secular world, cathedrals and the emergence of universities, crop rotation, the invention of the experiment, the rise of accuracy—in counting, measuring, punctuation—the introduction of equal hours and silent reading (essential for surrealistic thoughts), the widespread adoption of Hindu numerals, the development of musical notation and double-entry bookkeeping.

There is no room to go into the numerous turns and eddies of this book, but Watson really does touch on everything: Hume, Burke, Mill, Kant, Freud, the radical effects of the romantic movement, of Darwinism and the discovery of deep time, the rise of America, sociology, the concept of the average man, and modernism in all its guises.

In the end, Watson comes down heavily on the side of the take-no-prisoners 'atheist' position, echoing Richard Dawkins' view that 'ethical monotheism … has been responsible for most of the wars and bigotry in history'. It would seem that nothing much of value came from Christianity—apart from some art. This is surprising, considering the critical role of the Church that Watson describes in some detail.

Watson affirms that the material and political success of the West is based squarely, almost without exception, on scientific innovations based on observation, experimentation, and deduction. Experimentation, he says, is all important here as an independent, rational (and therefore democratic) form of authority. And it is this, the authority of the experiment, the authority of the scientific method, independent of the status of the individual scientist, his proximity to God or to his king, and as revealed and reinforced via myriad technologies, which we can all share, that underlies the modern world.

This is the heritage of Aristotle, that eminently empirical thinker who once undertook a survey of 158 different political systems from Marseilles to Cyprus and became convinced that an ideal state did not, and could not, exist.

Contrasted with this is Watson's other big theme, that of the exploration of man's inner life, his soul or second self; what we might label Platonic. Probably the most original idea in Watson's analysis is the role of the 'soul' in forming the Western sense of self, the individuality that gave him his ability and motivation to analyse the material world around him. This capacity certainly distinguishes Western man from all other cultures until the recent past. Watson argues that the preoccupation with the soul and the afterlife gave religion, on the one hand, a way to control men's minds, especially through the medieval period, and inhibited freedom of thought and progress.

However, the abuses of what we might call 'soul technology' in the Roman Church lead to the Reformation, took that control from the clergy, and hastened doubt and non-belief. Watson traces the various transformations from the tripartite soul of the Timaeus, the Renaissance concept of homo duplex, Marvell's dialogue between the soul and the body, Hobbes' argument that no 'soul or spirit existed', and Descartes' reconfiguration of the soul as a philosophical as opposed to a religious notion. From the world of the soul to the world of the experiment is the fundamental difference between the ancient world and the modern.

Nevertheless, one of the consequences of this sense of the 'second self', or inner voice, is that it is this which inflamed the Romantics and has led to the dead-end research of Freud and the therapeutic society; in Watson's words, 'the last great turning in'. But, according to him, science is gradually showing us that there is no soul, that the Platonic ideal notion of the 'inner self' is misconceived. He concludes that, 'Looking in, we have found nothing'.

What are the implications for us today? This inner voice has become that of the Left, the moral vanity of conviction politics, leading people, paradoxically, to a rejection of scientific objectivity, with a swag of new beliefs in Platonist utopian ideals, with futile solutions to the environment, injustice and poverty, and at the same time leading to the discounting of empirical evidence or logical argument. This is indeed the heritage of the West's 'turning in' which Karl Popper, over 50 years ago, warned us about The Open Society and its Enemies. There is an urgent challenge to maintain and continue to argue for an open exchange of ideas and thereby explain those things that have made the West a uniquely free, prosperous and open society.
Alan Greenspan’s memoir covers a vast array of issues, including his dealings with various US Presidents, his opinions on the American health and education systems, and his predictions for the future of China. But perhaps what’s more interesting than these topics is Greenspan’s analysis of what we know and don’t know.

In the same way as the community expects the health profession to alleviate every ailment, there is the demand that central bankers regulate the economy to provide for steady growth and prevent every boom and bust. But as Greenspan explains this isn’t possible. In 1987 ten weeks after he started as chairman of the Federal Reserve stockmarkets around the world plunged. On October 19, 1987 the Dow Jones fell by twenty-two percent. What happened is a lesson in behavioural economics which Greenspan nicely explains.

The theory of efficient markets cannot explain stock-market crashes... What new piece of information surfaced between the market’s close at the end of the previous trading day and its close on October 19? I am aware of none. As prices careened downward on that day, human nature, in the form of unreasoning fear, took hold, and investors sought relief from pain by unloading their positions regardless of whether it made financial sense.

The difficulty of ‘managing’ the economy is that ‘the economy’ is nothing more than millions of individual decisions made daily by individuals. To manage this complex interaction is impossible—which, of course, is Hayek’s great insight. Individuals like investors in the stock-market are liable to emotion. ‘Perhaps someday investors will be able to gauge when markets veer from the rational and turn irrational. But I doubt it. Inbred human propensities to swing from euphoria to fear and back again seem permanent: generations of experience do not appear to have tempered those propensities.’

While we don’t know what will move the stock-market, we can be more certain about what will make economies grow and what will improve people’s living standards. And Greenspan thanks Adam Smith for these insights. Smith, together with John Locke, and Joseph Schumpeter are the stars of the book. Each gets their portrait on the photos pages (opposite photos of Arthur Burns who was Greenspan’s faculty mentor at Columbia University, and Ayn Rand).

Greenspan summarises the wisdom of *The Wealth of Nations* as follows: economic growth in a country is determined by 1) the degree of domestic competition, and the extent to which that economy is open to trade and integrated with the rest of the world, 2) the quality of country’s institutions, and 3) the success of its policymakers in implementing the measures necessary for macroeconomic stability.

(However Greenspan’s interpretation of Smith in point three might be some special pleading on behalf of the world’s central bankers. It would be more accurate to conceive of point three as an injunction from Smith to policymakers to do little more than not interfere in the operation of the free market.)

John Locke is important because as Greenspan stresses without an individual’s right to ‘life, liberty and estate’ there is minimal incentive to material improvement.

For Greenspan if there is any one single thing that drives economic development it is property rights. ‘My experience leads me to consider state-enforced property rights as the key growth-enhancing institution... People generally do not exert the effort to accumulate the capital necessary for economic growth unless they can own it.’

Secure property rights allow individuals and corporations to make the sort of continual investment necessary to keep up with competitors and the changes wrought by technological change. And this is the relevance of Schumpeter. It is impossible to gain the benefits of ‘creative destruction’ without property rights.

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The current debate about the appropriate role of the States highlights the need for good writing about their political histories. This has not been a particularly well-hoed field, especially in Victoria.

It is thus fortunate that the 150th anniversary of responsible government has triggered two new works. Last year, two political scientists, Paul Strangio and Brian Costar, edited a book of essays, *The Victorian Premiers: 1856-2006*, and now Robert Murray has produced an excellent short history of the evolving politics of the colony and the State.

Murray brings a confident hand to the task. He was the Victorian political writer for the *Australian Financial Review* from 1964 to 1975 and has also written extensively on political history, probably being best known for his history of ‘The Split’.

Given his knowledge of the role of sectarianism in politics, it is not surprising that he is particularly adroit at analysing issues to which there was a religious dimension, such as the debates around State aid in the 1860s and 1870s and again in the 1960s. He also spots the fault lines on issues such as temperance and Sunday observance which became important features of the Protestant hegemony for much of the twentieth century.

Murray challenges the common view that the period from Federation to 1952 was, in the words of *The Victorian Premiers*, a period of ‘arrested development’. Murray argues that ‘Victoria was regarded as both a national and world leader in the semi government agency operating at a remove from the government of the day’. Some consideration of contemporary criticism of such bodies, such as F.W. Eggleston’s critique, may have rounded out his discussion on this topic.

Murray is very perceptive at pointing out some of the political contradictions that seem to escape other writers. An obvious nineteenth-century example is the fact that ‘the liberal side was the pro-tariff side in Victoria, whereas liberals supported free trade in both Britain and New South Wales’. He also observes how, under the later Bolte Government, Victorian students became early victims of the trendy educational agenda.

It was a paradox that this momentous change slipped in under an otherwise conservative government, taking the old view that the government’s job was to provide bricks, mortar and salaries and teaching was for the experts.

Murray presents both sides of almost every political issue that he covers and he carries his quest for fairness into a generally charitable attitude towards politicians. He argues, for instance, that while politicians can be criticised for their behaviour in the 1880s’ land boom ‘it is hardly fair to single out one group’ when people at all levels of society were caught up in the speculation. He also laments the fact that ‘those who have had to make the tough decisions in Victorian politics have usually been disparaged’.

He works good short descriptions of many of the significant Premiers into the narrative and the reader’s appreciation of these characters is enhanced by the book’s liberal use of cartoons, extending from *Melbourne Punch* in 1856 to Mark Knight in the *Herald Sun* in 2002.

The only real criticism that one can have about this book is the Foreword by academic historian John Lack. Most of what Lack writes is a neat summary of the book, but in his final two paragraphs he manages to combine factual error, left-wing ideological prejudice and a patronising attitude to non-academic historians.

Lack says that ‘like Geoffrey Blainey, he [Murray] is a craftsman whose writing gets you in’. Maybe if a few more academic historians had a greater interest in, and understanding of, political history, we would not have to give so much thanks that there are mere ‘craftsmen’ such as Murray around to fill the void so adequately.
It is for a good reason that Eamonn Butler, director of the Adam Smith Institute in London, has chosen to include selections from all of Adam Smith’s works in his new primer on the founder of economics, and not simply his best known Wealth of Nations. One forms a much better understanding of Adam Smith’s powerful analysis of the free market economy if one first acknowledges his genuine social psychology.

Trained as psychologist, philosopher and economist, Dr Butler is well-suited to his subject matter. So it may be reasonable to read Butler’s extract of Smith’s Theory of Moral Sentiments first and his Wealth of Nations later. As Butler renders it, Smith’s cluster of individual values are more important than the general rules provided by the state to ensure that free markets actually work. Together, they represent the famous ‘invisible hand’ which simultaneously epitomises Smith’s strong belief that major human achievements are more “the result of human action than the product of human design”—as his close friend Adam Ferguson put it.

This is a nice expression of what can be taken as the creed of Anglo-Saxon empiricism, as opposed to abstract French rationalism. However, Butler points out that Smith refers to the phrase ‘the invisible hand’ only twice in his entire output and, even then, not really in the commonly presumed sense of crude self-interested actions that mysteriously produce some social benefit. Like the French Encyclopedists, Smith was an Enlightenment figure who had a comprehensive knowledge of the classical scholars and of all major disciplines of thought present at his time. (He even wrote a dissertation on astronomy where the phrase ‘invisible hand’ is also found indicating God or Providence.)

His lectures at Glasgow University have survived only in students notes. They covered the philosophy of science, the psychology of communication, the evolution of languages and last, but not least, government and public policy.

Another good reason for Butler to introduce us to the whole of Smith’s output is the recently announced plan of no less a personality than the new UK Prime Minister to publish his own version of the ‘true’ Adam Smith.

Gordon Brown has upset free-market think-tank communities and others with his plan to review the legacy of Adam Smith under the auspices of the utopian early socialist movement. However, Dr Butler shows that it is not group-centred solidarity but individual-centred sympathy (modern empathy) which lies at the core of Smith’s social psychology.

And it is not mere coincidence, indeed, that Smith achieves an elegant balance by distancing himself from special interest groups or rent-seeking individuals, including entrepreneurs. He is also an invaluable source for that good old Whig liberalism which can only flourish with some shared human values—not in the splendid isolation of value-free neutrality, as some modern liberals have it. Amazingly, it has only been quite recently that the importance of this difference has re-emerged in the controversy about French rationalist versus Scottish/English empiricist Enlightenment, as discussed in the works of Gertrude Himmelfarb.

It is in this context, where Dr Butler, who is, like Smith and Gordon
Brown, a Scot, weighs in, rendering Smith’s social psychology as a real scientific breakthrough. It shows that our moral ideas and actions are a product of our very nature as social creatures. It argues that this social psychology is a better guide to moral action than reason. It identifies the basic rules of prudence and justice that are needed for society to survive and explains the additional, beneficent, actions that enable it to flourish.

Smith also advocates a very modern form of small government—with the exception of his view of the state’s role in education, which Butler (of course) wants to be left to parents and competing school types—anticipating the now overwhelming evidence that markets are much better at allocating resources or matching demand and supply.

Smith exposed the fallacies of the mercantilists who argued that the economy would benefit from exports rather than from imports, because the latter would deplete their money reserves. This myth is still present in some continental provinces where an obsession with exports and a dislike of consumption prevail. Smith also criticises the French Physiocrats, who thought that wealth was only created by agriculture and not in the busy cities. This myth has probably not vanished either, and may fuel French reluctance to let go of their European farm subsidies.

Furthermore, Smith is very well aware of the traps of regulation, speaking of the ‘man of system’ who has an intrinsic calling to become a zealot. Since there is no such thing as omniscience in human affairs, we are better off to go for the invisible hand as a source of social order and peace. Is it too farfetched to suggest that this attitude may have saved the Anglo-sphere from any dictatorship?

Eamonn Butler’s book is, of course, much easier to read than the eighteenth-century texts it cites. However, it favours a style which would have pleased Adam Smith himself, who, for his time, anticipated an impressive, almost journalistic style, which focused on accessibility. To wit: short sentences and precise, consistent and clear language.
Critiques of the environmental movement may have multiplied in recent years, but bookstores remain intent upon concealing them behind the 50 unsold copies of Al Gore’s Earth in the Balance that grace the display shelves.

Yet, in contrasting to many of its cousins in the anti-environmental correctness genre, John Berlau’s Eco-Freaks is both eminently readable and scrupulously footnoted. Unlike Michael Crichton’s Aliens Cause Global Warming, which takes a light-hearted and satirical jab at the eco-fundamentalists, Berlau’s lively retort is refreshing in its commitment to cold hard facts.

As Berlau, the director of the Center for Entrepreneurship at the US think-tank, the Competitive Enterprise Institute, shows rather adroitly, environmentalism today isn’t so much about facts as it is a religion; a fluffy regard for nature as a kindly and benevolent force, one which has suffered at the hands of man with his high walls and big machines. In an effort to ‘rewild’ the developed world, technologies put in place by our grand-parents have repeatedly been slandered and banned on the flimsiest of evidence, from DDT to dams and levees.

But when you take away lifesaving technologies, you’re going to lose lives; as we tragically saw in the preventable flooding of New Orleans after Hurricane Katrina, or the rapid collapse of the Twin Towers, which weren’t properly fire-proofed in the midst of the anti-asbestos hysteria.

Berlau’s underlying message is a reminder that disease, environmental catastrophes and wastelands all existed naturally, and in abundance, long before human pollutants, global warming or tree-clearing ever did. Environmentalists who yearn for ‘the good old days’ have forgotten the truth of the Hobbesian description of primitive life: nasty, brutish and short.

The doomsday scenarios about ‘population explosions and massive cancer crises from pesticides’ have been shown to be false, yet we’re left with public policies based on environmental delirium. And in many cases, we’ve already lost what protected us from the wrath of nature, with ‘public health hazards caused by environmental policies already on the scene’.

Unapologetic and direct, Berlau attempts to expose the media’s fear-mongering and strip away the Green rhetoric that has penetrated public discourse. Berlau recounts the full story behind some of the most commonly misrepresented and misunderstood ecological fables.

In a delightful true story of Ronald Reagan’s reverence for the American wilderness, Berlau shows us that the President so hated by environmentalists actually had a sound understanding of the natural sciences and a respect for ‘nature’s harshness’, as well as sincere gratitude for the technologies that humans had invented. Contrary to urban myth, Reagan genuinely loved the outdoors, and was so gentle a lover of nature that he went to great lengths to ensure that even the rattlesnakes on his ranch were protected.

This story stands in stark contrast to Al Gore’s pompous pronouncements that humans are the root of all environmental evils, delivered in the auditoriums of luxury hotels around the world. While Gore will, in the blink of an eye, attribute every one of the world’s ills to global warming, Reagan is revealed as a well-read President with a balanced approach to science policy—a far cry from the conservative caricature portrayed by the Left.

While Berlau is highly critical of the fuzzy environmentalism of today’s activists, it would be a mistake to call this book ‘anti-green’. Far from it. Berlau takes a common-sense approach to preserving the environment, without over-reacting or overcorrecting. While Reagan loved the American redwood forests, he was rational enough to realise ‘if you’ve looked at 100,000 acres or so of trees … how many more do you need to look at?’

Green opposition to development is not based upon any legitimate grievances against each individual initiative, but on a fundamentalist brand of environmentalism that views capitalism, prosperity, and the human pursuit of happiness as the height of depravity.

Perhaps if all who read The Weathermakers would also read Eco-Freaks, we might begin to see something resembling an informed and balanced discussion on environmental policies. But, in all likelihood, those who really need to read it will never turn the first page. Those who are already converted will enjoy the sermon.

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Jayde Lovell reviews  
Eco-Freaks:  
Environmentalism Is Hazardous to Your Health!  
by John Berlau  
(Thomas Nelson, 2006, 256 pages)
TREESLUGGERS
In Stoke-on-Trent, England, tax-payers are in a tizzy about the town council’s approval of a new monument. The monument is to be installed as part of a new green initiative promoting environmental awareness. Approved in July, the plans entail erecting a 21-foot-tall metal-sculpted tree to highlight the intrinsic worth of the public nature park. The council has also approved the clearing of 20 real trees to make way for the metal one. Additionally, eight 26-foot-tall light posts and 30 floor lights are to be installed. It appears some environmental groups haven’t quite grasped the idea of increasing environmental awareness by preserving the environment.

A SALTY SITUATION / A SALTY ATTITUDE / GETTING GRILLED / MEAT YOUR DOOM / I’LL MAKE MINCE MEAT OUT OF YOU / BEEF WITH THE COPS
A McDonalds employee in Georgia in the United States was arrested and jailed in September for over-seasoning a police officer’s burger. According to the employee, she was mixing the meat and accidentally spilled a hefty amount of salt and pepper into the mixture. Her manager, who was present at the time of the incident, made patties out of the contaminated meat.

The employee grilled one of the burgers and ate it herself on her dinner break, dubbing them edible thus satisfactory for sale. When a police officer bought one of the burgers and became ill he claimed that the employee intentionally over-seasoned his burger and charged her with reckless conduct. Police rushed to the scene, photographed the lethal burger and hauled the employee off to the slammer.

TAKING IT TO THE CLEANERS
In 2002 Judge Roy L. Pearson Jr., a Washington D.C. judge claimed that he deserved US$65 million in damages for the ‘mental suffering, inconvenience and discomfort’ he endured after a local dry cleaner lost a pair of his trousers. The suit, including a jacket and the trousers in question was worth US$1,100. The trousers were found a week after going missing but Judge Pearson has continued with the suit for years, basing his case on the false signage in the window of the cleaners that read ‘satisfaction guaranteed’ and ‘same day service’.

Out of compassion for the first generation immigrant family threatened with bankruptcy, Judge Pearson kindly dropped his claim from US$65 million to a paltry US$54 million, and is in the process of filing his appeal.

HEY FAT KID!
In the Thai culture each child is given a nickname at birth that is meant to reflect the true nature of the individual. Lately, some nickname-purists have been outraged by the growing popularity of English-derived nicknames such as Mafia or Seven (short for 7-Eleven). They insist on reinstating the common use of the wholesome old-time favourites like Yaay (big), Ouan (fat), and Dam (black). The problem has become so dire, according to a Thai English teacher, that more than half of her students have nicknames like Tomcruise or God. The New York Times reports that the Thai government and the official arbiter of the Thai language will publish a special handbook containing a collection of acceptable traditional nicknames, categorising them according to headings like fruit, animals, and colours in an attempt to curb this wave of non-Thai nicknames. Let’s get back to those good old-fashioned monikers like Som Prieow (Sour Orange)!

Mary Calomiris is an intern at the Institute of Public Affairs.