What on earth is going on in the Commonwealth Treasury?

The IPA Review has been documenting the creeping politicisation of the Treasury Department under Ken Henry ever since the election of the Rudd government in 2007. But the Treasury’s independence and intellectual integrity has been getting more and more careless.

It started with the May Budget.

The Treasury’s budget papers included a graph which purported to demonstrate the success of stimulus packages around the world. But it only included eleven countries. When the IPA’s Sinclair Davidson looked at the full data set used by Treasury for its graph, he found that there were in fact nineteen countries available.

Davidson put those excluded countries back in the graph, and the supposed finding—that big stimulus packages mean big economic recoveries—disappeared.

(IPA Executive Director John Roskam revealed this in *Hey… What did I miss?,* and it’s reproduced in this issue of the IPA Review. In June, Treasury admitted they had been wrong.)

After this undistinguished start to the post-budget political season, Treasury’s intellectual stocks plummeted.

The next problem was a paper written by two American economists: Douglas Shackelford, a professor of taxation, and Kevin S. Markle, a PhD student. The paper estimated the effective tax rates for 10,642 firms across 85 countries, in order to compare the tax paid by domestic-only firms and multinational firms.

The findings of this paper made its way into the Henry tax review. And as the government ramped up the marketing of its Resource Super-Profit Tax, it was pulled out by the Treasury and the government as evidence that mining companies in Australia only pay an effective tax rate of 17 per cent.

But there were a few catches.

The Henry review—and, consequently, the government—’didn’t understand what they were looking at,’ according to Davidson. Shackelford and Markle agreed: the 17 per cent rate was ‘taken out of context,’ and that Treasury was ‘over-reaching on what the paper purports to do’.

That wasn’t the half of it.

Since the paper had been referenced in the Henry review, the paper had been updated. And in the updated version, Australian mining companies were excluded—according to the two academics, because the data wasn’t good enough to confidently assess the tax rate imposed on the Australian mining industry.

That updated paper had been available online for months. But Treasury supplied the government with the original, now-superseded paper, in order to sell its message that mining was badly undertaxed.

Then: with their backs against the wall, Treasury puts out its own paper, this time trying to defend the 17 per cent claim.

That paper, it was quickly noticed, also used out of date data—this time using the Australian Taxation Office’s (ATO) 2004-05 statistics on cash collected. But, as should be fairly obvious, that’s not the latest data. Data for the 2007-08 financial year has been available, on the ATO’s website, since March.

So how much tax does the mining sector pay? According to the ATO—and you’d think they’d know—the average tax paid by a mining company is 27.81 per cent. That’s above the average company tax rate of 24.56 per cent.

In this edition of the IPA Review, Davidson looks at the Henry review—the one good idea out of the August 2008 2020 summit, and how that good idea went so bad.

Ultimately, Treasury is the responsibility of the Treasurer, Wayne Swan. If he can’t trust his own department to be careful and rigorous, future governments won’t be able to either. The demise of an institution as critical as Treasury should be regretted by all sides of politics.

If Wayne Swan can’t trust his own department to be careful and rigorous, future governments won’t be able to either.

FROM THE EDITOR

CHRIS BERG

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Christian Kerr

John Howard had a problem with taxing. Kevin Rudd has had one with spending.

John Howard had a problem with taxing. Kevin Rudd has had one with spending. Now in the wake of his third Budget—and in the lead-up to what appears to be an increasingly tight election—the Prime Minister has problems with both.

Treasurer Wayne Swan told us on the morning of the big day the Budget would be ‘light on politics and very heavy on responsibility.’

It was light on politics because we already knew virtually everything it contained.

The Resource Super Profits Tax had been announced ten days earlier when the government released its response to the Henry review. The 25 per cent hike in the tax on cigarettes was revealed before then. And it was generally expected there would be money for some sort of green goodies after the government decided midway through April that while climate change might be the most pressing moral issue of our time, it was politically prudent to shunt the legislation for an emissions trading scheme off to the end of 2012 at the very earliest.

The heavy on responsibility claim has proved harder to sustain.

True, the Budget gets us back into surplus sooner than expected. But it only does that by whacking a 40 per cent tax on the industry that let Australia skate through the global financial crisis relatively unscathed. And the only reason why getting into surplus sooner is an issue is the government knows voters are well and truly aware it has wasted billions on unnecessary, extravagant and ill-managed schemes to avoid recession.

The miners have rightly complained that they were not involved in discussions about the shape of the Resource Super Profits Tax, so a Treasury consultative committee has been hastily convened.

Less than 48 hours after delivering the Budget speech Swan was forced to tell the House of Representatives in response to a question on the tax:

We have had a series of questions about this from the shadow Treasurer, and I have said that we have put the net revenue figures in the budget. What was taken into account in those net revenue figures is the proposed design that has been put forward by the Treasury.

Minutes later, in response to yet another question, he was calling his tax ‘a framework’.

The Resource Super Profits Tax, it seems, will change.

Labor has had a problem with spending. It has now also given itself a problem with taxation. Rather than cancelling out each other, one simply exacerbates the other. They will continue to do so. And while the problems persist, the various twists and turns the government attempts in efforts to wriggle out of the sticky situation they have placed themselves in, will no doubt be heavy on the politics and very light on responsibility.

But the Labor Party aren’t the only ones with problems with spending and taxation.

John Howard had a problem with tax. It ended up sowing the seeds of his destruction.

Rather than trusting Australians with their own money he took it off them, handing some back to his favoured demographics as electoral bribes.

Kevin Rudd was only ever able to call himself an economic conservative because Howard set the bar so low.

Tony Abbott declared in his Budget address in reply: ‘I have one message for Mr Rudd. It’s one he should be familiar with: “This reckless spending must stop”.’

But less than 24 hours after that it was revealed that the Liberal leader had taken a proposal to shadow cabinet on the eve of his speech for $10,000 payments to stay at home mothers.

His Coalition colleagues scotched the idea. They believed—rightly—it would undermine their leader’s economic credentials on a night when he could burnish them.

At least one party may be coming to the belated recognition that tax and spend politics cause nothing but trouble.
Ideology

Spot the difference game
May 6, 2010

Kevin Rudd’s mining supertax on ‘foreign companies’ has prompted comparisons between him and Hugo Chavez. So as your Rio and BHP shares tank, have a bit of fun and spot the difference:

Question 1—Neo-liberalism

A) ‘Neo-liberalism is a dogma of individualism that has led the world to fight like savages against each other’
B) ‘Neo-liberalism … has been revealed as little more than personal greed dressed up as an economic philosophy … it now falls to social democracy to prevent liberal capitalism from cannibalising itself.’

Question 2—Climate change

A) ‘… there are some scientific publications that predict, at the rate in which the planet’s temperature is rising … in 100 years the planet’s temperature will have produced an intense thawing of the ice caps, and a terrible tsunami like the one that devastated the coasts of Asia week ago’
B) ‘We gather because the peoples of the world demand that we gather… Each and every one of us here will be judged as individuals. For what we say. For what we do. And for what we fail to do… And whether we have responded in conscience… None of us comes to this conference with clean hands.’

Answers:
1A) Chavez, 1B) Rudd;
2A) Chavez, 2B) Rudd

Nanny State

Saving the poor—one prawn at a time
March 25, 2010

One of the great things about Hey…What did I miss? is that people send me lots of bizarre Nanny State things from around the world. This week I thought I’d share some. This one is from a pub in Perth a few days ago. Read the fine print:

Waste

By 2020 you’ll be a lot happier
February 11, 2010

Here’s something I bet you didn’t know—it’s now the job of the Australian government to ‘increase happiness’! Here are the government’s exact words:

By 2020, the Australian government envisions a greater capacity ‘…to create jobs, build prosperity, save lives, eliminate disadvantage, protect our fragile planet, and increase happiness’.
**Budgets**

**StimulusGate**

*May 13, 2010*

This graph was in the Budget Papers on Tuesday night. It compares the size of stimulus packages against growth projections made by the International Monetary Fund.

Treasury claims the graph demonstrates the bigger the stimulus, the bigger the difference between what the IMF predicted would happen and what actually happened (ie the bigger the stimulus the bigger the recovery).

But the IPA's Professor Sinclair Davidson asked himself—why are there are only 11 countries in the graph?? The original IMF document Treasury got the data from was a list of all the countries in the G20. (There’s 19 countries in the G20 plus the European Union.)

Sinclair plotted all 19 countries. And guess what? THERE’S NO STATISTICAL SIGNIFICANCE between the size of stimulus packages and economic recovery.

Why did Treasury include China in their graph but not Russia? Or Brazil but not Mexico? ... mmm ... have Treasury officials learned statistics from the folks from the University of East Anglia?
The ‘divine violence’ of Slavoj Žižek

Looking for a reason to riot? Look no further than this publicity-conscious Marxist philosopher, writes Chris Berg.

Nearly half a century after 1968, Europe is again seized by sporadic outbursts of anarchic, seemingly-purposeless violence.

The extraordinary violence in Greece brought about by that country’s sovereign debt crisis is both unfocused and unjustifiable. In May, three people died, trapped in a bank that had been firebombed by rioters.

It’s been less than two years since the December 2008 Greek riots over the police shooting of a teenager, which also involved firebombs, the overturning of cars, the burning of hotels, shops and banks, and violent clashes with the police. Across the continent in France, torching cars has almost become a tradition in the Parisian banlieues. The strikes and protests over the French economic situation in January 2009 turned quickly violent. In Bulgaria, Latvia and Lithuania, there were 10,000 person strong mass protests over the economic climate—before the global financial crisis, mind you—and all have been characterised by violence.

According to Slavoj Žižek, the radical academy’s new superstar philosopher and cultural critic, that’s good violence. Or, more specifically, it’s ‘divine’.

Žižek is the next Noam Chomsky. He’s been a visiting professor at seemingly every top-tier university: Columbia, Princeton, Chicago, and New York. He’s the author of nearly 60 books, and the star of half a dozen fawning documentaries.

Chris Berg is the Editor of the IPA Review.

He is studied in symposiums at Melbourne University, in cultural studies and social theory subjects at Monash University, in film screenings at Sydney University, and in cinema studies at the University of Queensland. Žižek’s name pops up in The Canberra Times, The Sun Herald, and The Australian. He even made The Age’s ‘Green Guide’ TV supplement. He appeared last year at a Melbourne architecture conference, and has philosophy symposiums dedicated to his writing. Clive Hamilton, the former Greens celebrity candidate for Peter Costello’s former seat of Higgins, quoted him approvingly in a column earlier this year.

The Times Literary Supplement calls him ‘one of the most innovative and exciting contemporary thinkers of the left’. The Chronicle of Higher Education describes him as ‘The Elvis of Cultural Theory’, but his stage presence—with academic superstars it is fair to describe their performances—is more like Robin Williams with a thick Eastern European drawl.

Indeed, Žižek has a taste for the theatrical. His 2006 documentary where he applies psychoanalytic philosophy to popular movies titled A Pervert’s Guide to Cinema: ‘Cinema’, Žižek claims, ‘is the ultimate pervert art’. He has written introductions to collections of writings by Trotsky and Robespierre, including in both cases partial apologies for both the men and their methods. And the cover of a recent book, In Defence of Lost Causes, is illustrated with a picture of a guillotine.

Such publicity-consciousness has its rewards. The Slovenian psychoanalytic philosopher is as close to a cult figure as the academy’s post-modernist community can produce.

Žižek has a habit of throwing broad and shocking statements that slam down on the table, then quietly adding caveats, before finally and confidently arguing the opposite.

Good showmanship, sure, but it has a theoretical basis. Žižek is a follower of the French psychoanalyst Jacques Lacan, who was himself a follower of Freud. Žižek uses Lacan’s concepts of the Symbolic, the Real, and the Imaginary—they all require capitalisation—to describe, not things which are real, symbolic, or imaginary, but things which are true to themselves, or symbolic.
in the realm of pure language.
That’s only the half of it.
Lacanian psychoanalytic philosophy is infamously impenetrable. Alan Sheridan, who first translated Lacan into English described this lack of clarity as wilful. ‘Lacan,’ Sheridan argued, ‘doesn’t intend to be understood… He designs his seminars so that you can’t, in fact, grasp them.’

For all the complexity of postmodernism, when you read such post-modern luminaries such as Lacan, you can’t help but get a nagging feeling that it is an elaborate prank.
Zižek wears the clothes of postmodernism, and that parodic sensation is more overt. There is the same wordplay with jarringly capitalised adjectives, and reference to the ‘master-signifier’ pattern that controls history, but it feels like criticising Zižek does nothing more than broadcast that you have missed his joke. One could not describe the Disney movie *Kung-Fu Panda* as the best description of contemporary political ideology without some degree of ironic detachment.

Nevertheless, for all of Zižek’s movie analogies, his blurry theory and his postmodern theatricality, they have a largely simple message.

More openly than his academic rockstar predecessors Chomsky, Foucault and Sartre, Zižek is an unashamed and unremitting revolutionary Marxist. As Johann Hari wrote in the *New Statesman* in 2007, ‘When you peel back the patina of postmodernism, there is old-fashioned philo-tyrannical nonsense here.’

According to Zižek, capitalism is violence: ‘the self-propelling metaphysical dance of capital runs the show’, providing the ‘fundamental systemic violence of capitalism… this violence is no longer attributable to concrete individuals and their “evil” intentions, but is purely “obj-}

ective”, systemic, and anonymous’.

The market economy may seem like a web of peaceful interactions for mutual benefit, but really it is supported by aggression and oppression. When the government of a nominally capitalist country goes to war, the marketplace is to blame.

The awful events that occurred in Abu Ghraib were not crimes, but manifestations of the American economic system: ‘Iraqi prisoners were effectively initiated into American culture’.

So, for Zižek, the clash between Islamist terrorism and the Western world is not a clash between barbarism and civilisation, but between two types of barbarism, ‘a clash between anonymous brutal torture and torture as a media spectacle’. Zižek’s 2009 book, *First as Tragedy, Then as Farce*, expands on this theme. The two big events of the first decade of the twenty-first century—the destruction of the Twin Towers, and the Global Financial Crisis—spell the end of the liberal order, destroyed once by the violence of radical Islam, and then again by the violence of the collapsing share market.

What is striking about Zižek’s argument so far is how common this view is.

Zižek is clearer than most, but the moral equivalence of capitalism and barbarism has been one of the radical left’s primary themes since well before September 2001.

Michael Leunig wrote in *The Age* in March this year that ‘Our culture has thrived on the stabbing impulse … If schoolboys stopped being violent, the empire and the free market would surely crumble … Our unique brand of civilisation depends as much upon conflict and annihilation as it does upon co-operation.’

When we read that the ever-repeated claim that the Iraq War was a war for oil we are being told that maintaining the ‘system’ of trade and globalisation, by definition, requires the occasional violent invasion of other countries.

Never mind that a much cheaper way to acquire Iraqi oil would have been to do the capitalist thing and just buy it. The cost of the Iraq war is now well over one trillion dollars.

Still: in the minds of many in the radical left, warfare is not only a necessary condition for the existence of capitalism, but its most pertinent feature.

Zižek and his co-ideologists use the literal violence of the wars in Afghanistan and Iraq, to damn what they imagine is the more perverse violence of the competitive marketplace.

These beliefs allow writers like John Pilger to claim, as he did in *New Statesman* in May, that the International Monetary Fund and ‘neoliberalism’ is an ‘occupying force’, writing that the Greek protestors ‘are clear who the enemy is and regard themselves as once again under foreign occupation. And once again, they are rising up, with courage.’

It is in those protests that Zižek detects ‘divine violence’. Divine violence is an act of violence not for revenge, or to achieve a political goal, but an act of violence so extreme that it upsets the fabric of the social order; terror deployed for political purpose, but with no political goals, outside the disestablishment of the status quo. The Terror of the French Revolution was divine violence—a radical break with the past—as the revolutionaries who rejected the social norms and habits of society.

It is only through extreme violence—which is gasping out in contemporary Europe—that the world can
earn its redemption, and the break from capitalism can finally be made.

This distinction between violent acts and divinely violent acts is Žižek’s key to history, allowing him to dismiss the monsters he dislikes, and defend those whose aims he supports.

Adolf Hitler may have been a brute, but he was a brute in Žižek’s eyes, because his Holocaust was fundamentally conservative—it sought to defend a status quo rather than traumatising the world into a higher level. In *Violence*, Žižek writes:

If one means by violence of the basic social relations, then as crazy or tasteless as it may sound, the problem with historical monsters who slaughtered millions was that they were not violent enough.

In *In Defence of Lost Causes*, he writes:

...crazy, tasteless even, as it may sound, the problem with Hitler was that he was not violent enough, that his violence was not ‘essential’ enough. Nazism was not radical enough, it did not dare to disturb the basic structure of the modern capitalist social space (which is why it had to focus on destroying an invented external enemy, Jews).

...Hitler did not ‘have the courage’ to really change things; he did not really act, all his actions were fundamentally reactions, that is, he acted so that nothing would really change, he staged a great spectre of Revolution so that the capitalist order could survive.

This is, incidentally, a charge he apparently also lays at the feet of Pol Pot in his upcoming book, *Living in the End Times*—that Pot did not go ‘far enough’.

(The moral contrast with John Pilger, who played the major role in exposing the murderous Pol Pot regime to the West, could not be stronger.)

To those who might object, Žižek quotes Robespierre’s denunciation of critics of divine violence who focus on the victims of terror: ‘A sensibility that wails almost exclusively over the enemies of liberty seems suspect to me. Stop shaking the tyrant’s bloody robe in my face, or I will believe that you wish to put Rome in chains.’

That, certainly, is the message sent by the anarchist faction of the Greek rioters, whose response to their government’s austerity measures was to murder three bank workers. Writing of the mob violence of Haiti under Jean-Bertrand Aristide, Žižek says:

Although we are dealing with what can only appear as ‘immoral’ acts of killing, one has no political right to condemn them, because they are a response to years, centuries even, of systematic state and economic violence and exploitation.

For those Greek rioters, this makes sense.

If James Bond is granted a licence to kill by the state, the mob is granted a licence to indiscriminate terror by Slavoj Žižek. 

Riots in Athens in December 2008
Some of us read newspapers when we should be doing other things.

In October 1980, when I was meant to be studying for HSC exams, I spent far too much time reading everything in the newspapers about the 1980 election campaign. It turns out I was probably reading more about it than the then Prime Minister.

Malcolm Fraser’s lack of interest in newspapers is revealed in his memoirs via an anecdote from his press secretary, Alister Drysdale, who recalls that Fraser ‘didn’t even read most of the newspapers, regarding their coverage as superficial’. Fraser himself says that, when he was PM, he spent no more than twelve minutes on the papers on the grounds that ‘it was all so predictable’.

This lack of interest in the papers on PM Fraser’s part was not some forced response to the demands of high office. When he arrived at Oxford as a 19 year old in 1949, he found his fellow undergraduates ‘more sophisticated and knowledgeable in every way’, recalling that they knew what apartheid was whereas ‘I said, “What’s apartheid?”’. Fraser attempts to explain away his ignorance by saying that ‘Apartheid wouldn’t have been written up much in Australian newspapers, and I didn’t read newspapers in those days’.

Apart from the obvious non sequitur between the two parts of the sentence, and the striking cultural cringe, the fact that Fraser has never been a newspaper reader is very revealing. It perhaps goes some way to explaining why Fraser has so often struggled to understand what his critics are on about, or to present his own views in a manner which may actually influence the public debate in the way he wants.

Fraser’s lack of interest in newspapers may mean that he never read the views of one Kenneth Barrett of North Caulfield, who wrote to The Age a couple of weeks before that 1980 election to express his disdain for some media commentators who were asserting that it was a Tweedledee versus Tweedledum election. Nothing could be further from the truth raged Mr Barrett. Indeed, the election ‘might be viewed by future historians as a turning point in our history, when two clearly defined alternatives were offered to the citizens of Australia and their choice set in motion forces which fashioned the nature of our life irrevocably’.

Mr Barrett thought the differences between the two parties so obvious he did not even need to name them, for it was clear to him, and no doubt to readers of The Age, which leader and party would ‘extol and reward the most selfish, acquisitive, competitive qualities in human nature; teach our children the maxims of ‘no prizes for second place’ and ‘nice guys run last’; jack up the interest rates, disembowel Medibank and emasculate the other social services’.

Of course, the writer was engaging in some hyperbole, but one wonders, given how Fraser now sees himself, how such a view could ever have been abroad.

A partial explanation is provided by Margaret Simons’ observation that ‘when communism died, so did those parts of Fraser’s politics that were most easy to categorise as conservative and right wing’. Fraser himself explains away the misunderstanding about his political views, by asserting that he

Richard Allsop is a Research Fellow with the Institute of Public Affairs.
His memoirs imply that if John Howard and John Stone can be tarred as lukewarm supporters, or opponents, of reform in the late 1970s and early 1980s, then the whole case against Fraser dissolves.

is largely unchanged, but that in the past thirty years the political centre of gravity has moved substantially to the right, ultimately forcing his recent resignation from the Liberal Party. Now, this is undoubtedly true on certain issues, but it is nowhere near as clear cut as Fraser makes out.

The very same issue of The Age, in which Mr Barrett’s letter appeared, contained an article saying that Victorian state Liberal MPs were grappling with the issue of whether male homosexuality should be legalised. It is hard to imagine that a single member of the Liberal Party would now argue that homosexuality should be illegal, hardly a sign of a firming of the hard right on every issue. Similarly, when the Fraser government was in power most middle-class parents probably looked askance at their children co-habiting before marriage, now it hardly raises an eyebrow.

In fact, on many social issues there is a new tolerance that not only does not reflect a swing to the right, but where there are signs of a new Puritanism they now come from the left. Perhaps these interesting attitude shifts do not make it onto Fraser’s left-right divide because here he seems to have always been conservative, with his memoirs recording that ‘as for the new permissiveness, the sexual promiscuity, Fraser instinctively revolted’.

Of course, there are ways in which, for want of a better term, Australia has become more ‘right wing’ in the past thirty years, perhaps most obviously culturally in the new-found reverence for Anzac Day.

In the economic sphere, there have again been countervailing trends over the past few decades. Governments are more likely to feel they should balance their budgets, and government activities are more likely to be contracted out. On the other hand, many areas are more heavily regulated and the overall size of government is bigger than when Fraser was in power.

At least until its final budget, the Fraser government had quite a sound record on restraining expenditure. Fraser also made the last best effort to fix the perennial problem of vertical fiscal imbalance and while tax indexation did not last, at least he gave it a shot. Some contemporary commentary saw him placed at the forefront of the international movement to end the rapid growth in the size of government. Shortly after his government lost office, the Institute of Public Affairs gave Fraser credit for a global appreciation of the need for smaller government:

It is not too much to say that other countries, particularly the United States and Great Britain, were probably influenced by the initial successes of the ‘Fraser experiment’.

The IPA commended the fact that ‘to its lasting credit it exercised the tightest financial controls of any Australian government of recent times’ and, that in its period of restrained spending, ‘Australia resumed reasonable economic growth’.

However, the IPA had also at times been critical of Fraser government policies:

generally not because we disagreed with what we understood to be the thrust of those policies, but because we were concerned that unless that thrust was more strongly pursued, the economic problems Australia faced would persist and even worsen.

The IPA was not alone in being a contemporaneous agitator for a faster rate of reform. Yet, reading Fraser’s memoirs, there is a strong impression that criticism of his failure to pursue economic reform only emerged in later years. The book implies that if John Howard and John Stone can be tarred as lukewarm supporters, or opponents, of reform in the late 1970s and early 1980s, then the whole case against Fraser dissolves.

In reality, the movement for real reform had emerged by the time Fraser took office. This movement included the foundation of the strongly pro-free market Workers Party during the period of the Whitlam government. Ironically, given subsequent debates, the perceived position of Fraser in 1975 was strong enough to convince some of the supporters of the Workers Party agenda that they could rely on him to deliver reform. Ron Manners explains this in his book Heroic Misadventures:

I think that what really brought the curtain down was Malcolm Fraser’s Liberal Coalition victory … His election speeches were indeed refreshing and gave many of us the feeling we could ‘pull up our political tent and go back to work’ as the country would be in safe hands.

In Manners’ case, disillusionment with Fraser quickly followed. While activists such as Workers Party members could be accused of being outside the mainstream, there were significant elements of the parliamentary Liberal Party who were also agitators for reform. The longer the Fraser government remained in power the stronger and more vociferous the Dries became. Where Bert Kelly had cut a lonely figure in the 1960s, John Hyde,
Jim Carlton and the other Dries now formed a real intellectual counterweight to the vested interests of the Country Party and conservative Liberals.

It is also important to recognise that whether the problem was Fraser, Howard or Stone, Australia did not suffer too much for the Fraser government’s failure to end the Australian Settlement. Indeed, the fact that Fraser did not do the key economic reforms, and left them for Hawke and Keating, arguably worked out well for the nation as it made those reforms bipartisan in a way which would not have been the case if the Fraser of the imagination of Mr Barrett of North Caulfield had done them.

Fraser appears to be trying to have it both ways—he wanted to do economic reform but did not quite get around to it, while also spending much of his time lambasting free marketeers. Fraser’s lack of understanding of what his critics are on about is captured in this quote from his memoirs:

The people who are at the extreme on free markets don’t really believe in social policy. They wouldn’t have views on how to treat refugees or Aboriginals. They wouldn’t have views about how Australia might be a force for good in the world, apart from economics. I have always believed those things were part of what governments should do.

Fraser does not appear to have noticed that many people ‘at the extreme on free markets’ would agree with him about issues like asylum seekers, and would recognise that perhaps the biggest single issue on which Fraser was an improvement on Whitlam was in his attitude to receiving refugees fleeing Indo-China. Yet, treatment of asylum seekers is not the only aspect of immigration policy. While the Howard government did not match Fraser’s treatment of asylum seekers, it was far stronger on the overall migration rate. It was under Howard that the proportion of Australia’s population born overseas passed 24 per cent of the total for the first time since Federation.

As George Megalogenis pointed out in The Howard Factor in 2006:

Australia had never before been more foreign, and never less white, and the prime minister who pulled off this switch was Howard ... The voters who worry most about immigration... think Howard is keeping out all foreigners, when he is bringing them in at a rate Paul Keating never contemplated ... Yet Howard’s Australia had never been more accepting of the regular immigration program.

Another race-related topic which has long exercised Fraser’s mind is Indigenous policy. Here he seems unwilling to acknowledge that many of the proposals that seemed as if they might provide solutions in his time in government have not worked, a failing highlighted by the fact that the name Noel Pearson does not appear in the index of his memoirs, an omission that is hard to justify for anyone expressing a view on Aboriginal policy in 2010.

Yet, there are also areas related to race where Fraser was right and many of his critics wrong. His method of dealing with Apartheid clearly ended up being more effective than the softly-softly approach. Similarly, it is unfair to blame Fraser for the current situation in
Zimbabwe as, given the situation thirty years ago, it is hard to see how else the problem that Ian Smith had created could have been solved in some other way.

What is strange about Fraser, given his actions over southern Africa, and his comment about being ‘a force for good in the world’, is that on so many other issues of foreign affairs he is dedicated to realpolitik saying that ‘I will trust any country as long as I have a clear understanding of how it sees its own self-interest... because that is what will count’.

Nowhere does Fraser acknowledge that much of the international adventurism that he opposes—say Tony Blair in the Balkans and Iraq—evolves from a desire to be ‘a force for good in the world’. These desires may be misguided, and they may end up being counter-productive, but Fraser seems to lack an ability to empathise with motivations that produce different policy outcomes to his own.

Fraser would serve himself and history far better if he could do this and if he took a more nuanced view on many issues. It is a shame he cannot because, in many ways, his memoirs are less self-serving than those of other former politicians. Usefully, he occasionally acknowledges areas where he has changed his mind, such as republicanism, and considers other issues, where in retrospect he might have acted differently, such as the Franklin Dam. He also does a nice mea culpa on his failure to visit Phil Lynch in hospital in 1977.

And yet in other places he is ridiculously coy. Margaret Simons had to force him to talk about the events of 1975. He was even more reluctant to talk about the events which led to the formation of the Australian Democrats, the memoirs saying:

Chipp was also left out of the Fraser ministry following the 1977 election. He resigned from the Liberal Party shortly afterwards and founded the Australian Democrats. Fraser says today that his omission of Chipp was not an oversight.

He will not elaborate.

Of course, the paragraph is factually wrong—Chipp quit the Liberal Party before the 1977 election and the Democrats contested it—but more importantly their absence from the narrative is illuminating. For it is a bit hard to explain how there was room for the Democrats between Labor and Liberal on the political spectrum, if Fraser himself was as he now describes.

For me Fraser played a formative role, and not just from the practical perspective of spending too much time reading about him in the newspapers when I should have been studying. He came to power just before I became a teenager; he lost office just after I ceased to be one. He was my first political hero, and also my last. He taught me an important lesson—political heroes will invariably let you down.

And as for the newspapers, maybe Fraser should give them another try. If he did, he might understand that someone who criticises him for failing to abolish the two airline policy or float the dollar may actually praise him for his attitude to asylum seekers and Apartheid.

Fraser’s activist lament

Scott Ryan reviews

Malcolm Fraser: The Political Memoirs
by Malcolm Fraser and Margaret Simons
(Melbourne University Press, 2010, 864 pages)

To those of us whose detailed political memories begin after the 1983 election Malcolm Fraser is a bit of an enigma. Demonised (and lauded) for his actions in the 1975 confrontation between the Whitlam government and the Senate; portrayed as the conservative or right wing assassin of John Gorton; the man who stated ‘life wasn’t meant to be easy’ and creator of the first ‘razor gang’ to cut government expenditure; Malcolm Fraser has become a hero of the left in recent years, particularly when confronting the policies of John Howard.

This irony is compounded by the fact that Malcolm Fraser probably did more than anyone to lift the relatively new backbencher and then junior minister John Howard out of the ruck and into the national spotlight. Elected in 1974, Howard was appointed Treasurer in 1977.

So for those of us who seek an understanding of Malcolm Fraser, this book is welcome. The book is a political memoir, but it is written in the third person by Margaret Simons. Fraser benefits from having a professional writer as co-au-
Fraser’s frustration constantly refers to a role for government in directing the economy and national life—one of his regrets is listed as making a speech disparaging Keynes.

Author. It is well written and readable as well as informative. Only when it comes to the subject of explaining his own perspective does it suffer from a little proselytising in his cause—but anyone who objected to that would never buy any memoir. Compared to others, such as the Hawke Memoirs, it does this less.

In my own experience, few have an open mind about Malcolm Fraser. On both left and right, opinions of the man have long been set in stone across generations. But it is the combination of these opinions that intrigues. The man who led the only genuine constitutional confrontation in our history to force out a government that was literally coming apart is also the man who has become a standard bearer for the left on other issues. It is fair to say that this book accurately conveys one aspect of Fraser—he rarely exhibits self-doubt.

The book takes a chronological and thematic approach to Fraser’s life, particularly in dealing with his career post-politics. One of the key elements of Fraser’s career is that he lost office and left politics as quite a young man. Fraser was 52 years old when he lost to Bob Hawke.

To put this in context, Menzies was 71 when he retired, McMahon was 64 when he lost to Whitlam, Hawke was 62 when he was successfully challenged by Keating, and Howard, rather more notably, was 68 when he lost to Rudd. The only person similarly young to leave politics was Keating, who was also 52 when he lost to Howard.

Fraser still had a substantial part of his working life ahead of him when he ended his political career by resigning from Parliament. This book details many of these activities at length, from his campaign against apartheid to his work with the foreign aid organisation CARE and his subsequent domestic activities. While many will be reading the book for the first part—his political career—it is when it covers the latter years that a key theme of his entire career becomes apparent. Margaret Simons writes often of Fraser’s ‘activist’ nature—and in some ways this is the prism through which one can understand his political career and role in public debates subsequently.

Fraser constantly refers to John Maynard Keynes as he covers his political career. Given the period during which he studied at Oxford, this is not surprising. Fraser was in many ways the last leader of the era of Keynesian consensus. He took office as this was breaking down, both in practice and in theory, as the rise of more market-oriented views of liberalism took hold around the world.

Fraser laments this, and it’s obviously a driving force of his differences with the Liberal Party and modern politics generally. He simply does not believe that this consensus was flawed. While he recognises how Keynes’ work and theories were misused, he cannot accommodate those who describe themselves as liberals yet differ from its philosophical underpinnings.

Indeed, Fraser’s frustration with this is clear as he constantly refers to a role for government in directing the economy and national life—one of his regrets is listed as making a speech disparaging Keynes. And like all who hold these views, he uses the current economic travails to justify a long-held position.

As an ‘activist’, Fraser sees a larger role for government and the state than most Liberals who followed him. Fraser refused to undertake unilateral tariff cuts because he did not believe they would be reciprocated. However, when he expresses his concern about globalisation addressing world poverty he fails to outline that it is the statist nations of the west and governments protecting their own economies that prevent the greatest gains of free trade to the poor.

There is also a touch of pessimism. In the chapter titled ‘Hope’, he outlines that ‘for a while’ it seems as if the post-war generation would build a better world. It strikes me that the massive decreases in world poverty, increases in life expectancy and reductions in child and maternal mortality over the past thirty years are as much a cause for celebration as any comparisons with the decades following the Second World War.

This book will confirm many prejudices about Fraser. To those who will never forget 1975, neither forgiveness nor resiling from support from his position will be considered—but it is doubtful that any book would achieve that. As a supporter of his position in 1975, I see no need to reconsider my own position.

But this book does provide an insight into Fraser. It explains his personal story as well as his perspective. A well-written memoir should not seek to persuade, it should seek to promote understanding of events that occurred and why decisions were taken. In this sense, this book is a success and a valuable addition to understanding the contribution of Australia’s fourth longest-serving Prime Minister. Even if we must occasionally agree to disagree.
It no longer makes sense for us to debate whether or not the Earth is warming at an alarming rate and it doesn’t make sense for us to sit back and wait for others to act.

The fate of the planet that our children and grandchildren will inherit is in our hands, and it is our responsibility to do something about this crisis."
The end of the climate game

Business groups are some of the few organisations left supporting action on climate in the United States, writes Iain Murray.

Two separate events towards the end of last year knocked the stuffing out of international climate alarmism. Combined, they mean that global warming legislation is unlikely to pass in the United States.

Climategate showed clear evidence of collusion to subvert the scientific process for political ends and to evade legal requirements under Freedom of Information laws. Polling evidence suggests that this event shattered public trust in climate science. Climategate was followed by a series of embarrassing admissions that Intergovernmental Panel on Climate Change (IPCC) reports were based on scientific assertion and the grey literature. As a result, alarmists’ main argument—the appeal to scientific authority—no longer carries much weight. Attempts to whitewash Climategate have generally been recognised for what they are.

The United Nations (UN) climate talks in Copenhagen were a damp squib. After years of suggesting they would lead to a bigger, better Kyoto Protocol, alarmists stood by helplessly as the developing world bypassed Europe and forced President Obama to agree to something very similar to the Bush administration’s climate policy. Long before Climategate, the developing world had rejected binding reductions in emissions as an immoral restriction on its poverty-fighting efforts. Any attempts to sign them up to this agenda were doomed to failure.

The Copenhagen talks therefore did actually represent something of a turning point for international negotiations, but not in the way that the environmental groups had predicted. Previously, international climate negotiations had been driven by Europe, with the United States (and Australia, during the Howard government) acting as a brake. That is why Kyoto was so favorable to Europe, allowing it to bank emissions reductions that had happened organically before the Kyoto Protocol was signed (Britain’s emissions reductions from the ‘dash for gas’ in the early 90s being a prime example).

The gap between Europe’s position and that of the developing world had grown so large, however, that President Obama was forced to choose between them. He chose the developing world, a decision which means that Europe is now marginalised in climate negotiations. President Sarkozy of France realises this, with all he has left being the threat of a carbon tariff and resulting trade war between North and South.

All of which means that the two strongest arguments for a global warming bill—scientific authority and international pressure—are gone. What is left is an unseemly collection of environmental ideologues and their strange bedfellows in the big businesses that can see profit from a global warming bill. These businesses, which came together with the environmental groups in something called the US Climate Action Partnership a few years ago, have realised that the various subsidies and other opportunities represented by a global warming bill would represent a significant guaranteed income stream.

Indeed, it appears that the only ones keeping global warming legislation alive are a small group of powerful special interests. Big business is pushing climate action, not opposing it.

Back in 2001, Professor Ross McKitrick wrote a paper that demonstrated that a cap-and-trade scheme for greenhouse gas emissions would actually create a ‘carbon cartel,’ with significant economic gains for the members of the cartel at the expense of the economy as a whole.

We can see now that the only significant force still lobbying for greenhouse gas legislation is the members of this cartel, represented by companies like General Electric, Dow Chemical, General Motors and Duke Energy. In the classic formulation of Clemson University’s Bruce Yandle, they represent the ‘bootleggers’ to the environmental groups’ ‘Baptists’—two groups that both lobbied for prohibition, for very different reasons.

The bootleggers are now the Baptists’ only hope. Not for nothing did Sen. John Kerry boast that his American Power Act, introduced on May 12, was largely written by the US Climate Action Partnership—a corporate umbrella organisation pushing for global warming legislation.

We should remember that the next time the left criticises global warming sceptics for being backed by big business. In truth, big business is backing global warming legislation and sceptics are doing their best to stop them inflicting further harm on the US economy.

Iain Murray is Vice-President for Strategy at the Competitive Enterprise Institute in Washington DC.
The finding that Melbourne Storm secretly paid its players more than the National Rugby League rules permitted has highlighted the nature of salary capping in Australia. Introduced by the AFL in 1987, there have been dozens of fines for infringements and clubs faced additional penalties on draft picks.

The AFL’s salary capping is accompanied by other controls that make it far more draconian than others. The definitions of salaries are very tight (in 2005, St Kilda were fined $40,000 because a sponsor, Microsoft, provided players with Xbox consoles). Players are not allowed to choose their initial club and they require their club’s permission to move elsewhere. In addition, the AFL controls which players may be registered and allocates a priority order for new draftees and the clubs that may choose them.

The case for a salary cap rests on creating a degree of equality within the competition. Many people argue that we need to avoid a situation whereby the only possible winners are an echelon of leading teams as in English soccer. Others point out that the World Game has become so as a result of the openness of the market for players and the ability of managers to gather promising combinations of players to obtain the excellence that attracts fans. And the fact that sustained success in England (and other countries) has been largely confined to a hierarchy of teams has not diminished the game’s popularity.

Taken at its basics, salary capping in sports competitions is an agreement by a group of businesses to narrow the arena of competition. It does so largely by suppressing the wages of key employees. It is like all the nation’s banks forming a cartel and agreeing that they will limit the salaries of all their front line managers and analysts. Such an agreement would boost the banks’ profits or allow revenue to be diverted to beneficiaries other than the key players.

In most areas of commerce a restraint of competition of this nature would be illegal—unless in the (unlikely) event that the Australian Competition and Consumer Commission (ACCC) grants an authorisation. The ACCC would be conflicted in hearing such a case since its Chairman, Graeme Samuel, was instrumental in creating the AFL’s trade-restricting cartel.

Salary capping is often associated with moral righteousness. Many people think that young sportsmen are overpaid getting $500,000 a year for kicking a ball around.

But, as with other categories of workers, placing a cap on sportsmen’s high earnings brings adverse repercussions. It means some reduction in talented people choosing the profession. Given the earnings that the most successful young sportsmen can command, even with a salary cap, this might sound unlikely. However, only the real superstars obtain the million dollar payouts and no young man can predict that he will emerge in that bracket. Moreover, life at the top is only a five year window and there is a very high chance of injuries cutting that short, while reaching the required peak and holding oneself there is likely to bring longer term health issues.

Forcing down the front line employees’ wages means money is diverted to other areas of spending like administration, travel, ground quality, promotion, training and so on. Such increased expenditure is likely to be less effective than spending money on attracting and rewarding the players who will give fans the excellent performances they pay to watch.

Forty years ago English soccer had a salary cap, equivalent to about twice the average worker’s earnings. The English salary cap was eliminated when the cartel of soccer clubs that imposed it was confronted by another cartel, professional footballers, who saw themselves as being swindled by it.

And this is at the heart of the issue. A salary cap is a regulatory measure that a cartel imposes to reduce the earnings of the best and most valuable workers. Those workers are, as a consequence, underpaid. And, the fans also lose out as the ceiling on players’ wages makes it difficult for a club to attract players from another to create exciting combinations.

The consequences of the English soccer salary cap were becoming apparent with the demise of the English game in international competition and some high profile departures of players to continental Europe. The upshot of overturning the regulation is that soccer players now earn colossal salaries and the game has grown in popularity.

And this underlines a vulnerability that the Rugby League and AFL salary cap approaches can create. The codes may become less attractive than alternative codes and see their sporting popularity decline.

—Alan Moran
By its very nature, sport has to have arbitrary rules. FIFA dictates that only 32 countries can compete at the World Cup Finals, and that even the best resourced country is only allowed to have 11 players on the pitch at any one time.

Sometimes sport will be more restrictive than the outside world, such as prohibiting steroid use; sometimes more permissive, such as allowing body contact which would result in assault charges in other contexts.

And, while sports compete against each other for fans, sponsorship and TV coverage, within sports, there is a natural limit on the degree of success one club can strive to achieve. In most other fields, removing competitors is good for your business. In sport, it is something of a problem—if you end up with no-one to compete against, you go out of business yourself.

Now, the threat of one team dominance wrecking a competition may be overstated by the AFL and NRL (the fact that the record attendance at a Sydney Rugby League Grand Final came in 1965, when St George was going for its tenth premiership in a row, demonstrates that it may be), but it is at least a legitimate concern.

To address the concern, the AFL and NRL have effectively made themselves the ultimate employers of the players. The league sets the terms and conditions of employment, and the player, through the draft in the case of the AFL, is assigned to a division of the employer's business.

While it is true that the salary cap may, in the short term, restrain the right of players to earn the highest possible incomes, there is certainly evidence that an even competition stimulates spectator interest and grows the size of the pie, which in turn boosts player incomes.

Also it is important to understand that no individual player’s salary is capped, as it was in the days of the Coulter Law in the VFL, or the maximum wage which applied in English soccer until 1961. Clubs can pay an individual as much as they like—it just means they have less money to attract and retain other talent. The result is that the talent is spread around, and on view to fans, rather than hidden away in the reserves teams of the best sides.

Looked at another way the AFL and NRL have a form of handicapping system, not entirely dissimilar to those used in horse racing and professional foot-running. To be consistent, opponents of the salary cap should be arguing that all horses in the Melbourne Cup should carry the same weight, or that all runners in the Stawell Gift start from scratch, because there is no doubt that these artificial sporting rules are clearly limiting the income of the owners of the top-weighted horse and the scratch marker.

The other obvious question which critics focused on the high-profile leagues ignore is how far down the sporting tree should opposition to restriction on earnings be extended. Should the country football leagues which have developed variations on the salary cap, based on factors like population of towns, also be told this has to stop? And at the most extreme, should amateur sport be banned? No doubt some amateur football clubs are unnaturally suppressing their best players’ income by a couple of hundred dollars per week.

Even at the elite level in Australia, it is important to understand that many professional football clubs in Australia are membership based. Their nature as clubs, rather than businesses, means that they attract significant volunteer labour, and one would hate to see the business-like-any-other argument turned into a demand that football clubs should be paying these volunteers award wages.

Sporting bodies certainly need to ensure that their salary caps have sufficient room in them to attract and maintain their most talented players. This is more of a concern to the NRL which has more natural competitors, such as English Super League and Rugby Union, but even the AFL recently suffered a loss to another sport when promising junior, Alex Keath, chose cricket ahead of football.

Sporting bodies also need to be aware that there remains the ultimate sanction in a free society for those people who do not like the rules of one sporting organisation—set up a rival one. Kerry Packer tapped into the discontent of Australian cricketers with their semi-amateur status when he set up World Series Cricket in the 1970s, while rugby league had its Super League in the 1990s.

There is nothing inherently good or bad about salary caps. Their use very much depends on the particular circumstances of sporting bodies, but that is a decision for them, not a matter of public policy.

—Richard Allsop
Full body scanners being trialled at Adelaide airport, 2008  |   AAP Image  |  Department of Infrastructure
At the beginning of 2010, the British and US governments approved the introduction of body scanners at international airports. In both cases, the impetus behind their implementation was the case of Nigerian Umar Farouk Abdulmutallab, who tried to blow up a flight to Detroit on which he was a passenger. He had flown from Yemen via Lagos and Holland’s Schiphol Airport.

Kevin Rudd has since announced his intention to install body scanners in all of Australia’s international airports.

Full body scanners act like X-ray machines, allowing airport security to penetrate fabric and see items pressed against flyers’ bodies.

Sounds like a good investment? It isn’t. Body scanners don’t work. They’re not needed. They invade privacy. And they’re potentially unsafe.

Under test conditions on live German TV, Werner Gruber, an Austrian physics professor, smuggled a detonator, several bottles of explosive powder, a knife and crystal explosives through a scanner operated by a representative from the company that makes them. The operators had advance notice that an attempt to deceive the scanners was being made, a courtesy presumably not extended by terrorists, and the operators had ample opportunity to prepare and (one imagines) had their best controller using the device for the TV test. It still failed.

In evidence before a Canadian parliamentary group investigating scanners Rafi Sela, a leading Israeli security expert has openly derided them as ‘useless’. Sela’s experience is acquired in a country which really knows something about security, and has no plan to introduce scanners.

One problem seems to be that the scanners cannot penetrate beneath skin. So hiding material in body cavities or in implants conceals them from the scanners entirely.

What if they are only a tiny bit effective? We are constantly told ‘if it makes us a little safer, it’s worth it’—‘if it saves one life, stops one crime ...’ But this is a specious argument. It would ‘save one child’ to ban the motor car, or introduce a night curfew, but we don’t, because it would be disproportionate and we have to get on with normal life, even if we incur a slightly higher element of risk in doing so. We don’t encourage people to take wild risks with cars, but we don’t make liberty-reducing and disproportionate laws, either. We should react to the threat of terrorism in just the same way.

But even if they could be made to work, scanners would be disproportionate and unnecessary. President Obama has said that Abdulmutallab was able to get onto the Detroit flight because of systemic failure by the security services with the information they already had. Rather than ensuring that those authorities competently use what they’ve already got, both the USA and the UK are giving more power and new tools to the same systemically incompetent organisations whose incompetence caused the problem in the first place.

Let us remember the tools already available to the services entrusted with significant powers and large budgets in order to protect us. First of all, and most importantly, intelligence—ranging from the research and knowledge and expertise of the security services to the commonsense and experience of border guards. Secondly, infrared scanners which don’t show your body parts. Thirdly, sniffer dogs. Fourthly, standard metal detectors. Fifthly, swabs to detect explosive material particles. So it’s hardly as if we’re without protections already. All of these devices are cheap, they work, they’re available now, and they don’t violate privacy. Scanners are expensive, they don’t work, they’re not available in large quantities for months and they violate privacy.

Alexander Deane is the Director of Big Brother Watch and former Chief of Staff to David Cameron. He worked for the Liberal Party during the 2007 federal election.
What sort of free society do governments think they’re protecting with these scanners?

And when I say they’re expensive, they’re expensive. They cost between $130,000 and $160,000 each. If one then thinks of the size of a major international airport, one swiftly appreciates that’s a lot of scanners. The cost will of course be passed on to fliers (along with the sizeable delays they cause at the terminal).

It is because of the cost issue that the Head of Interpol has said that except women. It is this that’s particularly upsetting people and may be what will cause most trouble.

We have been assured that mature, responsible, sensitive, trained professionals will operate the scanners. Those who accept such assurances might find a recent case in the United Kingdom of interest. One such ‘professional’, John Laker, having received just such training, took a picture of a colleague who entered the machine by mistake, telling her he loved ‘her massive tits’.

We have been given lofty assurances that the images generated from scans will immediately be destroyed. First we were told that they could not store images at all—a claim disprove by documents obtained by the US-based Electronic Privacy Information Centre. Given the machines have the capacity to take and retain images, one wonders how the non-retention policy is to be enforced, and how controllers can in the long term be stopped from simply taking pictures of the screen they’re watching. The British government’s record on data security and data loss is appalling.

The Equalities and Human Rights Commission has stated that scanners are potentially illegal on privacy grounds. For the same reason, the European Commission has questioned their necessity.

Finally on this point, laws against child pornography and indecent imagery are plainly breached by the scanners. That the British government didn’t even bother legislating to ensure this point was covered speaks volumes for the attitude it has towards the rule of law.

It is true that the level of radiation to which one is exposed in scans is small. However, there’s a reason the doctor stands behind a screen when you’re x-rayed; even small doses, particularly when relatively frequent (as they might be for regular fliers) can be harmful, especially to some parts of the body (like the genitals).

The Inter-Agency Committee on Radiation Safety includes the European Commission, International Atomic Energy Agency, Nuclear Energy Agency and the World Health Organization. The Committee has written a report that states that ‘Air passengers should be made aware of the health risks of airport body screenings’, ‘governments must explain any decision to expose the public to higher levels of cancer-causing radiation’ and ‘Pregnant women and children should not be subject to scanning.’

By failing to publicise the health risks, by failing to explain the danger, and worst of all by making scanning compulsory for all, the governments are potentially jeopardising the health of vulnerable people.

Scanners are intrusive and unnecessary—in the UK, or in Australia.

When the IRA was active, they posed a more real threat to the people of the United Kingdom than Al Qaeda—and they regularly delivered on that threat. We didn’t allow them to change our way of life to anything like the degree we now permit these terrorists to change our liberties and freedoms. They hate us because we are free. We should think carefully about infringing our freedoms in the face of their threat.

What sort of free society do governments think they’re protecting with these scanners? When we have to expose ourselves to a man at the airport in order to fly, perhaps the terrorists have won.
In modern Australian political culture it is widely conceived that any citizen has an equal opportunity to become Prime Minister, if they so choose.

The varied backgrounds of our 26 Prime Ministers from Edmund Barton to Kevin Rudd appear to give some credence to this general claim.

Our longest serving Prime Minister, Robert Menzies, had a distinguished law career before entering politics, playing a key role in the fateful 1920 High Court Engineers’ Case.

Other former Prime Ministers included teachers (Lyons), miners (Cook), railway workers (Chifley), air force pilots (Gorton), and grocery store managers (Scullin).

The ascendancy of Kevin Rudd as Prime Minister in November 2007 was on the back of his prior background as a career public servant. He served as a diplomat in Australia’s embassies in Beijing and Stockholm before assuming the role of Director General in the Cabinet Office of the former Queensland Goss Labor government in the early 1990s.

But is it really the case that absolutely anybody could become Prime Minister if only they put their mind to it?
The numbers of government dependents are substantial, and they vote.

In 2007 it is estimated that there were about 1.7 million government employees, representing 10.9 per cent of the adult population. By comparison 1.5 million people were employed by governments in 2000 (or 10.6 per cent of the adult population).

An additional 217,500 people (about the size of the greater Hobart region) were directly added to the public sector payroll over the period, an increase of almost 15 per cent.

The second group of people depending on government wholly or partly for their income are working age welfare recipients.

Given the strong economic conditions experienced for much of the past decade the total number of income support beneficiaries, including those on unemployment payments, declined from 2.9 million people to 2.6 million from 2000 to 2007.

However, growth in the number of recipients of certain programs continues to give cause for concern. For example, the number of Australians receiving disability and sickness payments rose from about 740,100 in 2000 to about 879,200 in 2007. There is anecdotal evidence of the long term unemployed being shifted onto the Disability Support Pension, a welfare payment once described by social policy analyst Peter Saunders as ‘a state-funded early retirement package.’

A third group of people dependent upon the state are those in receipt of the age pension. The current maximum payment for a single pensioner is $644.20 per fortnight, or $485.60 for each person in a pensioned couple.

In 2000 there were approximately 1.7 million people receiving the Commonwealth government pension payment. By 2007 this increased to almost two million people, or about 12 per cent of the adult population.

In total about 6.3 million people, or 39 per cent of the Australian adult population, were categorised into these three classes of dependents. This figure excludes others who enjoy benefits provided by governments including: people receiving other payments, such as the Family Tax Benefit, through the welfare state; people working in industries heavily subsidised by governments; and those who use public sector services such as public hospitals.

The numbers of government dependents are substantial, and they vote. This leads to the obvious question: which political parties do these people vote for?

The 2007 Australian Election Study, a survey of electoral behaviour and public opinion, showed that about 64 per cent of surveyed employees who worked for federal, state or local governments voted for parties with a philosophical commitment towards larger government.

Approximately 54 per cent of government employees voted for Labor, with almost another ten per cent supporting the Greens. Under 30 per cent of public sector workers voted for the Liberal Party, which leans towards the principles of limited government and free enterprise. By contrast, people who were self employed (38 per cent) or worked for a private company (53 per cent) were less inclined to vote for Labor or the Greens.
The ABS 2006 Census provides information on the place of usual residence of Australians, by their industry of employment. It is possible to identify federal electorates with the highest relative shares of public servant residents, and from there identify the political party which holds the relevant seat.

According to Census data, nine of the ten electorates with the highest proportion of residents working in public administration and safety are held by Labor. About 31 per cent of residents in the seat of Canberra (Labor) are public sector employees, followed by Fraser (Labor) (30 per cent), Solomon (Labor) (23 per cent) and Lingiari (Labor) (22 per cent).

The Queensland seat of Herbert is within the top ten electorates by share of public servants, and is held by the Liberal National Party. This electorate is a strategic base for defence force personnel, who tend to vote for conservative parties with a stronger track record on national security issues.

When looking at the top twenty electorates by share of government employees, 15 of these seats are currently held by Labor. This provides some anecdotal support for the thesis that people directly employed by federal, state and local governments would tend to support political parties committed to the expansion of the public sector.

It is difficult to clearly establish the direction of voting support for recipients of government welfare, given the paucity of information available. However it might be supposed that left wing parties would garner the electoral support of welfare recipients of working age, while conservative parties may be able to secure more votes from age pensioners.

An analysis by the Commonwealth parliamentary library shows that the ALP holds only four of the top eleven seats (Hinkler and Page were tied on tenth position) by poverty rate, defined as households earning less than 50 per cent of median disposable household income. The Coalition holds six seats, predominantly located in regional areas, while an independent holds the seat of Lyne.

Breaking these electorates down further on the basis of the age cohort of residents appears to confirm the notion that dole recipients would support Labor while pensioners would back the Coalition. The share of older people in Coalition held seats (including Lyne) averages at about 25 per cent, compared to just under 20 per cent for the Labor high poverty electorates.

Of course, not all those with their hands in the government purse consistently vote for Labor or the Greens, and nor do they always lend disproportionate weight to their pecuniary self interest when making their electoral choice.

However it is no coincidence that major parties seem less willing to advocate major spending cuts, or tax reductions implying reductions in government expenditure, prior to elections. Best not to scare the horses, especially if more of them feed from the hay bales of taxpayer funded government largesse.

Even reasonable efforts to demonstrate one’s financial management credentials, such as the Queensland Liberal National Party efficiency dividend proposal during last year’s state election, can be used by a political opponent to mount a fearful scare campaign that does nothing to address the real problems at hand.

So what is the best way to redress the democratic biases posed by growth in public sector dependency?

Public choice economist Gordon Tullock’s proposal that those dependent on government support for their incomes should be disallowed from voting seems, at best, only remotely likely to wash with an electorate that enjoys the universal right to a vote.

There is something appealing about the idea that political parties with a philosophical disposition towards freedom in private enterprise and low taxation display the courage of their convictions, and resolutely advocate policies consistent with their principles.

Of course trimming back an overblown public sector should always be in order, no matter which party has access to the government treasury.

Of the twenty electorates with the largest share of public employees, fifteen are held by the Labor Party.

<table>
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<tr>
<th>Electorate</th>
<th>Residents employed by government</th>
<th>Held by</th>
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<tbody>
<tr>
<td>Canberra</td>
<td>31.4 %</td>
<td>ALP</td>
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<tr>
<td>Fraser</td>
<td>30 %</td>
<td>ALP</td>
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<tr>
<td>Solomon</td>
<td>22.9 %</td>
<td>ALP</td>
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<tr>
<td>Lingiari</td>
<td>21.8 %</td>
<td>ALP</td>
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<tr>
<td>Herbert</td>
<td>13.6 %</td>
<td>LNP</td>
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<tr>
<td>Eden-Monaro</td>
<td>13.4 %</td>
<td>ALP</td>
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<tr>
<td>Denison</td>
<td>12.3 %</td>
<td>ALP</td>
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<tr>
<td>Leichhardt</td>
<td>11.8 %</td>
<td>ALP</td>
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<tr>
<td>Franklin</td>
<td>11.6 %</td>
<td>ALP</td>
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<tr>
<td>Brisbane</td>
<td>9.9 %</td>
<td>ALP</td>
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<tr>
<td>Gilmore</td>
<td>8.9 %</td>
<td>LP</td>
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<td>Brand</td>
<td>8.6 %</td>
<td>ALP</td>
</tr>
<tr>
<td>Dickson</td>
<td>8.6 %</td>
<td>LP</td>
</tr>
<tr>
<td>Kennedy</td>
<td>8.6 %</td>
<td>Ind.</td>
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<td>Macquarie</td>
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<tr>
<td>Blair</td>
<td>8.4 %</td>
<td>ALP</td>
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<tr>
<td>Hughes</td>
<td>8.3 %</td>
<td>LP</td>
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<tr>
<td>Lilley</td>
<td>8.2 %</td>
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<tr>
<td>Adelaide</td>
<td>8.1 %</td>
<td>ALP</td>
</tr>
<tr>
<td>Makin</td>
<td>8.1 %</td>
<td>ALP</td>
</tr>
</tbody>
</table>

Source: IPA, Australian Bureau of Statistics

The ABS 2006 Census provides information on the place of usual residence of Australians, by their industry of employment. It is possible to identify federal electorates with the highest relative shares of public servant residents, and from there identify the political party which holds the relevant seat.

According to Census data, nine of the ten electorates with the highest proportion of residents working in public administration and safety are held by Labor. About 31 per cent of residents in the seat of Canberra (Labor) are public sector employees, followed by Fraser (Labor) (30 per cent), Solomon (Labor) (23 per cent) and Lingiari (Labor) (22 per cent).

The Queensland seat of Herbert is within the top ten electorates by share of public servants, and is held by the Liberal National Party. This electorate is a strategic base for defence force personnel, who tend to vote for conservative parties with a stronger track record on national security issues.

When looking at the top twenty electorates by share of government employees, 15 of these seats are currently held by Labor. This provides some anecdotal support for the thesis that people directly employed by federal, state and local governments would tend to support political parties committed to the expansion of the public sector.

It is difficult to clearly establish the direction of voting support for recipients of government welfare, given the paucity of information available. However it might be supposed that left wing parties would garner the electoral support of welfare recipients of working age, while conservative parties may be able to secure more votes from age pensioners.

An analysis by the Commonwealth parliamentary library shows that the ALP holds only four of the top eleven seats (Hinkler and Page were tied on tenth position) by poverty rate, defined as households earning less than 50 per cent of median disposable household income. The Coalition holds six seats, predominantly located in regional areas, while an independent holds the seat of Lyne.

Breaking these electorates down further on the basis of the age cohort of residents appears to confirm the notion that dole recipients would support Labor while pensioners would back the Coalition. The share of older people in Coalition held seats (including Lyne) averages at about 25 per cent, compared to just under 20 per cent for the Labor high poverty electorates.

Of course, not all those with their hands in the government purse consistently vote for Labor or the Greens, and nor do they always lend disproportionate weight to their pecuniary self interest when making their electoral choice.

However it is no coincidence that major parties seem less willing to advocate major spending cuts, or tax reductions implying reductions in government expenditure, prior to elections. Best not to scare the horses, especially if more of them feed from the hay bales of taxpayer funded government largesse.

Even reasonable efforts to demonstrate one’s financial management credentials, such as the Queensland Liberal National Party efficiency dividend proposal during last year’s state election, can be used by a political opponent to mount a fearful scare campaign that does nothing to address the real problems at hand.

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Of course trimming back an overblown public sector should always be in order, no matter which party has access to the government treasury.
Kevin Rudd never tires of talking about ‘working families’. But like John Howard’s frequently expressed support for families, this is not spin. Both major political parties give families with dependent children an extraordinary amount of policy attention and taxpayers’ cash.

The Family Tax Benefit (FTB) alone is the third largest federal expenditure, after the aged pension and defence. The FTB was a favourite of John Howard’s—he more than doubled spending on family benefits during his term in office—but Kevin Rudd has been just as enthusiastic in throwing money at families. The government’s economic stimulus spending was partly directed to families. Its Education Tax

Andrew Norton on how ‘familism’ has gradually taken over both the left and the right.
Can it really be the case that despite, on average, fewer children and more earners in the typical Australian family household than 40 years ago, it is less capable of self-support?

Refund is a paperwork-intensive way for FTB A recipients with student children to add to their benefits. It planned to increase FTB to compensate families for the costs of an emissions trading scheme.

Other programs add to total family spending. Publicly-subsidised childcare is a rapidly increasing cost to government, with Australian government financial support to families for childcare nearly twice what it was five years ago. The Howard government’s baby bonus, paid on birth or adoption, aimed to encourage couples to have ‘one for your husband and one for your wife and one for the country,’ as Peter Costello famously put it. A universal public-subsidised parental leave scheme is the next step in family policy, with Tony Abbott trumping the government’s plan with a more expensive one of his own.

Support for families is not restricted to taxpayer-funded benefits. The Rudd government’s workplace relations laws also give parents of young children a special status, awarding them greater rights than other workers to request flexible working arrangements, such as different hours, patterns of work, or place of work. Employers can refuse only if they have ‘reasonable business grounds’, must give written reasons for their response, and cannot disadvantage an employee for making such a request.

While politicians are interested in parents’ votes, this alone does not explain the pro-families-with-children policy trends we observe. Demographic trends count against family policy as a winner of self-interested votes, as children have steadily declined as a proportion of the population since the mid-1960s baby boom years. The proportion of adults with dependent children has never been lower. Yet payments to this group have never been higher. Something more is going on than just electoral calculation.

Familism breaks out

That something is what I call the new familism. Historically, the term ‘familism’ refers to a traditional view of the family. Individual and community interests come second to those of the family. Gender roles are clearly differentiated. Single parenting, unmarried cohabitation and divorce are all strongly discouraged. While Australia was only ever moderately familialist by world standards, through much of the 20th century public policy supported a conservative view of family life. Australia’s system of wage fixing was based on giving male workers the wage they needed to support a wife and children. Women did not get equal pay because it was assumed that they would be supported by men. Penalty wage rates and restricted shop trading hours helped enforce free time families could spend together. Children born out of wedlock were typically given up for adoption to married couples, and divorces were difficult to obtain. Since a child endowment policy was introduced in 1941, families have received financial assistance from the federal government.

Though contemporary Australian families are far more open and flexible than in traditional familist societies, they are—perhaps partly as a result—seen as in greater need of government support. The scale and range of this support warrants the overarching label of ‘new familism.’

The new familism is not a single ideology of the family. Instead, we see left and right versions that differ in their intellectual and ideological histories and policy detail, but share a broad policy direction.

Familism on the right

Right familism was the first to gain intellectual and political momentum. It was a reaction to the decline of the nuclear family, as social, economic and legal changes hit it from every direction. As sexual attitudes liberalised in the 1970s, marriage rates declined, birth rates fell, and more children were born to cohabiting couples or single women. Women increasingly sought work outside the home; in just a decade between the mid-1960s to the mid-1970s the proportion of married women in the labour force increased from less than a quarter to more than 40%. Women’s greater workforce participation, welfare benefits for single mothers, and no-fault divorce all contributed to higher rates of family breakdown. Divorce rates skyrocketed after family law reforms in 1975, before stabilising at around one-and-a-half times the pre-1975 rates.

Conservative critics of these changes were dismissed by progressives and feminists as patriarchal and out-of-date. When John Howard’s 1988 Future Directions manifesto was released with a cover picture depicting a mum and dad with two kids in front of a white-picket fenced house, and a discussion inside of ‘families in crisis,’ it was widely ridiculed. Yet through the 1980s and 1990s social science evidence increasingly showed that even if conservative concerns were partly reactionary nostalgia for a sexist and repressed past, they were not just that. Children from ‘broken’ families were at greater risk of social and educational problems than children from ‘intact’ families. Boys without fathers in their daily lives—the children usually

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go with their mother when relationships fail—seemed to be particularly disadvantaged.

On the political right, the concern for families was not restricted to self-described conservatives. John Hewson’s radical liberal 1991 Fightback! package proposed modest increases in family support amidst cuts for many other government programs. The ‘Taking Children Seriously’ program run by the classical liberal Centre for Independent Studies in the 1990s also proposed more financial assistance for families. An analysis of maiden speeches of the 36 new Coalition MPs who arrived in Canberra after the March 1996 election found that 33 upheld the family as a social ideal. In 1975, none of the then incoming Coalition MPs had felt the need to do so. In the intervening decades, the family had lost its taken-for-granted status, and was instead thought to be in need of active support.

At the same time, there was no going back to the old familism. Ideas about women’s role in society had been transformed; men and women both preferred the new arrangements. The economy and the living standards of many households depended on women’s work. The old familist industrial relations system needed reforming for economic as well as social reasons. If a new familism was going to work, it had to take account of these realities.

John Howard’s right-familist solution was what he called ‘modern conservatism in social policy’. He regularly stressed that his aim was to support the choices parents wanted to make, whether this was women entering the labour market full-time, part-time or not at all (or men making these choices, though most men still plan to work full-time). His main policy instrument was the FTB, supplemented by increasing child-care subsidies and from the early 2000s the baby bonus. Payments were driven by household structures and income, not formal marital status. Single parents were eventually required to seek work at an earlier time in their children’s lives, but the FTB itself boosted their welfare income. The overall policy intention was to create a facilitative conservatism that made family life easier and more attractive, rather than a prescriptive conservatism that told families how to organise their lives.

Opposition Leader Tony Abbott surprised many with his March 2010 proposal for a six-month parental leave scheme on full-pay for those earning up to $150,000 a year. While its funding source in a new tax was unexpected, the policy itself should not have been. A child’s early months are widely seen as crucial for his or her future development. On this, the social science evidence tells conservatives what they already believe. A parental leave policy that matches past income encourages mothers to spend more time with their infants, rather than maintain their income by rushing back to work. Once conservatives accept that mothers are going to work, paid parental leave fits logically into a conservative family support policy.

**Familism on the left**

Left familism also has its origins in the social changes that began in the 1960s and 1970s. But while the right worried about the effects new family arrangements had on children, the political left, and particularly feminists, saw
women being liberated from unhappy relationships and limited life choices. A woman who could work full-time, and whose partner shared equally in household chores and parenting duties, was the ‘have it all’ repudiation of the past, of the stay-at-home housewife who put her own interests behind those of her husband and children.

Feminists saw Howard’s FTB scheme as claiming to support women in the choices they want to make, but in reality favouring Howard’s personal preference for stay-at-home mothers or women as the household’s second income earner. FTB B was the clearest example of this. It was a non-means tested payment to families with one principal income earner (a partner could earn a small amount before benefits were phased out). FTB B endorsed the family structure feminists had most opposed, and regressively gave benefits to affluent households. Though the Rudd government put a means test on FTB B, alleviating one of its problems from a left-familist perspective, it kept the benefit for low and middle single income families.

But now both FTB B and FTB A, which had always been means tested and which is paid to most families with dependent children, impose high effective marginal tax rates. The left-familist family payments alternative to the two FTB programs is a more progressive tax system, financing universal child benefits. This would encourage women to combine care and career.

The left-familist preference for flat family benefits financed through progressive taxation is reflected in the Rudd government’s parental leave policy. Though the length of leave and the minimum wage payment are less than most supporters of parental leave want, the principle mixes support for families with egalitarianism—unlike Abbott’s plan. Paying a professional woman $75,000 to care for her baby, while a minimum wage cleaner receives $14,000 to look after her infant, offends egalitarian sensibilities.

These differences between left and right familists are important to program design, but viewed in this history of Australian public policy it is the parallels that stand out. While there have been cash payments to families for nearly 70 years, their current scale is unprecedented. With family payments, childcare subsidies and soon publicly-funded parental leave, both traditional male breadwinner and traditional female care-giver responsibilities are being increasingly shared with the state.

Left and right familists differ more sharply on workplace regulation. Since the 1980s, the political right has advocated less labour market regulation. While the previous government argued that this gave families the opportunity to create more flexible agreements, left familists want employers to be forced to do more to accommodate employees’ caring responsibilities. Kevin Rudd embraced this theme in his first speech to parliament as Labor leader:

... families are such a basic social institution that they deserve special protections. When you instead have a set of laws which says that you can be told to work at any time of the day, at any place and for virtually whatever rate of pay, that it can include weekends or whatever and that you can have your shifts and rosters changed at a moment’s notice, just pause for a moment. Let us think through where that all goes in terms of the impact on working families.

The new Fair Work Scheme is designed to implement this view. In addition to the special benefits exclusively for parents mentioned, other provisions in the National Employment Standards or the new awards are designed to resolve conflicts between ‘work’ and ‘life’ in favour of employee free time. It is rather like the original centralised industrial relations system, except that this time regulation supports women’s, rather than men’s, traditional family responsibilities.

**Is there a way out?**

Much political debate in Australia is conducted within familist assumptions: the family must be supported and the question is how best to do it. Right and left divide on largely predictable lines according to prior views on ideal family arrangements, income inequality, and regulation. Less attention is given to the idea that perhaps both left and right familism now go too far.

Can it really be the case that despite, on average, fewer children and more earners in the typical Australian family household than 40 years ago, it is less capable of self-support? Do the modest improvements we have seen in family indicators—slightly higher fertility rates, slightly lower divorce rates—justify the vast expenditures? Will singles and childless couples start to resent paying more tax and receiving fewer benefits, and always being asked to cover for absent parents at work (tasks do not go away just because Fair Work lets some workers go home)?

The social changes starting in the 1960s and 1970s were partly a reaction against a system that too many people found stifling and unsuited to the lives they wanted to lead.

Perhaps the new familism, with its high taxes and interventionist regulation, will one day inspire the same reaction.
What a roller coaster ride the Building Education Revolution (BER) continues to be. The program began as a commitment from the Rudd government in March 2009 to initially spend $14.7 billion over three years as an economic stimulus package and simultaneously provide new facilities and refurbishments in Australian schools to meet the needs of 21st century students and teachers. Within months the BER had blown out to $16.2 billion. In the wake of increasing public scrutiny, the program is becoming a nightmare for the Rudd government and the increasingly beleaguered Deputy Prime Minister, Julia Gillard.

The BER is, in fact, a three part program, each element quite different in scope yet sharing a common feature of being delivered in haste. Indeed, a major objective of the BER is to provide economic stimulus through the rapid construction and refurbishment of school infrastructure. The most controversial component of the BER is the most expensive: Primary Schools for the 21st Century (P21). This component was initially allocated $12.4 billion, but subsequently boosted by $1.7 billion because of under-estimations made of take up rates by primary schools, as Deputy Prime Minister Julia Gillard has claimed.

Less controversial, though not without criticism is the Science and Language Centres for 21st Century Secondary Schools program—allocated a total of $1 billion. Major concerns relate to the selection of schools to be beneficiaries. In short, resource poor and remote secondary schools have argued that they have been unjustly overlooked.

The third component of the BER is the National Schools Pride (NSP) program—allocated a total of $1.288 billion for all schools in Australia for funding for minor capital works and maintenance projects. Notwithstanding some difficulties in securing tradesmen to undertake NSP projects and some evidence of cost blowouts, the NSP has been very well received. Crucially all schools managed their own projects.

But hardly a week goes by without some new revelation in the media of mismanagement, rorting, over pricing or obfuscation with respect to the P21 program. More disturbingly, these revelations apply predominantly to the government schools sector, not the Independent or Catholic schools sectors.

What began as isolated complaints about bullying and harassment of government primary schools to accept template buildings not of their choice or requirement twelve months ago has extended to an embarrassing, recently released report by the Auditor-General, Ian McPhee. This report into the BER revealed that 83 per cent of projects are behind schedule, and, while 97 per cent of respondents felt that the funding would provide ongoing improvement to their school, the fundamental question of value for money was not included in the brief of the audit.

So what has gone wrong? In June 2009, I blew the whistle on what I claimed to be evidence of bungling, bullying and dubious accounting with respect to our school, Berwick Lodge Primary School. Our suspicions were raised when Department of Education & Early Childhood Development (DEECD) officials initially insisted on our school accepting a second gymnasium, despite having a perfectly suitable, well-appointed existing gymnasium. Our preference for a ‘Library/6 Classroom’ template building was rejected out of hand and over several months we were systematically intimidated and attempts were made to coerce our school into accepting the second gymnasium.

Investigations revealed the gymnasium template would cost approximately half a million dollars less than the library complex—out of a $3 million project. To date we are still battling the Victorian bureaucracy for transparency in relation to the costs

Henry Grossek, a primary school principal, speaks out about the government’s ‘education revolution’.

Henry Grossek is the Principal of Berwick Lodge Primary School, in Melbourne, Victoria.
of our begrudgingly granted library complex. It took the personal intervention of the Deputy Prime Minister to force the hand of the DEECD to concede even that. Other government schools took the gymnasium option under duress.

In New South Wales, where, to the credit of the state government, the public has access to the costs of BER buildings for government schools, a pattern of over pricing and exorbitant project management fees has emerged. The commendable level of transparency evident in NSW largely explains why they are wearing the brunt of criticism, compared with Victoria, where openness with school communities and public transparency regarding their P21 projects remains virtually non-existent. The Western Australian government chose not to appoint contract managers and claims to have reaped the benefits in lower than pre-tender costs estimates for projects. This thrift appears not to have occurred in the eastern states. The WA approach entailed an open, individual tender process for projects, unlike the select, closed tender process employed by the Victorian, NSW, and Queensland governments.

That government schools, and by extension taxpayers, are not receiving value for money is revealed by comparisons that are drawn between that which the non-government schools are securing compared with their government school counterparts. Construction industry data shows that school buildings should cost between one-third and one quarter of that paid by public schools. Little wonder then the Auditor General’s review into the BER revealed that public school principals are more than twice as likely to be concerned that they are receiving poor value for money compared with private school principals.

Closer to home, building industry experts scrutinising the templates on offer to Victorian government primary schools are confident that up to $200,000 can be saved per template, simply by redrawing the existing designs. In their current form, industry experts describe them as a ‘hotchpotch of wasteful design’. Sadly, given the incredibly short timeline with which the Building Education Revolution is being implemented and the Victorian government’s centralised, project management approach, opportunities for schools to redress these ‘cookie-cutter’ inefficiencies do not exist. This creates an in-built, non-negotiable waste of substantial public money.

Most interesting is the revelation by the Auditor-General’s review of claims made by Ms Gillard that the $1.7 billion blowout in the P21 budget last year was caused by more schools participating in the program than expected was false. Mr McPhee said this was wrong and revealed that the government consciously under-funded the BER program when setting it up earlier in the year.

With another review ordered by Ms Gillard to address the deficiencies of the McPhee Review, at a cost of $14 million to the taxpayer, and most government school P21 projects still in the pipeline or log jammed at the entrance, the BER is looking increasingly less like a pipeline or log jammed at the entrance, the BER is looking increasingly less like a masterstroke of public policy by the day. The reasons for this appear disturbingly simple.

Firstly, the Rudd government described the BER as primarily an economic stimulus—school improvement was—and remains of secondary importance. That approach guarantees that any reduction in the gap between facilities at rich schools and those crying out for a better deal would be purely accidental—probably a doomed cause for poorer government schools.

Secondly, the indecent haste of the program is deplorable. Charging state bureaucracies with the responsibility of moving swiftly with economic efficiency on an unprecedented scale—for Victoria alone, that equates to more than 1,200 primary schools’ major works projects being completed within two years—is a nonsense. State governments have no successful experience whatsoever in moving so swiftly on such a scale.

Thirdly, the lack of transparency and dogged refusal to budge, particularly in Victoria, ensures a lack of accountability. The contract manager model used by Victoria, NSW and Queensland has already been shown to be flawed in terms of providing comparative value for money in both NSW and Queensland.

Most crucially of all, the evidence to date demonstrates that independent and Catholic school systems are outperforming the government sector to an embarrassing level in terms of providing value for money on the P21 projects in their schools. The reason: faith in the local school communities to know what they need and manage their own affairs better than big brother. The saddest aspect of this reality is that the majority of students, who still happen to attend government schools, are being needlessly short changed.

That’s a poor investment in our future and we will be paying for it in more ways than the huge interest bill on a multi-billion dollar debt we now face.
Please! Don't tell Obama what comes after a Trillion
The Tea Party challenge

The Tea Party movement is a healthy reminder that the United States began as a tax revolt.

From the 1765 Stamp Act Congress, when the American colonists first called their representatives together to declare their 'undoubted right ... that no taxes be imposed on them, but with their own consent,' to the Boston Tea Party eight years later, when the Sons of Liberty dumped a shipload of tea into the harbor rather than accept Britain's right to tax that normally soothing commodity, the Founding Fathers militantly denied that 'all the fruits of [the colonists'] labour and industry may be taken from [them] whenever an avaricious governor and a rapacious council may incline to demand them,' as future Chief Justice John Jay put it in 1775.

After all, they reasoned as they took up arms against their king, government exists to protect 'certain inherent rights, namely, the enjoyment of life and liberty, with the means of acquiring and possessing property, and pursuing and obtaining happiness and safety,' as George Mason summed up Lockean orthodoxy in Virginia's Bill of Rights. Therefore, when a government invades rather than safeguards property through taxation without consent, it cancels its own legitimacy.

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The Founders had no quarrel with citizen-sanctioned taxation, but in shaping their new government they never forgot, as future president James Madison wrote, that 'the apportionment of taxes on the various descriptions of property is an act which seems to require the most exact impartiality, yet there is perhaps no legislative act in which greater opportunity and temptation are given to a predominant party to trample on the rules of justice.' To forestall that danger—specifically, the danger that the propertyless majority would tyrannically tax away the property of the minority—they constructed their beautiful governmental framework of limited and enumerated powers, with its checks and balances for extra restraint. Madison and his fellow Founders understood, long before Lord Acton, that 'all men having power ought to be distrusted to a certain degree' —and nowhere more so than in the matter of taxes.

So it was exhilarating to hear CNBC financial reporter Rick Santelli invoke these great doings of two centuries ago in his famous February 2009 outburst that gave birth to the Tea Party movement.

Two days earlier, newly inaugurated president Barack Obama had signed his $787 billion stimulus act, which taxpayers ultimately must finance, and which went in part to keep bloated state and local governments from having to fire the unnecessary 'swarms of officers' that 'harass our people, and eat out their substance,' as the Declaration of Independence described King George's tax-financed colonial officials. The next day, Obama had proposed a $75 billion mortgage-modification program to save sinking borrowers from foreclosure.

Why doesn't the president have a referendum 'to see if we really want to subsidise the losers' mortgages?' Santelli demanded. Turning to the commodity traders behind him at the Chicago Mercantile Exchange, he asked, 'How many of you people want to pay your neighbor's mortgage, that has an extra bathroom and can't pay their bills?' Discomfited by the roar of anti-bailout booing from the floor, Santelli's New Yorker anchor woman warily observed, 'These people are like putty in your hands.'

'No, they're not,' Santelli countered. 'This is America. Cuba used to have mansions and a relatively decent economy.
who won’t. In Georgia, a Tea Partier flourished a placard that read ‘Free markets, not free loaders’. And everywhere appeared signs saying ‘Honor the Constitution’ or ‘We are endowed by our creator with certain unalienable rights’.

What unifies the many Tea Partiers interviewed on the Pajamas Media TV website—mostly middle-class, conservative whites, often over 60, with a strong sprinkling of military veterans, small-business owners, independent voters, and young people among them—is their fear that the president’s various Great Recession bailouts, along with his government takeover of healthcare, will change America from the limited-government, individualistic, free-enterprise regime that the Founders created to a statist, big-government regime that will curb liberty in the name of redistributionist ‘fairness’ and will burden their children and grandchildren with impoverishing public debt.

‘Every step the government takes, takes us further away from the Constitution and towards big government,’ said a young Marine vet at a Florida Tea Party. ‘We want the government just to leave us alone, let us live our own lives,’ said a Texas Tea Partier before government-controlled health care passed. ‘I’ve got three businesses, two of them barely hanging on because of all this crap. Got one doing well because it’s local. If they pass health care, we have been very angry—I’m going to start organizing. If you look at our Founding Fathers, like Franklin and Jefferson—what we’re doing right now is making them roll over in their graves.’

They moved from the individual to the collective; now they’re driving ’54 Chevys—maybe the last great car to come out of Detroit. We’re thinking of having a Chicago Tea Party in July. I’m going to start organizing. If you look at our Founding Fathers, like Franklin and Jefferson—what we’re doing right now is making them roll over in their graves.’

In what other country could a TV reporter, without missing a beat, invoke his nation’s founding ideas—and on top of that, give rise almost instantly to hundreds of Tea Party groups with tens of thousands of members grounding their opposition to President Obama’s redistributionist program on a similar appeal to the Founders? The signs at their rallies echo Madison’s contempt for such ‘improper or wicked project[s]’ as ‘an abolition of debts’ or ‘an equal division of property.’

‘Born free, taxed to death’, read one poster at a Wyoming Tea Party, while another proclaimed, ‘Obama aka Robbin’ Hood wants to steal from those who work to give handouts to those

Mainstream journalists have pounced on this idea. What big-government programs would you like to get rid of? interviewer Charlie Rose demanded of former House majority leader Dick Armey, a Tea Party ally. Medicare? Social Security? Gotcha! The New York Times triumphantly quoted the discomfited ambivalence of 30-year-old Keli Carender, organiser of the first Tea Party, about Medicare and Medicaid. ‘Some days I’m very Rand-tan. I feel like there shouldn’t be any of those programs,’ she said. ‘Sometimes I think, well, maybe it really should be just state, and there should be no federal part in it at all.’

But these journalists don’t understand that to the Tea Partiers, saying that we’ve already replaced the Founders’ limited government with a medium-sized welfare state is no argument for scaling it up to a European-sized one. As one sign asked of health-care nationaliser Obama at a Wyoming Tea Party, ‘Medicare is going broke, Medicaid is going broke, and you want us to believe what?’

Like any grassroots revolt, starting with the colonial committees of correspondence, the Tea Party movement begins with a resounding No! As one sign commenting on the president’s health-care takeover phrased it, ‘Ram it down our throats, and we’ll shove it up your—’ and here followed a picture of a bucking Democratic donkey.

And the No! is remarkably sweeping.

Spluttered a well-coiffed, well-mannered lady of retirement age in Texas, ‘We have been very angry—I love President Bush, but he kept spending money, money, money.’ Passionate, fast-expanding, and armed with all the latest electronic technology that Obama deployed so brilliantly in his campaign—Facebook, Twitter, Meetup.com, and so on—the Tea Partiers will surely influence candidate selections and electoral races this year and in 2012. The question is, how fully will they embrace the radicalism of their own radically American creed?

Tea Party demonstration in Redlands, California © Wekiwis | Dreamstime.com
The Henry tax review wasn’t just a missed opportunity, it was fatally flawed, writes Sinclair Davidson.

The ‘Australia’s Future Tax System’ review—or the Henry review, named after Ken Henry, the Secretary of the Treasury, who was in charge—was the only idea the Rudd government picked from the 2020 Summit.

For eighteen months the Rudd government was able to brush off questions about tax policy and fiscal federalism with the line, ‘We’ve got Henry looking at that’. After nearly two years, and at a cost of some $10 million, the Henry review produced 138 recommendations over almost a 1,000 page document. The federal government accepted four.

The Henry review was a deeply flawed process. It’s in the name. Ken Henry should never have been appointed the head of the Review. In his professional capacity he is the government’s chief economic advisor. He was, and remains, conflicted in his role as Review chairman.

The public now knows what Ken Henry thinks a good tax system should look like and, irrespective of whether they agree with him or not, it undermines his position as an advisor that the government has only accepted four out of his 138 recommendations.

The composition of the review committee was narrow and none of them are known to be opposed to high levels of taxation. Two of the five are current public servants, one is a former public servant and now part-time academic, one is a current academic specialising in superannuation, and finally Heather Ridout is the chief executive of the Australian Industry Group.

Not a single person represented the interests of the states. Nor did anyone represent the mining industry that has been singled out for a special additional tax. Only Ridout, head of the east-coast based Australian Industry Group, represented business. But she has close links to the Rudd government. The centre-piece of the Henry review, a so-called ‘super profit tax’ on mining to finance superannuation tax reform and a cut to the corporate tax rate, was apparently developed without any consultation with the mining industry.

All along the Henry review seems to take the position that taxation must provide the money to finance a growing government wish list of spending initiatives. Nowhere does the reader really encounter the notion that taxation is itself a constraint and that government should spend less rather than more.

James Buchanan, the 1986 Nobel laureate, has argued that too often economists give advice on public policy as if they were advising a benevolent dictator and not advising an elected politician. The Henry review suffers from this problem. At the Henry tax conference, held in mid 2009, several speakers made the point that a particular tax would be ideal, except the voters just didn’t appreciate how good it would be for them.

Contrary to the implications of various tax experts, voters are not intellectually-challenged and very often know exactly what the tax implications of particular taxes may well be. While recognising the importance of public finance for the provision of some public goods and services voters and taxpayers do not want to be skinned alive by the tax system. This is a very real constraint that needs to be taken into account when formulating tax policy.

Ultimately it is unclear what it was that the Henry review was meant to achieve. It was established at a time of great political optimism to deflect attention from what were then the early signs of policy drift.

It tells us a lot of things that we already know—the Australian tax system is very complex and has a lot of nuisance taxes. It is not worth $10 million and it is not worth having compromised the public service that is still widely respected and highly regarded.

Sinclair Davidson is a Senior Fellow with the Institute of Public Affairs, and Professor, Institutional Economics, RMIT.
Beyond the health morass

The health system isn’t beyond saving, writes Aniello Iannuzzi. But it will take a big change of attitude.

Simply throwing money at broken or dysfunctional systems does not achieve reform. In some instances it throws fuel on the fire.

Kevin Rudd has executed a massive GST grab from the states, except the wealthiest non-Labor one, with the mantra ‘most revolutionary health reform since the advent of Medicare’.

The former AMA President, Dr Rosanna Capolingua, recently argued that what we have is not health reform but rather GST reform with a health bribe as an inducement to the states, and more importantly to trick the general public.

The federal government promised to assume dominant funding responsibility for health over the states to create efficiencies and ‘stop the blame game’. However by seizing the states’ GST money to fund the 60/40 split of hospital funding, Rudd in effect has done nothing except grandstand; all of the 60/40 was state money. It is no wonder that at Council of Australian governments meeting in April the states refused to surrender control of the funds.

With health reform, the stakes and dollars are much higher than other government policies (such as the insulation batts and the Building Education Revolution) so it is vital that we get health right.

Here is how we can.

Aniello Iannuzzi is a rural doctor, vigneron and occasional writer.
Politicians love keeping the company of specialists, as it makes them feel as though they are at the cutting edge. Funding an ovarian cancer institute sounds a lot sexier than funding a suburban general practice.

Current approach: **Spend money on more beds**
Real reform: **Change what is done in those beds**

No one doubts that we need more beds. For too many years, state governments have shut beds or not kept up with the growing demand for beds caused by our ageing and growing population. Without more beds our hospitals lack capacity to absorb surges during winter, disasters and epidemics. Without more beds we continue to have bed blocks in emergency departments and long waiting times for elective surgery.

But we focus too much on the number of beds rather than what happens when the patients are actually in them.

We need to reduce the red-tape and other impediments clinicians face every day with respect to the timeliness of pathology, imaging (e.g. CT scans, MRIs), specialist consultations, operating theatre access, rehabilitation and discharge planning.

Just throwing money around to open more beds does not tackle any of these problems.

Current approach: **Specialisation**
Real reform: **Generalisation**

We live in a society enamoured with specialisation. In sport, one is no longer a winger, but a left winger; not a midfielder, but a defensive right mid-fielder. The local mechanic now will only repair Audis and BMWs, and not your Holden or Ford. Your lawyer may only do family law or tax law.

And in medicine it gets even worse. Not only do we have specialists, but sub-specialists and beyond. The orthopaedic surgeon may now not only specialise in knees (sub-specialist), but arthroscopic knee surgery (sub-sub-specialist). Your gynaecologist may now perhaps treat not only cancer cases (sub-specialist), but only ovarian cancer (sub-sub-specialist).

Because of the immense training and equipment needs these super-specialisations involve, two features of specialisation are increased cost and need for referral. They charge more for their expertise and need someone else to decide if their services are the right ones.

Politicians love keeping the company of specialists, as it makes them feel as though they are at the cutting edge. Funding an ovarian cancer institute sounds a lot sexier than funding a suburban general practice.

Doctors love becoming specialists because the money is better, the hours are better and one can work within a comfort zone.

Things have become so out of hand in medicine that now only about 24 per cent of young doctors choose general practice. When one looks at the 76 per cent that choose specialties, most of those become sub-specialists.

However with specialisation comes fragmentation, which is the enemy of good medicine. Continuity is the cornerstone of good clinical care and can only be provided by a generalist.

*A sine qua non* of health reform is therefore the promotion of generalisation. This has to go beyond just training more GPs, as the government has recently announced.

We not only have to train them as generalists, but also keep them as generalists. There are too many perverse incentives within Medicare and our hospitals to specialise. Real reform has to level the playing field between generalists and specialists and give generalists a proud place within our hospital systems once again. Here our rural hospitals can serve as a national good example; without generalists such hospitals would not survive.

We need doctors and nurses who can handle multiple patient problems, not just a few. Patients cannot afford the delays and costs that specialisation brings.

Current approach: **Enforce a maximum of 4 hours in Emergency Departments**
Real reform: **Enforce emergency departments to be emergency departments**

If the Rudd government enforces its maximum four-hour emergency policy, it will have taken one of the worst pages of Britain’s National Health Service and incorporated it into Australia’s health reform.

A *Medical Journal of Australia* article in February this year by Dr Antony Nocera, an emergency physician, was prophetic in that it highlighted all the problems with such a policy. Nocera details the virtual wards, pretend admissions and other forms of fantasy health administration that are typically used to achieve the bureaucratic targets set by governments.

The problem with emergency departments nowadays is that real Emergency medicine is only a small part of their work. Australian emergency departments fulfil all the following roles:

- convenience general practice when patients cannot be bothered to book to see a GP;
- convenience general practice when
patients do not want to pay to see a GP;
- dumping ground for police who do not want to arrest low-level criminals with drug and alcohol or mental health problems,
- dumping ground for social welfare agencies for people with social problems that they cannot or do not want to handle,
- back-door admission office for specialists who cannot find a hospital bed for their patients,
- dumping ground for GPs for patients needing admission to hospital who are not really emergency patients,
- dumping ground for nursing home staff with after hours problem patients when the GP is too hard to find.

So it is little wonder that waiting times are long and bed-blocks are normal. Emergency physicians are burnt out and too often exit the specialty for anaesthetics, intensive care or even rural medicine, where the above problems are less or non-existent.

Disincentives have to be created in order for emergency departments not to be abused.

Such disincentives may include payment for patients who are not genuine emergency patients and fines for agencies that dump people into emergency departments inappropriately.

There are endless volumes of publications notifying doctors and nurses of punishments, fines, and charges for doing the wrong thing; it may be time for patients and agencies to have similar responsibility thrown upon them.

Government has also sold the public the concept of non-doctors accessing Medicare. One of the justifications put forward for this includes that somehow this will reduce the load on emergency departments and hospitals. Given that the new providers accessing Medicare are by definition more narrow in their scope, all that will happen is a cost blow-out and more referrals to emergency departments, as patients present to them with problems outside of the skill set of the non-medical Medicare entrepreneurs.

Another populist strategy has been the 24-hour hotlines where a patient can ring a nurse for advice, in the hope that this will prevent an emergency department visit.

But why is government not investing in true pre-hospital care reform? Why not man ambulances and the 24-hour hotlines with appropriately skilled doctors who can deal with the problems outside of the hospital walls?

The answer is simple: appropriately skilled means appropriately paid and appropriately autonomous.
Current approach:
Introduce new rural health initiatives
Real reform:
Decide what ‘rural’ health actually is

Both Labor and Liberal governments have tried many strategies to improve access to health services and health outcomes for rural communities—good intentions but often poor execution.

Kevin Rudd boldly created a new portfolio and Minister solely for rural health.

Rudd also expanded retention payments for rural doctors working in rural areas. Whilst this sounds nice in principle, it will cost the government millions of dollars whilst making it in fact harder for the most struggling communities to attract doctors.

The reason why this policy will fail is that it has loosened the definition of ‘rurality’ to include many metropolitan and tourist areas. As a result, we now have a situation where many small, one-doctor, inland rural and remote towns have to compete with large towns when it comes to attracting doctors.

There is copious data to indicate which localities are more in need than others. Real reform would see bureaucrats spending the time to create fair incentives to attract doctors to the areas of greatest need. Such incentives need to be not only retention grants, but also inbuilt within the Medicare schedule to reward the risk and complexity that comes with working in such settings.

From blame game rhetoric to policy honesty

What has transpired over the last few months will do nothing to end the blame game. The federal government supplies the funds and the states administer the funds.

If anything, the blame game will intensify, as the states resent their GST money being ripped from them. As soon as a funding crisis emerges—and this is only a matter of time—the blame game will be alive and well, with a new verse being chanted by the states, ‘you stole our GST’!

Only a single funder who is single controller will end the blame game.

Kevin Rudd has us all believing that the sole funder should be the federal government. However the Australian Constitution, the states and the people of Australia may have other views.

Any government can be the single funder-controller: federal, state or local.

True reform would be to remove the government from the equation altogether. We would all pay less taxes and a more efficient system would develop where patients and doctors decide for themselves. Governments could help needy patients with funding the patient rather than funding its inefficient health departments.

Beginning with the public hospital system founded in colonial times, through to the Medicare era, Australian governments have increasingly welded themselves to the concept of free health. Such is the political sensitivity of such matters that the former federal health minister Michael Wooldridge once quipped that he would rather scrap the old age pension than scrap bulk-billing.

The public have now come to expect most of their health care to be free or heavily government subsidised. Apart from those with children at public schools, health is seen as the most tangible evidence of what our tax money is being spent on.

What a reform it would be for governments to be honest about the limitations of a free system and about their insatiable desires to remain in control of every facet of health care. It is only when they are willing to properly consult the real experts, share the control and allow adequate private funding of health that we will achieve better outcomes for the Australian people.
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Space ships and sound money

Sci-fi fans gather in Melbourne this year to recognise the battle for liberty, writes Ben Hourigan.

In September 2010, thousands of science fiction and fantasy fans will converge on Melbourne for the 68th Worldcon—a convention best known for being where the Hugo awards are decided and announced. Given every year since 1955, the Hugos recognise achievement in speculative fiction, most notably in print.

Along with the Hugos, the lesser known Prometheus awards are also presented at Worldcon. Founded in 1979 and run since 1982 by the Libertarian Futurist Society, the Best Novel award is meant to ‘provide encouragement for science fiction writers whose books examine the meaning of freedom.’ The Hall of Fame Award, added in 1983, is ‘designed to honor classic libertarian fiction.’

This year’s finalists for Prometheus Best Novel include Orson Scott Card, Cory Doctorow, and Harry Turtledove. Whoever wins, the work and the decision will record what motifs and issues move today’s libertarians.

After all, often it’s not practical politics, but art, that drives libertarians to their beliefs. For me, the key was a copy of Ursula Le Guin’s *The Dispossessed*, found second-hand for fifty cents at the bottom of a suitcase full of books in a country junk-shop in 1996.

*The Dispossessed* is the story of Shevek, a physicist from an anarchist colony who leaves home to visit a capitalist planet where he thinks he can do better physics. When he returns home, he realises how authoritarianism and conformity have corrupted the hard-won utopia where he grew up. You can’t live free by having a one-off revolution—you have to struggle personally and politically all your life.

Published in 1974, *The Dispossessed* remains one of the most profound explorations in literature of what the life of a free person should look like. The Libertarian Futurists honored it with a Hall of Fame award in 1993. When I finished that book around 11pm one evening, I stood up from my armchair and thought: ‘I am an anarcho-communist now.’ Eventually I decided I was more of a libertarian, but *The Dispossessed* stands

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as the book that taught me freedom is my highest political value.

Granted, some other people are not so moved by novels. But stories such as *The Dispossessed* remain key vectors for a clearly reasoned and articulated love of liberty.

So what does 30 years of Prometheus Awards tell us about libertarian preoccupations? The award itself gives a first hint: the prize component is a gold coin—currently an ounce for the Best Novel Award and an eighth of an ounce for the Hall of Fame.

It’s a nod to the recurring libertarian concern that fiat currency is a government fraud. Since the state can theoretically issue more currency whenever it pleases, devaluing existing cash holdings and causing high inflation. Paper money violates some libertarians’ sense of the sanctity of property, since it’s a form of wealth that the state can destroy at any time.

In 1983, the Libertarian Futurists gave Hall of Fame Awards to Ayn Rand for *Atlas Shrugged* and Robert Heinlein for *The Moon is a Harsh Mistress*. Each of these had issues with fiat money: Heinlein’s Lunar protagonists prefer gold-backed Hong Kong dollars to ‘Authority scrip.’ Francisco D’Anconia, one of *Atlas Shrugged*’s heroes, makes money an existential issue in Rand’s typically melodramatic (and rousing) style, saying:

> Whenever destroyers appear among men, they start by destroying money, for money is men’s protection and the base of a moral existence. Destroyers seize gold and leave to its owners a counterfeit pile of paper. This kills all objective standards.

*Atlas Shrugged* remains the definitive statement of libertarian ideals for the hardest of the hardcore—the relentless egoists who believe in icy, superhuman rationality and self-reliance without compromise. So there’s a paradoxical combination of defiant bravado—‘screw the Fed, let’s mint a gold coin!’—and fanboy obeisance in the shape of the Prometheus Awards medals themselves.

This paradox—which will bedevil Rand fans forever, knowing that the writer they admire should have decried their homage as the act of a reviled ‘second-hander’—rises again with the first winner for best novel, F. Paul Wilson’s *Within Wheels*. This 1978 book nakedly pays tribute to Rand, right down to the overt didacticism and shonky writing style (flaws that Wilson acknowledges in his own early work). It has its own disdain for fiat money, borrowed perhaps from Heinlein as much as Rand. Here, the heroes like to keep their wealth in certificates of deposit from the planet Tolive, where the government punishes deviations from the gold standard as ‘fraud … punishable by public flogging.’

The Randian flavor permeates through the rest of the book, where hyper-competent trade consultants attempt to foil a protectionist plot against a free-trading interstellar federation. The heroine, Jo Finch, is the relentlessly determined heir to a major corporation. She may as well be Rand’s Dagny Taggart, except her talent is for business analysis rather than railroad operations. It has its own, forlorn John Galt in the aging engineer who invents a new kind of warp drive that could revolutionise interstellar travel, but would rather see it lost to humanity than let others tell him how it should be marketed. And Elson DeBloise, the novel’s protectionist villain, views
his own apparent social conscience as a mere tool for accumulating power, just like Ellsworth Toohey, the diabolical social-crusader columnist from The Fountainhead.

From a 21st-century perspective, Wilson’s cleaving to Rand’s themes and motifs also reflects a world not too far removed from Atlas Shruggeed’s publication in 1957—still haunted by communism and the Cold War, imperfectly globalised, and intimating little of the accelerating technological developments that would reshape the world in the late 20th century. Wilson realises this: his foreword to the 2005 version (available, appropriately, on Amazon’s Kindle e-book reader) observes that Wheels’ main failings are those suffered by any science fiction written in the seventies, in the Dark Ages before … the microchip revolution … World Wide Web … e-mail … wireless telephones … the nascent genetics revolution.

Reality has redefined the frontiers of science fiction, and also of the freedoms Wilson pays tribute to in Wheels Within Wheels. The 2009 winner of the Prometheus Best Novel Award, Cory Doctorow’s Little Brother, is a stunning piece of evidence to that effect.

Little Brother tells the story of Marcus, a San Francisco teenager detained and tortured by the US Department of Homeland Security (DHS) in the chaotic aftermath of a massive Al Qaeda attack on San Francisco. In his near future, the government passes a ‘PATRIOT Act II,’ and school-issued laptops, library books, electronic public transport passes, videogame consoles and even electronic funds transfer become tools for the overzealous DHS to dig up excuses to detain citizens without charge and haul them off to secret prisons for brutal interrogation.

Marcus swears revenge against the DHS, and his social network use their hacking skills to sabotage its increasingly intrusive surveillance of San Francisco. Simultaneously, they employ cryptography to maintain their privacy so they can continue their work—and their lives—free and unmolested. The book, which in its way can be as heavy-handed and didactic as Wilson’s, loads its story with explanations of the real-world technolo-

gies behind Marcus’ hacks, and his attempts to keep his messages private and his body free. It serves as a practical introduction to how readers can protect themselves from the state online.

Thirty years after Wheels Within Wheels, Doctorow is still echoing some of the classic libertarian preoccupations we see there and in Rand. Money is still an issue: this time it’s electronic transfers versus cash. The Turkish owner of Marcus’s favorite coffee joint bans debit cards from his store. ‘Where you have government always spying on the people, is no good,’ the owner says. ‘I move here twenty years ago for freedom—I no help them take freedom away.’ There’s no call for a return to gold coinage, but the fear that government’s power over money puts individuals’ economic and personal freedoms at risk remains.

And Doctorow, like many freedom-loving writers before him likes his women smart and strong. Male or female, freedom-loving writers tend to like writing strong female characters, often protagonists. Among them, there’s Rand’s Dagny Taggart, and her analog Jo in Wheels Within Wheels. Then there’s the anarchist revolution-ary leader Odo, whose teachings underpin the world of Le Guin’s The Dispossessed. Little Brother has more than its fair share of kick-ass chicks, foremost among them Marcus’s girlfriend Ange, a computer-savvy geek with an addiction to super-hot chilli and the guts to defy the authorities. Some might call libertarian writers’ fascination with female strength an echo of feminism, even a fetish, but arguably it’s deeper and more universal—an admiration for humanity in full bloom, gloriously competent and defiant against entropy and oppression.

Little Brother’s selection as Prometheus Best Novel for 2009 shows the scenery has changed. But the recurrence of old libertarian themes shows that the forces in conflict remain the same—at least as writers imagine them. Though technology has opened new battlefronts, the war is still authority versus liberty. Uniting the works mentioned here, and numerous others, there’s a libertarian conception of an evil which stands against those old values of ‘life, liberty, and the pursuit of happiness.’ It’s government destroying human dignity and prosperity in the name of the general good: Orwell’s ‘boot stamping on a human face—forever,’ or DHS torturers subjecting a teenager to a simulated execution because he worked with all his cunning to preserve what Doctorow calls ‘the right to explore your weird ideas provided you don’t hurt others.’

Right now there’s a teenager reading Little Brother or another Prometheus winner, who’s going to stand up when they’ve finished, hold the book in their hands and think, ‘that’s what I believe in.’ All their life they’ll be an advocate for liberty, and it’s the power of a novel to inspire that commitment that this year’s Prometheus awards will honor once more.

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The New Labour project has ended. Its 13 years in power has disappointed many people, whether they hoped for an emphasis on the ‘new’ or the ‘labour’. The ‘third way’ may have taken the British Labour Party away from the hard left, but its achievements are otherwise modest.

In *The End of the Party*, leading British political journalist, Andrew Rawnsley, provides a coherent narrative of what went wrong, writing in a lively and fluent style and making use of an astonishing array of sources. Rawnsley has previously told the first half of the New Labour story in a 2001 book, *Servant of the People*, which detailed how three men—Tony Blair, Gordon Brown and Peter Mandelson—gave birth to New Labour and saw their creation swept into government in an unprecedented landslide in 1997. This success ushered in the longest period of non-Tory government since the eighteenth century.

*The End of the Party* takes the New Labour story from their second landslide election success in 2001 through to the end of 2009. There is no doubt the book would have been more complete if Rawnsley had waited to include the recent election, but his publishers no doubt counselled that it would make more of a splash before polling day. And it certainly did make a splash. A month prior to publication, newspaper reports began appearing with revelations that not only did Prime Minister Brown bully his staff, he physically assaulted them.

This is one of numerous ways the book paints Brown in a very poor light, and not surprisingly his supporters leapt to his defence. Former Deputy Labour Leader, Roy Hattersley, charged Rawnsley with the offence of saving up juicy information to sell books (a similar charge was made in the US against the authors of *Game Change*, the most prominent account of Obama’s election success):

> Had truth and justice been Rawnsley’s only aim, he would have exposed the Prime Minister’s alleged faults in his weekly newspaper column, rather than storing them up to use as the bait which caught a publisher’s advance—assuming that the serious newspaper for which he worked was prepared to publish tittle-tattle.

Interestingly, the book did not seem to do Brown much political harm, with his polling numbers gradually improving during the period when excerpts from the book were appearing in the press.

While the majority of the media coverage naturally focused on the current political player, Brown, the book is as much about Blair, who after all was the Prime Minister for more than two-thirds of the period covered by the book. Unlike Brown, the alleged sociopath, Blair comes across as a normal human being with more forgivable faults, such as being too trusting, failing to back his supporters in internal party conflicts, or lacking attention to detail.

However, his chief fault according to this book was that he never took action against the increasingly recalcitrant Brown. Chancellor Brown would sometimes refuse to tell his Prime Minister anything about the contents of budgets until the last minute and would also regularly run underhanded campaigns against government policies purely to erode Blair’s authority. Through their actions Brown and his acolytes regularly managed to achieve the worst possible outcome for the government. They would constantly create trouble, but then always draw back at the last minute from formally challenging Blair. Having developed the habit of attack and retreat, Brown continues it when he becomes PM, going to the brink of calling an early election in 2007, before getting cold feet, a manoeuvre that killed his honeymoon period stone dead.

Some failings were shared by Brown and Blair. New Labour was addicted to spin, in Blair’s time largely conducted by Alastair Campbell. The book describes how Campbell even went as far as chairing meetings of intelligence chiefs which was ‘hugely revealing about the hierarchy of power within Downing Street ... (and) was the quintessential example of how pre-eminent propagandists had become in New Labour and

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Richard Allsop reviews *The End of the Party: The rise and fall of New Labour* by Andrew Rawnsley (Penguin Viking, 2010, 802 pages)
Many felt that Brown was a man of more substance than Blair. Yet, when he became PM, he had no idea what he actually wanted to do.

how willingly many senior officials deferred to them’. However, perhaps the most striking example of the obsession with spin is more personal than political. It comes when Cherie Blair suffered a miscarriage and ‘before he had even seen his distraught wife, Blair phoned up with Campbell also on the line for a conference call so they could discuss how they would handle the media’.

And yet, at the same time that his spinners were spinning more furiously than ever, Blair was transforming himself into a conviction politician. One almost feels that he did the reverse of Paul Keating’s memorable line about ‘flicking the switch to vaudeville’. Rawnsley describes how the man who was ‘once the master of the politics of persuasion … was retreating into the politics of assertion’.

Iraq became ‘the defining issue of Blair’s premiership’ to the extent that ‘Europe, public services, everything that once seemed so important were subordinated by war and terror in both his own mind and the view of his shrinking band of friends and growing army of enemies.’

However, it was not just on Iraq that Blair became a conviction politician. While in its second term, his government ditched the spending restraint of its first term and began throwing massive sums at the NHS and education, Blair appreciated that money alone was not the answer and that things like consumer choice were vital to improved quality. Rawnsley argues, however, that Blair’s ‘tragedy was that by the time he finally arrived at clarity on what needed to be done in education and other public services he was drained of the political capital to achieve them.’

As well as his gradual loss of authority, Blair had other longer-standing problems when it came to public sector reform. He liked to act informally, which often meant there was a lack of clarity about what had actually been decided. Further, while ‘unmatched at the theatre of politics,’ Blair ‘was much less accomplished when it came to the grinding prose of day to day administration.’ Indeed, bungling became a feature of New Labour. As Rawnsley observes, the government under Blair ‘was mad for writing new laws, but bad at ensuring that existing legislation was applied effectively.’

Blair suffered from the common fallacy of believers in the role of government as a force for good that all that needed to be done was to wish for an improvement. Rawnsley is smart enough to observe that ‘there was a disjunction between his admission that they couldn’t get the trains to run on time and his vaulting claim that they could heal the world of conflict, poverty and disease.’

Not everything Blair touched was a failure. There were some significant achievements, in particular in bringing peace to Northern Ireland. One can quibble about the detail of the peace process, but there is no doubt that ending the killing was a huge step forward. Rawnsley describes how the messianic aspects of Blair’s character, which could be a danger in other contexts, were a huge advantage as ‘self-belief and natural optimism drove him on long after more pessimistic types would have given up’.

Many felt that Brown was a man of more substance than Blair and he had clearly tried to cultivate a serious image. Yet, when he became PM, he had no idea what he actually wanted to do in any area outside his home ground of Treasury. His policy pronouncements tended to be either short-term and trivial, or so long-term as to be meaningless, as he ‘swung between announcing five-year plans that were too grandiose to be credible and mayfly initiatives that were here today and forgotten tomorrow’.

In this, he continued the worst aspects of Blairite New Labour, but on a personal level there was a huge discontinuity between Blair and Brown. Rawnsley comments:

Modern politics demands from leaders the ability to make—or at least fake—an emotional connection with voters. Tony Blair had that capacity to excess, which made it even more obvious that Gordon Brown could not do it.

In the end, Brown’s desperation for a touch of Blair’s presentational magic sees him affect a rapprochement with the third party to the original New Labour pact, Peter Mandelson, whom Brown had hated for many years. This, and the many other personal machinations of the leading characters, sometimes gives *The End of the Party* a touch of soap opera. Several critics objected to Rawnsley’s gossipy style, but in a way this helps to capture the essence of the personality politics and spin of New Labour.

*The End of the Party* is not a profound analysis of policy issues, nor does it really try to link the politics to broader economic, social or cultural trends, but as a highly readable narrative of a fascinating period of British politics it is hard to beat.
How did economic growth occur? Why during the 200,000 years in which we can recognise modern man, did almost all humans live ‘nasty brutal and short’ lives that barely hovered above the subsistence level? And how then did we break out of this trap to reach our current living standards?

It is true that development took place before the onset of the modern era. Punctuated by downward trends in real living standards, we did see the development of farming, sea going vessels, and clothing. Above all, notwithstanding the post-Roman loss of technologies like ‘Greek fire’, we saw many new innovations.

However, these earlier gains are insignificant compared to what has taken place in the past 500 years. And what was once confined to islands of economic development in Holland, northern Italy, and England, has come to embrace virtually the entire world.

This geographical spread was first by the British diaspora to its North American colonies and by European states. It made its earliest tentative spread outside western cultures in Japan 120 years ago but it is only in the past 20 years that it has enveloped virtually all of Asia. And even the places left largely apart from development itself share many of the outcomes of development: the mobile phones, cars, medicines, building materials and clothes.

The economic take-off of the world is generally considered to have taken place with the primarily English based industrial revolution covering the years from around the early 18th century. Almost from the start it was the subject of considerable curiosity by economists and economic historians. The latest in the long line of historians seeking to discover the elixir is Joel Mokyr (The Enlightened Economy and, with David Landes and William Baumol, The Invention of Enterprise).

Both books credit entrepreneurs for the great economic take-off—a hospitable environment that fostered entrepreneurship is the reason inventions did not languish, adaptations to inventions were constantly made, and why there was a headlong rush of new inventions from the 18th century. The team of Matthew Boulton and James Watt is the archetype. Both were inventors, but Watt’s invention, the steam engine, eventually saturated demand for its water pumping uses. It needed to be adapted to new uses. With Boulton, Watts set about inventing the ‘sun and planet gear’—a series of gears to convert the energy into a rotary motion—allowing the steam engine to lead to locomotion.

The slow break with the past
Like other such changes, the modern economic take-off was not an abrupt transformation—commercial advances, transport improvements and manufacturing innovations had taken place prior to then. And though the Dutch and northern Italians had experienced a major income increase in the centuries before, it is clear that an upward inflection of the economic growth and income curves took place after 1700—dominated by England and her American colonies. That upward inflection has continued—with per capita growth rates of 7–10 per cent seen in Japan, China, and India.

Although innovations can be traced back to antiquity, it was the primarily British industrial revolution that saw the multitudes of inventions in cloth making, iron and steel, engines, agricultural and mining equipment and the factory system. These developments and the hundreds of entrepreneurs who developed and progressed them transformed Britain into the world’s dominant economic (and military) power by the early part of the 19th Century.
For whatever reason, the hundreds of entrepreneurs in Britain both pioneered and adapted inventions on a scale never previously seen. One reason may have been the Patent Laws of Queen Anne—annual patents taken out rose from 9.5 in 1740s to 51 in 1780s. Many claim that British entrepreneurs merely applied inventions from the Continent, but this has shades of the argument later leveled at America during the 20th century.

So what makes growth?
The growth process clearly requires some fundamental conditions and the presence or absence of these is a key reason why it occurred in some places but not others. However, there remain many caveats and inconsistencies. Why did this occur initially in Britain, and not elsewhere? And why did some nations subsequently grasp the opportunities for wealth generation, and others did not?

Economic growth, in per capita terms, is the result of several factors: capital accumulation, the application of innovation and know-how, skill formation, and trade to enable savings by the redirection of high cost production to low cost supplies.

Expropriation or heavy taxation is a sure-fire deterrent to investment in anything other than riskless assets. The Glorious Revolution of 1688 placed a higher priority on that in Britain.

However, property rights had been fairly secure throughout Western Europe for many centuries. Indeed property rights have been a feature of Western Civilisation generally. During the siege of Troy, the Greek forces felt they had to approach the owner of the local forest to buy the wood needed to build the Wooden Horse.

Freedom from expropriation certainly marked out the Christian cultures from Eastern potentates, where, for example, under Islam the religio-political ruler owned everything of the conquered.

And it is the de facto abandonment of personal expropriation that has brought the Chinese miracle.

Innovations, and openness to the adoption of those innovations, are clearly important, as long as there are the requisite skills to do so.

As to the specific conditions that created the industrial revolution in Britain, those that have often been identified include the relative isolation of England and homogenous culture which allowed greater security and savings in defence spending; the
Property rights have been a feature of Western Civilisation. During the siege of Troy, the Greek forces felt they had to approach the owner of the local forest to buy the wood needed to build the Wooden Horse.

Parliamentary superiority at least post 1650 that legitimised taxation; open markets and low regulation; and labour mobility.

Pinpointing of conditions that were unique to the British economic take-off experience however presents some incongruences in determining the causes of that growth, and thus the means of replicating them. As previously mentioned property rights, at least for merchant classes were relatively secure throughout most of Europe from medieval times.

Conquerors, once the Islamic threat disappeared, would always respect individual ownership.

Nor was the isolation of Britain cause for low government spending. Taxation in France and Prussia was lower—especially after 1789. And though Mokyr argues that the regressive nature of British taxation might have retarded its efficiency, most modern writers would regard such taxation (which is levied at a flat rate) to be more efficient in terms of avoiding distortions.

Access to finance, especially from non-family sources is often seen to be a vital means of unleashing entrepreneurship. In this respect, however Britain put in place onerous conditions on the raising of capital. After the 1720 South Sea Bubble a new company float needed its own separate act of Parliament.

It is in the area of trade that the proscriptions for strong growth hit against the greatest conflicts. Trade, in allowing a better division of labour and specialisation, is a major means of obtaining more for less effort. It is also at the heart of what the economist Joseph Schumpeter termed ‘creative destruction’. Schumpeter argued that this, in allowing a cheaper approach to displace existing supplies, was far more important than the normal on-going incremental improvements to production. Seeking trade liberalisation has been one of the cardinal goals of international relations over the past 60 years.

Is there a way forward?
The two Mokyr books do not purport to offer a blueprint for growth. They elevate the role of the entrepreneur as the engine of growth when operating in an environment of liberal policies together with respected and readily defended property rights.

Yet we see then and now illiberal policies co-existing with economic success. Although Britain championed free trade, that was only after having achieved economic success. Indeed, the Corn Laws were first passed in 1670 and not repealed till mid-19th century; the Calico Acts (repealed 1774) attempted to prevent cheap Indian cloth out, though cotton is likely to have prevailed anyway.

Though controls by East India and Hudson Bay monopolies had largely become defunct by 1720, the Navigation Acts were passed to hit the Dutch and only abolished in 1822.

Moreover the average British tariff exceeded that of France in most of the 19th century. On average, tariffs were 60 per cent in 1820, falling to 20 per cent in 1850. In this respect, much is also made of a progressive deregulation which repealed over four-fifths of 18,110 Acts passed since the thirteenth century in the 200 years to the 1870s. But again, this was mainly after the economic take-off was well under way.

The rather less than rigorous welcoming of trade freedom by Britain also characterised later economic take-offs in Germany and the US and more recently in Japan, Korea and China. Indeed, Hong Kong may be the only example of economic success using a classical economic approach of low barriers to trade and other competition, small government, low taxation and the rule of law.

Finally a question emerges about the conditions for take-off with regard to India. Demonstrably not lacking in local entrepreneurship spirit, having been ruled under British laws, by administrators of a high level of personal integrity and facing low levels of regulatory intrusion and low taxes, India utterly failed as an economic entity until the past decade or so. Though faulty inward-looking and protectionist polices characterised the nation from 1948, its failure under the Raj is especially perplexing.

Some suggest the caste system and institutional deficiencies that meant inadequate access to finance as significant matters but neither of these is persuasive.

All this demonstrates that the perfect conditions specified by economists need not be present. We can however see from comparing the extremes of confiscatory politics in Zimbabwe and much of Africa with the successful economies that governmental structures and their costs are crucial to the process.
President Clinton lied on national television. He had, as the entire world now knows, a sexual affair with 22-year-old intern, Monica Lewinsky.

Had he merely lied about an embarrassing affair he would have joined the ranks of adulterous spouses, political or not, who throughout history have sought to cover up their conduct. And we can all make judgements about what we think of the affair and the lie. He did what many married men caught cheating on their wife would do, try the lie first and see if he gets away with it. Particularly since the wife in question is Hillary.

But Clinton did not merely lie to the media, the American public and his family; he lied under oath in a legal deposition. The deposition related to a lawsuit that every lawyer and judge urged its plaintiff to settle for lack of evidence—a lawsuit that began when Paula Jones went up to meet Governor Clinton in a hotel room in May 1991.

Ken Gormley’s definitive retelling of the events that culminated in the House of Representatives voting to impeach President Clinton makes for disturbing reading at times. But not perhaps in the way he intended. Gormley’s thesis is that the activities of all parties to the events that led to the impeachment were somehow different to the way American politics was traditionally played.

The death of ‘American Virtue’ of the title is supposed to be the virtue of democratic fair play. This is just not supportable. What about Nixon?

Despite this, Gormley has written an important book, important not merely as the definitive guide to the whole Lewinsky mess but also important for its insight into the American politico-legal system. And this system emerges with few credits to its name.

In the most chilling encounter of the book, staff of the Independent Counsel’s office, along with FBI agents, get Linda Tripp to trick Monica into a meeting from whence she is whisked upstairs to a hotel room for six hours of interrogation. At the time, Monica was 24 years old.

Despite having the wherewithal to ask repeatedly for a lawyer, the questioning continued without one.

It is a sad reflection of the state of liberal democracy when it is apparently legal and acceptable to hold and interrogate a young person who at that time had done nothing illegal, was not suspected or accused of terrorism and, as well as asking for a lawyer, just wanted to speak to her mother. In response to this request, they then threatened to prosecute Monica’s mother as well.

In a review of the Starr operations by the Justice Department, it was this ‘brace’ of Monica that was highly criticised, yet this review was sealed indefinitely from public view by a judicial panel. The existence and contents of the Justice Department review is only public now because the author, former Justice Department lawyer Jo-Ann Harris, was so incensed she told Ken Gormley.

That Harris chose Gormley to release her report, an action that could leave her open to contempt of court, demonstrates the trust and access Gormley received from virtually all the major actors in this long-running drama. Only Hillary is absent from the roll call. And overall Gormley lets everyone speak for themselves.

Nobody comes out well.

This is a book of lawyers. Ken Gormley is a law school dean. It sometimes feels that he has never met a lawyer he doesn’t like. And this highly process driven book takes some getting used to. Some sections read as verbatim recollections in real time. Sometimes the same series of events is recounted by different sides. And the sheer number of cases, appeals, reviews, investigations, and depositions is overwhelming.

A negative consequence of relying on insider interviews is that much sense of the broader reaction to these events is lost. For readers who lived through the whole Monicagate saga through the ubiquitous media reporting of it, this book seems utterly removed from the prurient tsunami reported across the world. At times this is jarring, presenting the actions of the Special Counsel’s Office as beavering away in isolation for the truth, when the interaction of the media, the main actors and public opinion had a major impact.

Moreover, letting people tell their
stories largely without comment, does on occasion leave too many questions unanswered. For example, Linda Tripp apparently edited the tapes she had of Monica and a number of people allude to there being a ‘real’ story behind Ms Tripp’s actions. Yet this is not pursued.

Despite these limitations, the meticulous recounting of every twist and turn, from Bill Clinton’s meeting with Paula Jones through to President Clinton pardoning Susan McDougal on his last day in office, delivers its lessons better than any thematic or analytical approach.

In many ways, the facts do speak for themselves even though this is such a highly contested story. And the lesson is not whether Clinton lied; he did. Or whether there was a ‘vast right wing conspiracy’ to bring down the Clinton White House. It appears there was.

Instead, the lessons are in timing and process. How a non-starter of a sexual harassment claim, a claim repeatedly thrown out by the courts, could end up as an impeachment trial in the US Congress. By fashioning a chronological tale based on ‘he said, she said’, rather than analysing the broader political themes, there is ample opportunity to reflect on how everything could have been so different if not for some small and procedural decisions made along the way whose impact could not have been envisaged.

Overarching all these decisions and missteps was Ken Starr’s initial decision to work as Independent Counsel on a part-time basis. Had he gone to work full-time to wrap up the Whitewater investigation, the start of all this, the whole thing would have been concluded well before Clinton met Monica. Instead, he spent three years rehashing Vince Foster’s suicide only to conclude that it was, indeed, suicide.

Had Starr had any prosecutorial experience he would not have been waylaid by his overly zealous staff, some of whom had links to Republican and other figures on the right (such as Richard Mellon Scaife) who were bankrolling side investigations and lawsuits designed to discredit the Clinton White House.

Had Paula Jones settled her case when her lawyers advised her to do so there would have been no deposition for Bill Clinton to lie to, no link between his affair with Monica, and no conflagration of Monica, Paula Jones, Whitewater and Vince Foster.

In the end, neither Ken Starr, nor his successor, Robert Ray, found a provable case against either Clinton in relation to their initial brief to investigate Whitewater. Despite years of investigation and tens of millions of dollars, no case that had a reasonable chance of securing a conviction could be proved. But this is not a defence of Bill Clinton. Clinton refused to settle the Paula Jones case despite all advice that doing so was the best political and financial response. Clinton lied about his relationship with Monica Lewinsky, and did so under oath.

If all the major players came out tarnished then it’s without doubt the process that takes the greatest body blow. After it was all over even Congress realised it had unleashed a monster when it quietly chose not to reauthorise the order setting up the Office of Special Counsel. Apart from the ‘brace’ of Monica, the overreach of law enforcement and judicial agencies for partisan purposes is a recurring motif.

Perhaps this is best illustrated by the approach by the Office of Independent counsel and the FBI to former Secret Service Director Lew Merletti two days before Clinton would vacate the presidency. According to Merletti an FBI agent threatened him with ‘There’s only one person left who can give us the President of the United States. And that’s you. And we know that you were involved in a conspiracy with him, and we want to hear it today.’ There was no evidence; it was merely the theory of a partisan agent trying to make a name for themselves.

Through Monicagate the separation of powers seems to have been redefined, away from an idea that the judiciary is a brake on political power. Instead, the judiciary is presented as partisan and activist. Not activist in the sense of making law through cases but activist in the process.

Much of this is how Ken Starr chose to interpret his role—as either a crusader for truth or a rabid zealot depending on your viewpoint—but in any event as an investigator and judge combined.
Consumerism is a dirty word. For many it conjures up images of mindless shoppers being duped into unwanted purchases by heartless corporations. There are hundreds of organisations around the world dedicated to extolling the virtues of a simpler, less materialistic life.

*Excess: Anti-Consumerism in the West* by Kim Humphery is a sympathetic analysis of the politics of anti-consumerism. Sympathetic probably doesn’t do it justice—any criticisms of anti-consumerism that do exist in *Excess* are semantics at best. Humphery makes no real attempt to even consider the possible positives that come from Western consumerism.

In the eyes of Humphery, and the many other anti-consumerist activists that are interviewed in *Excess*, we are all consuming too much, too quickly, in an attempt to seek happiness—which can’t be found. Consumerism, it seems, is the root cause of much of the world’s problems. According to Humphery the breakdown of family and community life, the undermining of moral values, the unsustainable plundering of the earth’s resources and (of course) global warming can all be traced back to consumerism.

But apparently deep down we know that we’ve had enough. Many of the interviewees in *Excess* are convinced this is the case. As Helena Norberg-Hodge of the International Society for Ecology and Culture puts it: ‘I’m convinced that a good majority of people within the industrialised world are showing signs they would prefer something else [to consumerism]...’

This goes against everything we know about human nature. Mankind undeniably has a desire for continual development—to constantly seek a better, more comfortable life. It is our wants and needs which drive the market to create new technologies and to improve old ones. Consumerism is what drives demand for these innovations. It is unfathomable to think that after thousands of years of technological advancement, our generation is the one that will collectively say ‘yep, we’ve come far enough’.

This misconception amongst anti-consumerists is most likely the result of the success they have had amongst the general public in branding consumerism as something sinister, when in reality it is nothing more than free thinking individuals engaging with each other in search of enhancement of their lives.

Erika Lesser of Slow Food USA goes even further by saying ‘I really do believe that there are so many people that are hungry for a more authentic experience and way of life.’ Unfortunately we don’t find out what Erika’s definition of an ‘authentic experience’ is—perhaps it’s the life of a poor farmer in rural China.

What makes these statements most offensive is, as Humphery himself notes, many of the people who make them are ‘from middle-class socio-economic backgrounds and possessed university level degrees’. Unfortunately, it’s the poor, not the middle class, who have the most to lose from any end to Western consumer demand. We note on a daily basis that the Chinese are becoming more and more affluent, driven almost entirely by supplying the demands of consumers in the West. In turn, consumerism is on the rise in China. So should we oppose Chinese consumerism? Perhaps we can hope that Chinese consumerism will in turn drive increased Somalian or Zimbabwean wealth.

Humphery begs to differ though: ‘Consumerism—and the over consumption of the affluent world—is to be opposed, first and foremost, because of its effects and impacts. In environmental terms, there is no question that world production and consumption has reached levels that tax the Earth way beyond its capacity.’ Not surprisingly Humphery resorts to the age old argument of resource sustainability as a reason to cease economic production as we know it. This sort of static thinking completely ignores the inventiveness of entrepreneurs within the marketplace.

In any case, Humphery still calls for us to opt-out, downsize and localise in the name of ‘global justice’. But there’s nothing particularly just about denying the world’s poor their sources of income. So next time you sit down in front of your plasma TV whilst tapping away on your iPad, eating chocolate that contains palm oil—don’t feel bad, you’ve probably done more for third-world development than any anti-consumerism activist ever has.
...and I did nothing because I was not Gatorade

In California, sugary soft drinks have already been banned from being sold in schools. Now state Senator Alex Padilla has Gatorade in his sights. Senator Padilla has proposed a ban on the sale of all sugary sports drinks (including Gatorade) in schools. The proposed ban has the support of influential talk show host Dr Phil who says the ban is justified because ‘we have to protect these kids from themselves.’ As usual though, the students were one step ahead of lawmakers: ‘we’re just going to buy it somewhere else and bring it to school’ remarked Chanel Maldonado, a student at El Camino High School.

Chinese whispers now only legal form of advertising in Adelaide

If you’re planning on selling your car in Adelaide, you’d better watch out—local councils have you in their sights. Six local councils have banned ‘for sale’ signs being placed in the windows of cars parked in public streets, with 15 more planning to outlaw the practice. The ban is part of a crackdown on vehicles being parked ‘primarily for the purposes of advertising,’ Onkaparinga City Council public health and safety manager Chris Button said the parked cars created a ‘traffic hazard’.

If you have to ask, then yes, you are a Nanny State

It’s a bad time to be a kite flying enthusiast in the Melbourne municipality of Casey: the flying of kites has been banned. Under a new law it’s an offence to ‘fly, or permit to be flown, any aircraft, without a permit’, which apparently includes kites. Cr Kevin Bradford called on the council to review the law: ‘If Victoria is the Nanny State what does this make Casey?’ The Nanny Council, obviously.

Think how well that local council weathered the Global Financial Crisis

In Wales, a local council has spent £2000 on a bike lane that is only 8 feet long. The council says the tiny bike lane ‘is to enable cyclists to ride safely and legally in the opposite direction to the flow of traffic.’ Not surprisingly, even local cyclists are struggling to see the value for money in creating the bike lane: ‘It’s just hilarious … Obviously nobody could cycle in it because it’s just so small,’ said one cyclist.

The real crime is having something to steal in the first place

In Melbourne police have decided that trying to catch car thieves is all a bit too hard. So they’ve started focussing their attention on people who leave their cars unlocked instead. Under new legislation, motorists can now be fined up to $358 for failing to apply the hand brake, close the windows adequately or lock the car whilst it is unattended. Sergeant John Morgan insisted the fines were required after there was a spike in the theft of motor vehicles in the Yarra Valley area. Morgan said motor vehicle theft affects the whole community and more importantly ‘puts our crime stats up’.