

*Over-regulation***What's wrong with doing nothing?***Richard Allsop*

In the United Kingdom since the 1997 election of New Labour, 3,605 new criminal offences have been placed on the statute book.

One can understand that there is the occasional need to pass laws in relation to crimes that have been created by new technology.

However, a good percentage of the UK's 3,605 new 'crimes' are nothing of the sort. The new laws, for example, stop the use of community halls for unlicensed concerts, prevent the sale of a range of non-native fauna and flora, and insist on particular methods of weighing certain products. Also, it has, since 1997, become a crime to disturb a packet of eggs, without the authority of an authorised officer, or to offer for sale a game bird killed on a Sunday or Christmas Day.

The unprecedented spate of new 'crimes' was highlighted by Liberal Democrats Home Affairs spokesman, Chris Huhne, who described it as 'legislative diarrhoea.' In many ways the Liberal Democrats have drifted a long way from their origins in the laissez faire British Liberal Party, so it is good to see that there is still a small liberal flame flickering away.

Huhne asked the imminently sensible question: 'in what conceivable way can the introduction of a new criminal offence every day help tackle crime when most crimes that people care about have been illegal for years?'

The answer is undoubtedly that catching real criminals is hard and often dangerous work, so it is much easier to create a feeling of active and successful government by passing new laws and regulations to create an impression of activity.

The worldwide instinct of governments to look busy by regulating, and making legitimate activities illegal, raises a simple question: what really is wrong with a 'do-nothing' government? **R**

## FACTS

## Over the last decade, State Governments have added more than **195,000 bureaucrats** to their payrolls

*(Institute of Public Affairs)**Education***Surely funding isn't that hard to understand...***Julie Novak*

In what passes these days as the schools debate, there is a need to know who is responsible for funding what part of the system.

The amount of ignorance seems close to reaching the point of no return, with the NSW Education Minister, Verity Firth, confessing ignorance about the Commonwealth / State funding shares for schooling. She was recently reported to have said 'I'd always assumed it was a bit of a 50-50.'

No, Minister. Under our Constitution, the states are responsible for owning, managing and funding government schools. According to the Productivity Commission, the states accounted for a whopping 91 per cent of recurrent spending on government schools in 2005–06. After taking in government spending on all schools (including non-government schools), the states still came out on top—with 77 per cent of spending.

The heavy lifting by the states on government school funding is entirely appropriate, given their responsibilities. Commonwealth funding guidelines

also stress this point. They state that 'funding to the states is supplementary to assist in the achievement of specific objectives agreed by the Commonwealth and the states.' This applies to general recurrent school funds, and targeted program funding for indigenous students.

Undeterred by the dividing line of who funds what, the Australian Education Union actively suggests it is the Feds that are shortchanging government schools. According to an AEU commissioned study, the share of Commonwealth funds for government schools fell from 43 per cent to 35 per cent from 1995–96 to 2007–08.

This trend reflects, in part, the enrolment drift from government schools to Catholic and independent schools. That said, the very same study found that 'government schools gained an extra \$2 billion' in absolute Commonwealth funding over the period.

For Commonwealth school funding, the better question to ask is whether the supplementary spend represents good value for money. The AEU, and its affiliates, could do better still by going back to school funding basics, and asking the same question of their Labor mates in the states.

Though, perhaps not the NSW Education Minister. **R**

Privacy

## Press hypocrisy on Google Street View

Chris Berg

The August launch of Google's 'Street View'—an online service that allows web users to see still photographs of locations along Australian roads—was greeted with predictable handwringing by eager columnists and activists who claimed that taking photographs from public streets constituted an invasion of privacy.

In one of the most highly publicised cases of this invasion of privacy, a 46-year-old man was pho-

tographed sleeping on the nature strip in front of his house, apparently passed out drunk. As he told the press 'I wasn't thinking there would be someone driving by with a camera.' It's a fair bet that he wasn't doing a whole lot of thinking when he decided that the best place to rest was with his legs dangling out on the road, but that's beside the point.

Google immediately took down the photo when notified, in accordance with its rather comprehensive privacy policy. But the publicity that the 'victim' drubbed up for himself by telling his tale to the media meant that his story, and the accompanying image, was reproduced online and around the world. If you are genuinely embar-

assed by something you have done, then why broadcast that fact to the world?

Our notions of privacy are changing—arguably, they have always been evolving—and the most common response to Street View has been a slightly apprehensive curiosity. Nevertheless, a wide range of companies have eagerly embraced Street View to enhance their own offerings, and consumers have benefitted.

But when every new information service gets chalked up by the press as a breach of privacy, it distracts us from focusing on genuine challenges to privacy—those created by governments that have more than just the power to photograph.

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## Education

## Voluntary tertiary unionism locked in by popularity

John Shipp

The Australian Democrats Youth Poll of 2008, published earlier this year, has found that 59 per cent of respondents oppose the reversal of the previous Liberal government's Voluntary Student Unionism legislation. Introduced in July 2006, VSU made membership of, and payment of fees to, a student union voluntary nationwide.

Since coming to government, Youth Minister Kate Ellis—who was herself a General Secretary of the Flinders University Students Association before she embarked on a career in Labor politics—released a discussion paper that decries the impact of voluntary student unionism on student services, amenities and representation.

Ellis's report points out that most of the submissions to the new government's inquiry into the impact of VSU 'concluded that the abolition of upfront compulsory student union fees had impacted negatively on the provision of amenities and services to university students, with the greatest impact at smaller and regional universities and campuses.'

Of course, most of the submissions to Ellis's report came from student unions or other organisations with a vested interest in the reintroduction of compulsory student union fees, which is reflected in the report's anti-VSU slant.

This is even more apparent considering that Youth Poll has now shown that well over half of young Australians do not support the reintroduction of compulsory fees or membership.

Prior to the 2007 federal election, then Labor Education spokesperson Stephen Smith made it clear that 'Labor would not be able to go back to the pre-voluntary student unionism world.' At the time, he may not have realised how true that was—not even students want compulsory student unionism anymore.

If Ellis really wants to gauge public support on this matter, she should consult more widely than the people set to gain most from the reversal of VSU.

**R**

## Foreign policy

## Public's priorities warped for international affairs

Tim Wilson

It's a good thing Australia's foreign policy isn't decided by public surveys. Results from a recent Lowy Institute survey show Australians have questionable judgement of what is in the national interest.

First, Australian's think protecting jobs should top the Australian Government's objectives. Protecting jobs has come at the expense of tackling climate change, which has plummeted from the first position in 2007 to fifth in 2008. There is a salient lesson from these results—prioritising social and environmental objectives requires economic

## FACTS

In his first year of his government, John Howard spent **18 nights** overseas. By September, Kevin Rudd had already spent **48 nights abroad.**

(Herald Sun, 23 September)



growth and stability to fund them. Not surprisingly the recent spate of financial instability has caused vulnerable Australians to focus on what matters most—their bread and butter.

Sixty-two per cent of Australians don't think the government is doing enough to pressure the Chinese Government to improve human rights. Meanwhile 56 per cent no longer support Australia's military engagement in Afghanistan. Prioritising human rights in China is no surprise after attention on the issue in the lead up to and during the Olympic Games. But what about the human rights implications of a resurgent Taliban? In fact more (58 per cent) are concerned about the fate of whales than the fate of human rights in Afghanistan.

Australians appear to have no commitment to our own political tradition. From the 10 foreign policy priorities surveyed 'promoting democracy in other countries' has come dead last for the second year in a row. And the margin is not small. Promoting democracy was only considered to be important by 30 per cent of people in comparison to 'helping stabilise weak nations in our region' with 46 per cent.

But the results are not without a silver-lining. A majority of Australians may not think supporting weak nations is a priority; but nor do they think propping up weak institutions is worthwhile either—strengthening the United Nations came second-last.

**R**

## Financial crisis

## Fantasies of 'free market' finance failure

Chris Berg & Sinclair Davidson

Kevin Rudd, writing in *The Australian* in October, blamed the financial crisis on 'extreme free-market ideologues' who have 'resisted the regulation of financial markets.' The Prime Minister is trotting out the widespread belief that the 'free market'

and 'extreme capitalism' failed with the financial crisis in September.

Over recent weeks, people have been talking about greed and fear as if the concepts of risk and return didn't exist. But is the financial crisis really a case of markets being too free?

The two mortgage lenders at the centre of the subprime crisis—Fannie May and Freddie Mac—while nominally privatised businesses, operated until September as gigantic and elaborate public private partnerships. As

Gerald P. O'Driscoll, formerly of the Federal Reserve Bank of Dallas has pointed out, 'the politicians created the mortgage giants, which then returned some of the profits to the pols—sometimes directly, as campaign funds; sometimes as "contributions" to favored constituents.'

And most critically, the US government has been deliberately encouraging subprime lending, ever since the 1977 *Community Reinvestment Act* which required US banks to provide credit to 'under-served populations.' One important exposition of the sort of thinking that led to the subprime crisis was a paper titled 'Closing the Gap: A guide to Equal Opportunity Lending' published in 1993 by the Boston Federal Reserve. It argued that, when assessing mortgage applicants, 'lack of credit history should not be seen as a negative fac-

tor. Certain cultures encourage people to "pay as you go" and avoid debt.' The then-CEO of the Boston Federal Reserve, Richard F. Syron, went on to head up Freddie Mac, from where he was fired in September this year, as the whole thing fell apart.

Furthermore, Kevin Rudd's idea that the financial sector is an unregulated capitalist wilderness is, to put it simply, a fantasy. It is no great irony that Northern Rock, which was nationalised by the UK government in February this year, was fully compliant with the much anticipated Basel II international regulatory scheme.

To claim that the financial crisis is a failure of the 'free market' is to ignore the many ways government created the crisis in the first place.

**R**



### Climate Change

## It's hard to bear an emissions trading scheme in a financial crisis

Alan Moran

By sheer coincidence, Professor Ross Garnaut's long-awaited final report into climate change policy was released on the same day in September as the US stockmarket crashed.

Garnaut's starry-eyed assumptions about technological change allowed him to claim that we could reduce emissions sufficiently with a 'mere' 37 per cent energy tax.

Politicians and Garnaut himself said the crash changed nothing in terms of the urgency to act

on climate change. This fooled some commentators but *The Herald Sun's* Terry McCrann immediately recognised the report was 'dead, dead, dead, before it hit the table.' Indeed only a week earlier, before the full magnitude of the financial crash was understood, Mr Rudd trotted out his climate change action story to a largely somnambulant UN General Assembly.

The financial disaster unfolding means the community can no longer indulge itself in measures

with an immediate, certain and considerable cost to offset future costs which are uncertain, and, in any event, may be impossible to offset.

The stock exchange crash, soon to be followed by a more general downturn and a fall in house prices, means that people's priorities will be dominated by job uncertainties and restoring the real value of their savings. Savings are now revealed as being sharply lower than they were thought to be. That means a reorientation of

income from consumption expenditure. And it means credit tightening by banks which face threats to their own survival.

The emissions trading scheme of Ross Garnaut and climate change minister Penny Wong will not proceed in anything like the manner originally intended. A recession sharpens the minds of politicians who, like most of us, see their main goal in life as holding onto their jobs.

**R**