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REVIEW

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From the Editor

MIKE NAHAN

HAVE you ever wondered why Nike is hated so? On the surface, it is the perfect company for an aspirational age. It sells fashion and a vision of a healthy, multicultural, liberated lifestyle. It supports most of the world's sporting heroes—from Michael Jordan to our Cathy. It makes a good pair of shoes which have kept many an ageing Baby Boomer, like myself, away from the podiatrist.

By all standards it is the model company. It pays employees well. Its has never laid-off any employees in its history. It pays high wages and has a rigorous equal opportunity policy. It has consistently generated healthy profits, which it shares with its employees through stock options and a bonus scheme. It has established the Nike Foundation, which gives millions of dollars worth of goods each year to poor schools around the world. And its uses 100 per cent recycled packaging, is committed to using organic cotton, if it can find any, and is committed to reducing greenhouse gases (which admittedly is not hard for a shoe company).

Importantly, it is a model employer in the Third World. As with virtually all textile and footwear manufacturers, it has established operations in many less-developed countries, particularly in Asia. If it had not done so, it would simply not exist. Significantly, its operations in these countries set the standard. It pays higher wages and provides better working conditions and living facilities than its competitors. Naturally, it is the employer of choice for thousands of unskilled women seeking freedom from a subsistence mode of life.

Despite its admirable record, Nike has come to symbolize the 'exploitative corporation', decried from the pulpit, in the press, and on university billboards around the world.



What is going on? Well, Nike has been the target of a classic anti-corporate campaign, the *modus operandi* of which is the subject of our feature article (Jarol Manheim, page 3).

The US textile and clothing unions, in an attempt to stem the loss of jobs to developing countries, decided in 1990 to launch a corporate campaign. They chose Nike, not because of its poor standards but because of the strength of its brand name. The unions realized that, to be successful, they and their real concerns could not be the focus of the campaign. Their reputation was, if anything, worse than that of the corporates. Their concerns—more money and jobs for their members—would be seen as self-interested. Thus, the campaign focused not on local jobs but rather on saving young women from sweatshops—in other words, they went for the high moral ground. Although the unions have funded and orchestrated the campaign, they have avoided the limelight. Instead, the key to their strategy was to enlist the support of a range of moral crusaders from the churches, charities, aid agencies, philanthropic foundations and universities. The unions also set up front organizations—such as Fairware in Australia—and enlisted the support of a few of Nike's competitors.

The campaign has been hugely damaging to Nike. Its brand name—its

most valuable asset—has been converted from a symbol of freedom and fun to a symbol of the sweatshop employer. Unions have benefited because most clothing and footwear manufacturers in Australia have signed-up to a union-controlled code of conduct. And the campaign has also provided many activists with a prominent position for public preening.

Not surprisingly, it has done nothing but harm to the people with which it claimed to be concerned—local outworkers and workers in developing countries. In many cases, those people have lost the best of employers when Nike closed plants or contracted out work.

Of course Nike is not on its lonesome. Rio Tinto, Coca-Cola, Philip Morris, the Commonwealth Bank and many other corporations in Australia have been the object of such campaigns.

And if the ACTU has its way, corporate campaigns are the way of the future for the union movement. It is busy building its links with a raft of NGOs and activist groups—even with the lunatic fringe that ran the SII protest in Melbourne last September. It is helping to fund a course at RMIT to teach the art of corporate campaigning. The President of the ACTU, Sharon Burrows, is committed to using the union movement's influence in the superannuation industry as part of its campaigns—as has been shown in the US, nothing threatens corporations like the prospect of massive fund withdrawals.

This is a worrying trend. The destruction of wealth by the debasement of public debate—in order to serve vested interests and moral vanity—threatens not only the functioning of the corporate sector and therefore prosperity, but also the very foundation of a free society.

IPA

REVIEW

The Death of a Thousand Cuts

JAROL B. MANHEIM

‘Corporate campaigns swarm the target employer from every angle, great and small, with an eye toward inflicting upon the employer the death of a thousand cuts rather than a single blow’.

Richard Trumka, Secretary-Treasurer
American Federation of Labor—Congress of Industrial Organizations (AFL-CIO)

THERE is a war raging, though few seem to realize it. It is a war being fought, not with missiles and guns, but with broadsides, half-truths, innuendo and a staccato rhythm of castigation, litigation, legislation and regulation. It is a war being fought in the press and on television, on the World Wide Web, in the halls of government, in the marketplace, on the trading floor and in the boardroom. Not only is the financial well-being of many of the world’s largest corporations at stake, but also the future viability of the corporation itself as a basis for organizing economic activity.

The protagonists in this conflict generally fall into three camps. On one side are the targets—such well-known companies as Nike, Rio Tinto and Wal-Mart. Arrayed against them are two interlocked sets of antagonists—labour unions, which are in the game for economic advantage, if not for their very survival; and non-labour NGOs, which are in it for either ideological or programmatic reasons.

The unifying strategy in every instance is this: If the reputation of a company can be so damaged that its ability to conduct its business is threatened, that company will yield to the demands of its antagonists. In the case of attacks by unions, the objective is often to force a target company to unionize. For other NGOs—environmentalists, human rights advocates and the like—the objective is to punish a company for policies or behaviours with which the attackers disagree, and force it to change its ways.

There is a term of art for these attacks: the corporate campaign, or perhaps more tellingly, the *anti*-corporate campaign. An anti-corporate campaign is a co-ordinated, often long-term and wide-ranging programme of economic, political, legal and psychological warfare designed to attack the viability of the essential stakeholder relationships on which any corporation depends. By turning these stakeholders into pressure points against the company, the successful campaign strikes at the company where it hurts most while simultaneously depriving it of its best lines of defence.

In my recently published book, *The Death of a Thousand Cuts: Corporate Campaigns and the Attack on the Corporation*, I examine the history, strategies, tactics and effects of these campaigns. In these few pages, I will summarize the argument of the book.

A PRIMER ON CAMPAIGN STRATEGY

At their heart, anti-corporate campaigns attack the very *corporateness* of their targets—the legitimacy of the corporation as a social form. They are invariably constructed around a myth structure which holds that the target *du jour* is a social outlaw, acting without regard to any public interest, and they are designed to appeal to an underlying distrust of big business that is widely held in many, if not all, countries around the world. Indeed, the corporate campaign is perhaps best understood as a hugely complex morality play, in which the antagonists seek to define the moral high ground

on terms the target company cannot possibly meet, then to publicize and exploit the resulting corporate shortcomings.

More than 200 such campaigns have been waged over the past quarter-century. The targets have come from all sectors of industry, from mining and manufacturing to healthcare, retail and services. In the last decade, the frequency, sophistication and impact of these exercises in reputational warfare have increased dramatically. What began as a parochial defensive strategy on the part of a few beleaguered unions has emerged as a major force in the international system.

As long as there have been opposing interests—business, labour and advocates of other diverse causes—there has been a competition for the hearts and minds of the public and for control of public policy. The anti-corporate campaign differs from other campaigns through its scope, its complexity, its sophistication and, most of all, its grounding in a systematic deconstruction of the target company.

Every successful campaign begins with extensive research designed to identify every stakeholder relationship on which the target company depends. Included would be relationships with such groups as its customers, bankers and creditors, shareholders and financial analysts, principal regulators, employees, advocacy groups and even civic and religious leaders. In each instance, the antagonists seek out potential vulnerabilities they might exploit. These are then compared against the antagonists’ own strengths and capa- ▶

bilities, and are prioritized as an order of attack.

Because they are based on company-specific research and give rise to company-specific actions, the strategies of the anti-corporate campaign appear to be somewhat idiosyncratic. But by observing a large number of such campaigns, we can identify several classes of actions that are employed with considerable regularity. Some of these include:

- *Defining and defending the moral high ground.* This, as noted, is a unifying strategy of all such campaigns. It is most clearly manifested, however, in campaigns that pressure corporations to adopt codes of conduct that bind a company and, typically, all of its business partners to certain labour, environmental and other policies that may or may not be in the company's best interest.
- *Bringing secondary pressure on the company's financial arrangements.* It is common in campaigns, especially those conducted by certain unions and NGOs, to picket or boycott banks that lend funds to the target company. This strategy often includes threats to withdraw union pension funds on deposit.
- *Attacking shareholder value.* Campaigns are often directed at bringing downward pressure on a company's share price by generating adverse publicity and by questioning the company's accounting and reporting practices. Many campaigns produce white-paper reports purporting to show how badly the target company is doing, then distribute these to trade and financial analysts and the media. Shareholders are mobilized to complain, and to advance changes in corporate governance structures that reduce the company's defences against attack.
- *Boycotting the company's products or services.* This is employed primarily against manufacturers or sellers of consumer goods.
- *Litigation and regulation.* Most anti-corporate campaigns employ the courts and government regulatory

structures extensively. By initiating allegations of wrongdoing—whether justified or not—in one or the other venue, the campaigners can bring waves of unfavourable publicity crashing against the company, can tie up resources and management attention that would otherwise be directed at actually doing business, and can sometimes raise a viable threat to which the company must, at significant cost, respond.

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The idea behind these and other stratagems is to encourage various stakeholders to act selectively in their own self-interest, but to structure the business environment so that the stakeholders' self-interest will parallel the interests of the company's antagonists. This has the effect of converting the company's essential supporters into *de facto* allies of its opponents. It is a very sophisticated strategy.

Through these and other devices, the campaign brings unremitting pressure against the target company. But, because most companies are organized in stovepipe fashion by function, management can be slow to recognize and respond to such attacks as anything more than *ad hoc* problems. This is understandable, but it can be fatal.

Part of the difficulty in recognizing a campaign when one is on the receiving end is the extraordinary diversity of forces through which the attacks may be carried. At least in the US,

labour unions are held in low public regard. And in all instances, labour unions have an evident self-interest in attacking any particular company. So in labour-based campaigns, it is commonplace for the unions to construct coalitions of religious leaders, consumer rights advocates, human rights groups and other interests whose names and agendas convey an image of concern for the public interest. These groups give the campaign a patina of legitimacy. Even in campaigns waged by non-labour NGOs, broad-based, or at least broad-appearing, coalitions can have value, if only to enhance the ostensible strength of the opposing forces.

From the management view, then, the company finds itself attacked by religious leaders asking it to commit to moral conduct, by consumer activists decrying the quality of its products, by attorneys seeking redress for its alleged misdeeds in any number of areas, by its regulatory overseers acting on complaints about workplace safety or environmental or a host of other practices, by shareholders concerned that management is not serving them well, by customers who turn to competitors, and by the media who report gleefully on all of the above, but without context, explanation or understanding. Only when the prime antagonist steps forward and offers to make all of the pain disappear do the pieces come together, and by then it may well be too late.

INTELLECTUAL ORIGINS OF THE ANTI-CORPORATE CAMPAIGN

Allowing for a bit of simplification, the anti-corporate campaign traces its origins to an American student activist group of the 1960s, the Students for a Democratic Society (SDS). Today, Americans remember the SDS (if at all) as a leader of the anti-Vietnam War movement that came to be dominated by increasingly violent activists. But before Vietnam, the group functioned much in the manner of a social policy incubator, experimenting with community organizing and other pro-

grammes intended to build a progressive-left movement in the US.

In one of these experiments, SDS collaborated with the National Council of Churches (the US affiliate of the World Council of Churches) and others in devising a strategy for converting major social institutions such as churches, unions and corporations into agents of social change. The idea was to influence *public* policy by forcing massive changes in the policies of leading *private* institutions. In 1970, this collaboration produced the first systematic how-to manual for identifying the key stakeholders who might be mobilized against the power of the corporation.

The intellectual foundation of the campaign was further cemented by veteran community organizer Saul Alinsky, whose well-known book, *Rules for Radicals*, published the following year, was explicitly directed to these new activists. Alinsky drew on his own experience in confronting corporate power to propose 13 ‘rules’—really tactics—that he hoped would convert an intellectual movement into a practical and effective one.

CAMPAIGNS TAKE ROOT

It was organized labour that first breathed life into the anti-corporate campaign. By the 1970s, the US labour movement was in desperate straits. Membership had been declining since the end of World War II, and with that had come shrinking resources and a loss of influence. The social tensions of the 1960s and 1970s had separated labour from its traditional allies. The public distrusted labour, and there was little incentive for workers to join unions. The success rate in representation elections dropped below 50 per cent for the first time. The movement was in deep trouble. Then things got much worse.

In 1981, newly elected President Ronald Reagan was confronted with a strike of the nation’s air traffic controllers, which under American law was illegal. The controllers figured that, since the nation’s air traffic system could not operate without them, they

were immune to sanctions. They figured wrong. In a dramatic move that chilled the labour movement to the bone, the President fired the strikers and barred them for life from other federal employment. And he made it stick. Then, not long afterward, a mining strike in the state of Arizona was broken with the hiring of permanent replacement workers, another new precedent. At this point, labour was in utter disarray.

As it happened, a few years earlier some unions—most notably the textile workers—had begun to experiment with a new approach to organizing: the corporate campaign. Rather than organizing workers vote-by-vote in workplace elections in the traditional manner, campaigns might be used to organize whole companies at the wholesale level. Hand over your workers, the message was, or suffer the consequences.

After a bit of experimentation, the first full-scale campaign was launched against J.P. Stevens, a large textile producer, beginning in 1976. Through the early 1980s, a small number of other campaigns were waged. Though these efforts had mixed success, out of them came a growing expertise in devising the strategies, building the coalitions

The idea was to influence public policy by forcing massive changes in the policies of leading private institutions

and shaping the messages that would most effectively undermine corporate reputations. But the advocates of this alternative approach to organizing remained on the outside of the labour movement, distrusted and often explicitly opposed by its leaders.

That changed in 1995 with the election of John Sweeney as head of the AFL-CIO. Mr Sweeney was a long-time advocate of the corporate campaign approach. In his inaugural address, he set the tone for the last several years when he promised to ‘use old fashioned mass demonstrations, as well as sophisticated corporate campaigns, to make worker rights the civil rights issue of the 1990s’.

THE MAINSTREAMING OF ANTI-CORPORATE CAMPAIGNS

Since 1995, Mr Sweeney has strongly encouraged the AFL-CIO’s member unions to employ corporate campaigns as a central element in their organizing drives, has directed massive new resources to these efforts, and has overseen the construction of an infrastructure of educational programmes, recruitment activities, financing and policy initiatives to support them. Significantly, he has also forged a new era of co-operation with the international labour movement that has helped establish the anti-corporate campaign as a genuinely international phenomenon.

The impetus for this latter move was twofold. First, American unions found themselves increasingly disadvantaged by the ability and inclination of multinational companies to move jobs offshore. Some means had to be found to pressure these employers in markets beyond the US, or the only result of a successful organizing campaign would be a further loss of the unions’ share of the domestic labour market.

At the same time, there was an affirmative gain to be achieved. Even in their weakened condition, the American unions had substantially more resources at their command than did their European and other international counterparts. And they now had a body of expertise in conducting anti-corporate campaigns. Still, unlike unions elsewhere, they lacked a measure of legitimacy and influence. Americans did not much trust their unions, and government did not much listen to them. But a genuine international al- ▶

liance of labour... *that* held the potential to marry resources and expertise with legitimacy and influence in a way the biggest companies could not ignore.

And that is precisely what the international labour movement has set out to do. Working through the International Confederation of Free Trade Unions and a number of its industry-specific trade secretariats, unions in a number of countries have begun to mount co-ordinated international campaigns against prominent companies. In some instances, this international action is mobilized to organize workers globally, as in the campaign against Rio Tinto. In others, global action is directed at bringing local pressure, as when the chemical workers federation pressured the operations of Germany's Continental Tire in several countries in order to force settlement of a strike at one factory in the US. All of this is facilitated by the World Wide Web, which allows a degree of communication and co-ordination across national boundaries that was inconceivable a scant decade ago.

NON-LABOUR NGOS: THE BIGGER THREAT?

Anti-corporate campaigns are effective to the extent that they generate real or apparent risk for the target company, and corporate antagonists are the most frightening when they seem to act without regard to any interests of their targets. Labour, however, does have a common interest with the giant corporations it so vigorously attacks. Those corporations employ the very workers that labour seeks to represent, and employs them on the only scale that facilitates organizing—large. As a result, in its attacks on corporations, the labour movement necessarily recognizes certain boundaries that, at least in the aggregate, must not be crossed.

The same cannot be said of some other NGOs that are now employing these techniques. Leaving aside a few scattered experiences, non-labour NGOs were latecomers to anti-corporate campaigns. Indeed, they became engaged in these actions largely upon

being recruited by labour to join in its various coalitions and help to legitimize its messages. But as more and more groups—environmentalists, consumer rights and human rights advocates, anti-GM food and crop activists and others—were exposed to the strategies and potentialities of the anti-corporate campaign, more and more of them came to realize that they did not need to await labour's lead. In many instances they did not need labour at all.

In fact, one useful way to categorize NGOs engaged in anti-corporate campaigns is by their degree of separation from labour. At one end of the spectrum are those groups that have been created by or for the unions primarily to legitimize their message. In the US, for example, the National Interfaith Committee for Worker Jus-

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tice was established shortly after Mr Sweeney's election to head the AFL-CIO. Its role is to bring target companies into conflict, not with the unions, but with their local religious and community leaders. Toward the other end of the spectrum are such groups as Greenpeace, INFACT and the Rainforest Action Network (RAN). These groups may occasionally share objectives with labour, but they were not established to serve labour's purpose and more often act independently in pursuit of their own objectives. Examples would include Greenpeace's campaign against Monsanto over GM crops, INFACT's anti-smoking campaign against Philip Morris, and RAN's

international efforts against Mitsubishi over its logging and other practices.

For these groups, the primary motives are political, not economic. More to the point, many of them appear to have little commitment to corporate capitalism *per se*, let alone to the survival of individual corporations. As a result, the tactics adopted by such groups are often more reckless and more dramatic than those employed by labour—and also more newsworthy. For these groups, the campaign may be not a means to an end, but an end in itself, and there is great value in prolonging it. From a management perspective, this makes them especially unpredictable and dangerous.

GLOBALIZE THIS!

All of these players and trends coalesced at the end of 1999 in the so-called 'Battle in Seattle,' the massive demonstrations against the World Trade Organization. The object of all this attention—global trade policy—symbolized the internationalization of the struggle against the corporation, with the anti-corporate campaign playing a central role. The ongoing campaign against the international economic order, as represented by the World Bank, International Monetary Fund, World Economic Forum and other institutions and events, is but one dimension of this conflict, albeit one that serves notice that business interests are not the only practitioners of globalization.

The years ahead are likely to see an intensification of this conflict, as more and more companies and international institutions come under attack. At stake is the structure of international commerce ... and its control.

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I P A

REVIEW

Cultural Wars

RON BRUNTON

Australia Deliberates

In mid-February, nearly 350 people, supposedly chosen at random to reflect the nation as a whole, spent a weekend at Old Parliament House in Canberra to consider the future of reconciliation. These 'representative Australians', as they were called, discussed the issues among themselves in small working groups, and attended plenary sessions where panels of politicians and experts responded to prepared questions.

Before the weekend, the participants were asked whether governments should apologize to Aborigines. Forty-five per cent said 'yes' and 48 per cent said 'no'. After their deliberations, they were polled again. This time the support for an apology was overwhelming, with 69 per cent in favour, 19 per cent against, and the rest undecided.

Backers of the exercise, which is known as 'deliberative polling', claim that this kind of change represents 'the conclusions the public would reach, if people had a good opportunity to become more informed'. The ABC, which televised some of the proceedings, was clearly delighted with the outcome, and *The Australian's* Mike Steketee wrote that it was pity Pauline Hanson hadn't been there to see how ordinary Australians respond when they are properly informed.

But sceptics argue that deliberative polls are just a subtle form of indoctrination, intended to strengthen political positions favoured by the cultural elites. Having participated in one of the panels, and spoken to a few of the 'representative Australians' after the weekend was over, I support the sceptics.

Deliberative polls are the idea of University of Texas Professor James Fishkin, and were devised largely in response to a major weakness with conventional opinion polling.

Over the years researchers have found that because many people don't like admitting they are ignorant about the issues to which they are responding, they offer random answers, or answers which they think will impress the interviewer. In a number of classic studies, individuals offered seemingly decisive opinions about legislation and ethnic groups that did not even exist.

Sceptics argue that deliberative polls are just a subtle form of indoctrination, intended to strengthen political positions favoured by the cultural elites

Professor Fishkin worked to develop techniques to provide citizens with the opportunity to come to an educated opinion on particular topics. To date, nearly 20 deliberative polls have been held in various countries, including one in Australia dealing with the issue of a republic.

This was staged shortly before the 1999 referendum, and it produced an outcome strikingly different from the

referendum itself, with nearly three-quarters of the participants supporting the 'yes' position. Results from other countries also show a marked tendency for participants in deliberative polls to move towards positions favoured by the posturing classes.

Of course, if such polls are to have any credibility, impartiality is crucial. The 'representative Australians' attending the reconciliation deliberations were certainly led to believe that the briefing paper they were given beforehand was carefully balanced, and that all relevant points of view would be propounded over the weekend.

But while Issues Deliberation Australia, the organizers of the weekend, were no doubt sincere in their desire to offer an even-handed presentation, I don't think that they were successful. Perhaps the problem lay in their inability to understand the complexities of Aboriginal issues, and the extent to which years of sanctimonious browbeating have truncated proper debate on these matters.

When I was first asked to become involved, both as a panellist and to review the written material, I was hesitant. I suspected that I was being invited merely to give the illusion of balance to an event whose main purpose was to show that no decent human being could hold views on reconciliation contrary to those of ATSIC and the Australian Democrats.

My suspicions increased when I saw a list of the others being invited to address the gathering, and a draft of the briefing paper. Neither showed evidence of balance, nor held any promise that the 'representative Australians' would be taken much beyond feel-good moralizing to a consideration of the tough questions ►

and trade-offs involved in the key issues of reconciliation.

On the other hand, Dr Pamela Ryan, managing director of Issues Deliberation Australia, responded gracefully to my criticisms. She said that she welcomed suggestions for other panellists, and for ways of improving the briefing document.

I gave her the names of a number of articulate Aborigines who question the value or direction of the reconciliation process, or the conventional stance on an apology. But there were no dissidents in the final line-up of Aboriginal panellists in the plenary sessions. I have since discovered that two of the Aborigines I suggested were not even contacted. Another two heard nothing further after preliminary discussions, although one of them made it clear that she wished to become involved.

And although the discussion of some issues in the final version of the briefing paper was less tendentious than in the draft, it was still a document that could be embraced by most 'black armband' historians. There was no suggestion, for example, that *Bringing Them Home*, the report on the 'stolen generations' that first triggered the clamour for a national apology, is a document whose credibility is increasingly under serious challenge.

In this regard, it is unfortunate that the Lowitja O'Donoghue story did not break a week earlier. At the very least it would have led to questions that were simply not raised during the deliberative poll.

But as long as no-one takes the results of the poll seriously, there may be some benefits from the weekend's proceedings. They gave Aboriginal and non-Aboriginal Australians from all over the country an opportunity to meet with each other and form new friendships. And that is what reconciliation should be all about.

Dr Ron Brunton is a Senior Fellow with the Institute of Public Affairs.

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Focus on the Precautionary Principle

JULIAN MORRIS

PRECAUTION has long been a basis for taking action to prevent harm, and where dangers are well characterized there are clearly merits in this: it is not advisable, for example, to build a house on the edge of a volcano that is expected to erupt imminently; nor indeed to build a house on the banks of a river likely to flood on a regular basis. But the 'precautionary principle' goes way beyond this conventional look-before-you-leap prudence. Indeed, the precautionary principle is cited as a justification for taking action primarily in those circumstances when dangers are *not* well characterized.

Consider this statement by Jeremy Leggett of Greenpeace: 'The *modus operandi* we would like to see is: "do not admit a substance unless you have proof that it will do no harm to the environment"—the precautionary principle'. This requires the proof of a negative, which is a philosophical impossibility (it is always possible to imagine harms that might result from the release of a substance into the environment, not all of which can be disproved). As a result, the precautionary principle becomes an excuse for arbitrary restrictions on technologies.

Take the threat of human-induced climate change, which is presented by a broad range of groups as a possibly catastrophic problem.

Governments justify fuel taxes, as well as subsidies to wind, wave, solar, and biogas energy schemes, on the grounds that they will reduce emissions of carbon dioxide, the primary putative cause of human-induced climate change. But the effects of man's emissions of carbon dioxide on the global climate are unclear. Global mean temperature appears to have risen over the past 140 years by somewhere between 0.4 and 0.8 °C. Much of this warming, however, occurred between 1860 and 1940, which was before most of mankind's emissions of carbon dioxide were put into the atmosphere. Moreover, there appear to be inconsistencies between the ground-based temperature data (which show a significant warming over the past 20 years) and the data collected by weather balloons and satellites (which show no such warming).

A simple doubling of atmospheric carbon dioxide concentrations (such as might be expected to occur some time between 2050 and 2100) would result, all other things being equal, in about a 0.3 °C rise in temperature. Predictions of future catastrophic warming therefore rely upon assumptions of strong positive feedback effects, particularly from water vapour. However, some of the world's leading experts on cloud formation question this assumption. Richard Lindzen, Sloane Professor of Meteorology at MIT, has consistently pointed out that the evidence

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does not support the hypothesis of strong positive feedbacks and indeed argues that there may even be negative feedback effects from clouds—limiting the warming.

Others point out that increases in carbon dioxide concentrations would increase growth rates of most plants, whilst any warming would also lengthen growing seasons in both northerly and southerly latitudes. In other words, human-induced climate change could actually be beneficial!

Perhaps most importantly, the evidence from the temperature record of the past suggests that climate is going to change with or without man. This means that man must adapt if he is to survive. The people most susceptible to such change are those engaged in weather-dependent activities such as farming, for whom two adaptive strategies might be adopted: diversification and the adoption of new technologies. Diversification requires that there be other activities available. This is not a problem in developed countries, but in developing countries it means that development is absolutely essential; and with current technologies that means using carbon-based fuels to generate electricity, plant and harvest of crops, and process and transport goods. New technologies might include new varieties of crop, but also new production processes, which are likely to require carbon-based fuels. Restricting emissions of carbon dioxide would therefore limit man's ability to adapt.

Applying the precautionary principle to climate change tells us on the one hand that we must limit emissions of carbon dioxide, in order to prevent change, and on the other that we must not limit emissions of carbon dioxide, in order to enable man to adapt. Not very helpful, I think you will agree.

The European Commission has on several occasions used precautionary reasoning to impose bans on technologies in spite of an absence of evidence of harm. In 1985, it

banned the use of all animal growth promotion hormones even though its own inquiry had concluded that use of three natural hormones posed no risk to human health. Last year it instituted an emergency ban on the use of phthalate plasticizers in baby toys, in spite of protests from the head of the scientific committee charged with analysing their impact. The committee had concluded that following 40 years of use there was no evidence of ill effects.

The precautionary principle has become a convenient catchphrase by which environmentalists and consumer organizations justify calls for restrictions on the use of tech-

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nologies they dislike. In so doing, they threaten to stultify technological progress and consequently perpetuate human suffering. A good example is biotechnology or 'genetic modification' (GM).

Environmental and consumer organizations campaign vigorously against the use of GM in agriculture (Greenpeace, for example, wants a ban on GM food). Yet, GM plants are likely to have many benefits, including reduced use of fertiliser and pesticide, increased yields, better adaptation to more extreme conditions (such as saline soil, high and low temperatures, and low precipitation), and reduced allergenicity

(hypoallergenic wheat and milk are already in the pipeline; allergy-free nuts are a few years away). Of course there may be costs (such as out-crossing of certain characteristics), but these can be (and to a large extent are) dealt with by obliging the producers of GM plants to test their products before they market them. A simple common-law liability regime would create incentives for GM producers to make appropriate pre-market assessment and also ensure compensation for any harms that might arise. Such a regime would also be considerably less opaque than the current regulatory framework.

An outright ban on GM foods would be counterproductive. If people are really concerned about human health and the environment, then they should be encouraging more rapid adoption of GM technology, especially in the developing world where yield enhancements and greater adaptive potential would be most beneficial. Yet, sadly, the Cartagena Protocol on Biosafety, signed this year and justified on 'precautionary' grounds, achieves the opposite by imposing unnecessary bureaucratic hurdles in the way of trade in GMOs.

As these examples demonstrate, the precautionary principle is already having perverse effects. If applied widely, it would have quite the opposite effect to that intended, subjecting us to more risk and uncertainty. By preventing us from using newer, safer technologies, the precautionary principle would both limit our ability to cope with the risks we already face, and make life more uncertain, undermining our capacity to cope with risks that might arise in the future.

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I P A

Letter on America

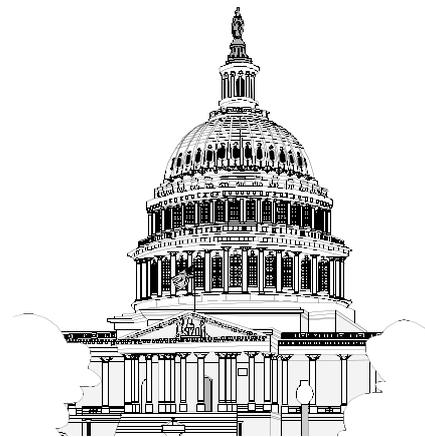
NIGEL ASHFORD

George W. Bush as a Conservative Conservationist

The debate on the environment has fallen into a classic good guys/bad guys routine. Businessmen and women are presented as greedy and selfish, while politicians, bureaucrats and their 'green' allies, seeking more control and regulation over the land, are presented as selfless devotees of the public interest. This false dichotomy is now to be exposed by George W. Bush. His standard-bearer for a very different vision to conserve the earth is Gale Norton, his Secretary of the Interior, responsible for the 25 per cent of America owned by the Federal Government, mainly in the west.

Norton stated 'I am a conservative and a conservationist My number one priority will be the protection of America's natural resources'. She believes that the government is a poor conservationist and that the earth is better protected by private owners. This stands in direct contrast to the Clinton Administration which brought ever more acres into government ownership and became ever more restrictive of any economic activity on federal lands. Inability to conceive of an alternative approach can be seen in the comment by 'USA Today' that 'protecting the environment isn't going to be the priority for George W. Bush'. The Sierra Club, the biggest 'green' lobby, declared that 'Gale Norton would be a natural disaster as Interior Secretary'.

What does she believe that is so scary to traditional thinking? That both theory and practice demonstrate that government is a poor defender of the environment and that private owners are much more likely to conserve the land. Why? Because of in-



centives and information. The tragedy of the English commons was that as no-one owned it, people had an incentive to use the land for their own cattle or sheep without regard to damage to the soil. It was those who were selfish who obtained the greatest benefit from common land. It was everyone else who bore the costs. This problem was not solved until the commons came under private ownership. The second reason is the lack of knowledge by government decision-makers about the specific circumstances of particular places. A 'one size fits all' policy is totally inappropriate.

These theories are supported by plenty of empirical evidence. The terrible forest fires that broke out in the west in 2000 were considerably exacerbated by the policies of the Clinton Administration. Its ban on logging and the building of roads meant that the fires spread quickly and far, and the infrastructure was absent for fire-fighters to act early. Another example is the damage caused to Yellowstone National Park by the inept policies of public management. This is amply documented by Alston Chase in *Playing God in Yellowstone*. The *Endangered Species Act*, which effectively takes away property rights over any land on which an endangered species is

found, creates the incentive to 'shoot, shovel and shut-up'.

By contrast, private property owners have an incentive to conserve their property because they wish to protect the value of their land for future resale and to ensure that it remains productive and valuable so that they can continue to live off the land. Furthermore, owners have the best knowledge of their own land and how to protect it. Private forests in the west managed to avoid the worst of the fires through good conservation measures.

The intellectual origins of these ideas are in public choice theory (which contrasts incentives in the government and market realms) and property rights (which demonstrate the considerable advantages of the strong recognition of private property rights). They have been applied to conservation by the free-market environmental movement. The best introduction to the topic is *Free Market Environmentalism* by Terry Anderson and Donald Leale. Anderson was an adviser to Bush during the campaign. These ideas have been translated into public policy by think-tanks such as the Political Economy Research Center (www.perc.org) and the Competitive Enterprise Institute (www.cei.org) and supported by grassroots groups such as Defenders of Property Rights.

Bush has demonstrated his sympathy to free-market environmentalism by appointing someone so closely identified with it, knowing that conventional greens will protest. Gale Norton will not have an easy ride but the environment will be better for her appointment.

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REVIEW

The Rewards of Cultural Incompetence

MICHAEL WARBY

HOW do you spell 'One Nation Party'? P-L-D, because it's the DLP in reverse. Whether in Government (WA) or in Opposition (Queensland) the voters have been punishing the Coalition.

The Coalition faces the prospect of One Nation splintering the liberal-conservative vote in such a way that it will not only lose the next federal election, but be kept out of power for a long period of time—in the same way that the splintering of the Labor vote via the DLP did much to keep the ALP out of power from 1955 to 1972.

If this happens, it will have no-one but itself to blame. It will be the just reward for its sustained incompetence at cultural politics.

Pauline Hanson herself is not really about economic issues. She has nothing to say on them which is not already being said by the Democrats, Greens, left of the ALP, humanities and social science academics and the ABC. She did not gain prominence by talking about economic issues, but about cultural ones, about issues of national identity. Issues such as crime, immigration, indigenous issues. The issues where the gap between media opinion and public opinion is widest.

And this is where the Coalition is reaping the rewards of its sustained incompetence in cultural politics. Over the years, it has made no serious attempt to build up its intellectual resources in these areas. When in power, it has no serious network of people to appoint to cultural institutions. Consequently, it has, with a few honourable exceptions (Tony Abbott being the most prominent) no strategy for

dealing with cultural issues apart from pallid acquiescence in the fads and fashions of the progressivist ascendancy, passive negativism (no, I won't say 'sorry') or silence.

It is not that the Coalition has to have a single view. On the contrary, a broad-church approach is precisely what is required. But it had to be willing and able to articulate the range of concerns of its social base effectively. By treating large areas of cultural and social policy as effectively 'no-go' areas (reinforced by being burnt by its own incompetence when it did so venture—for example, Asian immigra-

Voting for One Nation is the only way people can vote for colour-blind public policy—all the other parties stand for some form of 'separate development'

tion) it left them open for someone to come in and articulate concerns that were not being addressed. Which is what Pauline Hanson did.

In the 1966 Census, around 670 Tasmanians claimed to be Aboriginal. In 1991, 8,882 did and in 1996, 13,873

did. Michael Mansell has complained bitterly that there are many phoney Aboriginals doing it for the money: such mendacity and corruption revolts many in rural Australia. Yet voting for One Nation is the only way people can vote for colour-blind public policy—all the other parties stand for some form of 'separate development', with all its attendant failure, corruption and dishonesty.

The Coalition's federal margin is so narrow (a 0.8 per cent swing would see it lose office), that the smallest swing experienced by any Federal Government since 1966 (0.9 per cent) would be sufficient to tip it out—and every election since 1966 (1993 alone excepted) has seen a swing against the incumbent Government. But its margin is so narrow because of the cultural revolt on its own turf in 1998, where One Nation got one million votes *despite* its leader being clearly revealed, by her 'easy tax' policy, as a dill.

It is widely acknowledged that the vote for One Nation represents a scream for attention by people who feel they are not being listened to. Yet the approved response is to say that the preferences of people who vote for One Nation, people whose votes the Coalition has been seeking for years, are unclean and will not be accepted—thereby shouting at them that they will not be listened to. The only response to such insulting Coalition arrogance is the obvious one—OK, that's a done deal.

Ostracism is not a basis for dialogue.

As for the danger of a loss of urban votes from such preference deals; first, product differentiation is an advantage ►

one is supposed to be able to get from being a Coalition (while weakness and indecision are never attractive). Second, it has been Coalition acquiescence in 'no-go' areas and in large slabs of opinion being beyond the pale which has allowed such a mentality to take root. So Coalition incompetence at cultural politics means it is now placed in an impossible dilemma.

The demand by people (who would never listen to anything John Howard says) that he should have shouted Hanson down is really an attempt to maintain the legitimacy of shouting people down—and shutting out of public debate lots of people including those who think like, well, John Howard.

The National Party may be in terminal difficulty (with the possible exception of Queensland). It was created out of a revolt by rural exporters against their exploitation by the Deakin system of wage arbitration and trade protection. From the 1920s to the mid-1980s it had about 15 per cent of the seats in the House of Representatives. Since the mid-1980s, it has declined to about 10 per cent. This is precisely the period when the replacement of the Deakin system got underway in earnest. Population shifts have not helped, but the real story has been the steady replacement of National Party MPs by Liberal MPs (and, latterly, rural independents).

The Country-cum-National Party was created and lived as a protest against economic exclusion and exploitation by urban interests. Perhaps it can be re-born as a protest against cultural exclusion and exploitation by urban interests. After all, the major moral vanity issues of environment and indigenous affairs operate on the basis of urban posturing which imposes costs on rural Australia. The urban greenies and reconciliation posturers get the moral vanity, the bush gets the devastated industries—forest towns demolished, development projects blocked, rural property rights compromised. (And their guns taken away on the insulting implication that they are all potential Martin Bryants.)

If I were the National Party, I would not campaign against economic reform—unless I was prepared to campaign against the welfare state in a fundamental way (since it is the increasing revenue demands of the growing welfare state which fundamentally drive economic reform). I would start advocating such things as capital punishment, pride in Australia, the same

In the midst of an economic boom, the Coalition is in serious trouble.

And it is all its own fault. It's the culture, stupid!

set of rules for all (in particular, no Treaty), welfare reform, firm crime policy, compensation for compromised property rights. I would denounce urban posturers who make country Australia pay for their preening indulgences. I would not tolerate the idea of 'no-go' areas in public debate. In fact, I would seek them out.

The other big mistake the Coalition parties have made is that they have become high-tax parties. They would prefer to spend taxpayers' money themselves than hand it back to its constituents (another sign of being out of touch). Of course inflation spikes caused by public policy (the GST) should be taken out of petrol excise indexing (which betrayed the original *Fightback!* deal of GST for lower petrol prices). Under Howard, Australians pay more taxes per head than ever before in history. The way the modern state works, the net effect of bigger government is to tax the social base of the Coalition parties to pay funds to the social and activist base of the Labor

Party. It is very stupid of the Coalition to play this game. It should be attempting to reverse it in the only way it can be reversed—by smaller government.

Part of the problem for the Coalition is that its cultural opponents are shameless liars. The secret women's business lie has been exposed, but here is a list of current shameless untruths: that there was a 'stolen children' genocide; that poverty is increasing; that income distribution is (after taxes and transfers) becoming more unequal; that most people are worse off; that government is shrinking; that the welfare state is shrinking; that opposing Native Title or special programmes for indigenous Australians is a mark of racism; that opposition to multiculturalism or immigration is proof of racism; that human-induced global warming with major negative consequences is settled science. But the Coalition gets swamped in such lies because it fails miserably to develop its own intellectual and cultural resources. Their opponents get away with such lies because public debate is so dominated by the self-serving moral vanity of the progressivist ascendancy. Yet, after five years in office federally, the Coalition has done nothing seriously to contest the dominance of cultural institutions by its opponents.

Mainstream liberal-conservative politicians have responded to the unreal moral vanity of the media rather than the values, concerns and experience of its own social base. What have Coalition Governments actually delivered since 1992 except fiscal rectitude? When then Queensland National Party Leader Rob Borbidge said that voters were not listening to the major conservative parties, why should they? Those parties have become part of the unreal game, they have become part of the problem.

In the midst of an economic boom, the Coalition is in serious trouble. And it is all its own fault. It's the culture, stupid!

Michael Warby is a Fellow of the Institute of Public Affairs.

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REVIEW

Thoughts on the Causes of Present Discontents

JIM HOGGETT

2001 is a year of serial elections. Partly as a result of this, there is much discussion of our present national condition. This is an all-round unhappy discussion. The American writer, Bill Bryson, characterizes Australians as extraordinarily argumentative and self-critical. Even allowing for this natural propensity, the national mood seems dark. Yet, historical and geographical comparisons show that we are well off.

Although we may be well off, curiously we don't think that we are doing well.

POLITICS

Part of the explanation lies in the deep political malaise that has been brought to the surface by recent elections. The public is profoundly dissatisfied with politics and politicians. Pauline Hanson is the symptom, not the cause of this. She should not be dismissed on this account. A strong part of her appeal is not the negative side of her policies but the attempt to provide some unifying themes for Australians. These may be nostalgic and/or mistaken but she has the field to herself.

The major parties are about dissension and division, endlessly squabbling over marginal changes to policies that have been done to death: privatization, wages, roads, welfare. In exploiting them for transitory advantage, they widen the various cleavages in our society: town/country, male/female, black/white, ethnic. They obscure the unifying themes. In the media we see the same political faces we have seen for two decades, apparently

incapable of thinking or expressing a single idea to inspire us all.

Governments are busy but not productive. They interfere more each year in our lives and take more of our earnings. At one extreme we have the massive tax and paperwork hike associated with the GST and, at the other, the silly Bob Carr law to police the citizenry in the harmless activity of letting off balloons.

ECONOMICS

Our economic performance is under a cloud.

Assertions that we have been outperforming others are belied by the productivity data, the economic league tables and the quarter-of-a-century slide in our currency—it's as if we have been running up the down escalator and it's gaining on us. This is a long-term failure of policies. If Australia were a company, it would be vulnerable to takeover given the cheapness of its assets and, of course, such takeovers are happening all the time.

It is not that we are becoming a branch economy. We have always been a branch economy to a large degree. We have always worried about foreign investment. It was said that a big balance-of-payments deficit and capital inflow was natural at our stage of development. But when do we grow up?

Looking ahead, other doubts appear. They go beyond the rather wistful wonderings about whether we will suffer the consequences of the US recession. They go to the more fundamental questions: will we reach our full potential or will we keep slipping down the league in Asia and the world?

Some warning signs:

- We still have one of the most savagely progressive tax systems in the world and tax levels are creeping up again.
- Our competition laws are designed and administered to keep our corporations small until overseas companies swallow them.
- Our communications sector—the twenty-first-century industry—is woefully overregulated and there is now a threat by Labor to take us back a decade.
- The black economy continues to grow in a most healthy fashion (almost 15 per cent of GDP by a recent estimate).
- The welfare burden is large (\$70 billion) and unemployment wastefully high, which is demoralizing both for taxpayers and recipients.

In a world where corporations, banks, accountants and law firms are all multinationals, the medium-sized firm has to be light on its feet to survive. Australia no sooner generates such firms as Memtec or Telectronics than they are snapped up. At the big end of town, Ampol, Pioneer, Woodside and Optus fall (or may soon fall) to foreign takeover.

At the same time, the intellectual climate has taken a turn for the worse. Various irrational sloganeers are criticizing the long and long-deferred economic reform process in Australia. They want to turn the clock back to a non-existent golden age of national self-sufficiency. The attack on economic rationalism has become an attack on rational thinking.

Australia derived its earliest and best prosperity from the nineteenth-

century version of globalism with our exports of primary produce. We still rely heavily on trade to sustain our living standards. Real self-sufficiency is more than ever measured in terms of the ability to trade successfully.

THE REGIONS

This is why the support for One Nation in the bush is both understandable and lamentable.

The bush's exposure to the vagaries of world prices is the sharpest of any Australian sector's, but the least avoidable. Its relative levels of income have fallen away but will rest entirely on its continuing adaptability to change. Its attachment to the traditional unified images of the Australian identity is the strongest but its influence in national affairs is reduced to that of spoiler rather than leader.

The flood of new regulations emanating from urban-based interests exacerbates rural Australia's irritation with a regime where the bush pays the costs of adjustment but the cities get the benefits. For example, rural Australians are advised that:

- The rain that falls on their land no longer belongs to them but is to be measured (by them) and mainly allocated to a number of other parties; regulations designed mainly for irrigators are applied to all.
- They must identify and protect native animals on their properties; they are unpaid government zoo-keepers.
- They must check all trees on their land for biodiversity and for hollows and possible feeding areas; unpaid government ecologists and foresters as well as zookeepers.
- They must make complicated applications to change their land uses, keep complicated new records and accept a host of new regulators who have rights to enter their property and demand information from them.
- They must fill out complicated new GST forms so that they can tax themselves more regularly (unpaid tax collector).
- They must accept deregulation of

their markets while paying heavily for regulators to afflict them in all the ways devised by Federal, State and local government (health, workcover, animals, superannuation, payroll, equal opportunity, tax, land rights, weeds, fire, heritage, planning, etc) as well as those described above.

These are all laudable regulations in themselves, but there is no attempt by their perpetrators to assess or miti-

It is a wonder that there is not a more active revolt against the tyranny of the bureaucracy than merely voting for One Nation

gate their crushing cumulative effect. In a way, it is a wonder that there is not a more active revolt against the tyranny of the bureaucracy than merely voting for One Nation. But what recourse is there?

ARE WE DOOMED TO BE A BRANCH?

There are worse things than being a branch, particularly if it is a fruitful branch. But it implies being dependent rather than interdependent. We don't want that.

We need to formulate and articulate an alternative to branch status. This is where the major parties have been so weak as they desperately jostle for the 'middle ground' in politics and become both undistinguished and undistinguishable in the process.

Without a distinctive set of guiding principles, any policy change can be attacked simply because it causes disturbance, which it must do. This lets in groups such as the Democrats, the greens and One Nation, who articu-

late simple, if impractical, messages. Thus governments are thrown out when the level of accumulated annoyance with change reaches a critical point.

A set of principles would need to promise economic prosperity and relative independence. This must involve continued reform to free up the economy, less sector-specific regulation, lower taxes on income and saving and greater efforts to reduce welfare dependency.

This won't keep out the foreign predators but it might give the locals a fighting chance. We cannot afford to spend billions of dollars and decades of time on obvious reform areas such as the waterfront. We should stop minutely supervising the telecommunications sector. The urban elites should stop their armchair regulation of the rural sector. Lower taxes ought to be a right, not a privilege, given the reality of bracket creep and lower rates in more successful economies.

A set of unifying social and cultural themes must also be found. The republic vote failed because it did not appeal enough to inspire a collective leap into the pool. At the same time we are not clear on immigration (how much is too much?), sorry (what am I apologizing for?), welfare (how do we get people off it?), drugs (legal or illegal?), the environment (are we on the brink of disaster?), multiculturalism (what is our identity?) and many other areas.

In meeting this political challenge it would be nice to think that we could articulate a distinctively Australian synthesis and not borrow tired and rather hollow nostrums from overseas (the Third Way, the civil society, etc). From whichever side of politics it comes, a changed outlook should be challenging, not comforting.

A party that promises the electorate that we can turn inwards, avoid change and stop reform will not only be telling untruths but will be lulling us gently along the Third Way into the Third World.

Jim Hoggett is Director, Economic Policy, at the IPA.

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Political Turmoil in Western Australia

PETER WALSH

IN the month since the election, the WA Government has been in a state of double denial while wallowing in self-delusion.

Having demonized One Nation for five years and denied its political legitimacy, Labor won the election with the assistance of One Nation preferences. Labor now denies that reality. To acknowledge the truth would cast doubts on the legitimacy of Labor's win. If One Nation is illegitimate, surely a government elected on its preferences must also be illegitimate?

The second denial is that the 1,000-or-so timber workers who will be sacked when Labor locks up all the 'old-growth' forest will not have their lives disrupted. Labor will take care of them.

The dangerous self-delusion is that Labor had a landslide electoral victory. Labor was up against a tired, eight-year-old government weakened not only by internal dissent, but by Premier Richard Court's defence of both an unrepentant Doug Shave (who presided over the finance brokers' scandal), and Bob Blofwitch (who forgot to declare his 84,000 Kingstream shares), while facing an idiosyncratic One Nation decision to direct preferences against sitting members (18 Labor, 35 Coalition). Against that background, polling less than 38 per cent of the primary vote and just over 52 per cent of the two-party preferred, is a mediocre result at best.

At the next election, the Liberals will not be handicapped by Shave, Blofwitch, incumbency or

a treacherous National Party partner. Labor's 32 seats will make it more vulnerable to a preference-against-sitting-member theme. If the Liberals stop squabbling, One Nation's vote holds up and its preferences are reasonably disciplined, Labor could get little more than a twelfth man for a Caucus cricket team after the next election.

During the ABC election night coverage, Gary Gray declared that Labor had won eight seats and the election, four more seats were in

Seven of the seats that Labor won from the Coalition were seats in which the One Nation primary vote was greater than the final two-party-preferred margin

doubt, and he estimated that six seats would be delivered to Labor with the aid of One Nation preferences. Labor finally won the 32 seats Gray had said it would or might win, but how they were won is in dispute.

The Greens claim that Labor won on their preferences. They would, wouldn't they? They always do. Labor, for reasons given above, endorses that claim, in Kim Beazley's case, with bombast or even hysteria. In *The Australian* (13 February), Dennis Shanahan quoted him saying that it was 'an out and plain simple lie' that One Nation preferences had given Labor its parliamentary majority, and 'the big story is that saving native forests, Independents and Greens put Labor into office'.

WHAT THE VOTING FIGURES SHOW

In the 32 seats which Labor won, One Nation polled an average 9.9 per cent. The Greens stood candidates in 30 of those seats and averaged 8.4 per cent; the Democrats in 24 seats averaged only 3.3 per cent. The Green vote, adjusted for the six seats without a Democrat candidate, was 8 per cent or less.

More importantly, seven of the seats that Labor won from the Coalition were seats in which the One Nation primary vote was greater than the final two-party-preferred margin. Without a substantial proportion of One Nation preferences, Labor would not have won any of the seven seats, or the election. The One Nation primary vote in the critical seven seats was quantitatively much more important than the Greens'—14 per cent compared with the Greens 8.2 per cent in the six out of seven seats that they contested, or less than 7 per cent overall. They had no candidate in

Geraldton and therefore no preferences to distribute.

The large number of candidates in each electorate, as many as eleven and rarely fewer than six, makes it impossible to identify precisely the final two-party-preferred destination of minor party and independent primary votes. Multiple teams of astute, experienced scrutineers might go close—although at least one serving State MP did not know how to count a preferential ballot—but only the Electoral Commission could do an accurate count. And it doesn't.

Preferences distributed from a candidate eliminated early in the vote-counting are more reliable indicators than preferences from more successful candidates. The primary vote of the last candidate eliminated is diluted by preferences picked up from multiple other candidates on the way through, and is generally less reliable. In five of the seven critical seats, One Nation's candidate was the last to be eliminated; in the other two seats, the last candidates eliminated were respectively a Green and an Independent.

Table 1 below shows Green candidate percentage preference distributions when they were eliminated. Table 2 shows the same for One Nation.

For reasons cited above, these tables should be treated with caution, but they do show that neither Green nor One Nation preferences were

highly disciplined. Greens always exaggerate the impact of their preferences to maximize their policy leverage with the gullible. Labor, especially Geoff Gallop and Co, has adopted a similar self-serving interpretation. Its brilliant green forest strategy was responsible for the win. Like Graham Richardson in 1990.

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VICTIMS OF LABOR'S VICTORY

Labor's forest policy will cost 1,000 southwest timber workers their jobs. Knowing that that cannot credibly be denied, Labor denied the problem with specious claims that timber workers could easily be retrained

for jobs in 'value adding' timber products such as furniture and 'ecotourism'. The truth, however, is that:

- The market for quality furniture is quantitatively limited, and that for cheap furniture is already filled by softwood imports from third world countries.
- Even if this were not so, only a reckless investor would sink new capital in a State with a track record of repudiating agreements and contracts. Sovereign risk is too high.
- Not only jobs will be lost. Scores, perhaps hundreds, of people have their life savings tied in logging and transport machinery for which there will be no market.
- Domestic tourism, eco or otherwise, is a zero-sum game. More overseas tourists would be a net gain, but Labor is likely to prohibit the developments that might attract them. A few days before the 'ecotourism' event, in a move designed to appease a tawdry coalition of urban greens and local NIMBYs, Gallop announced that Labor would curb or prohibit the proposed residential/tourist project at Smith's Beach near Yallingup.

On 23 February, Gallop appeared on a Perth ABC talkback programme. A timber worker rang in, asking whether Labor's policy was to log regrowth forests but ban logging in

Table 1—The Greens*

Seat	Labor	Coalition	One Nation
Albany	27	10	9
Bunbury	28	18	10
Collie	52	28	19
Geraldton	No Green Candidate		
Roleystone	55	24	19
Southern River	48	26	22
Swan Hills	68	30	-
Average	46	24	16

*NB: None of the totals reach 100 because the votes were exhausted. Where the totals are very low, for example, Bunbury, there was a significant independent.

Table 2—One Nation*

Seat	Labor	Coalition
Albany	58	39
Bunbury	18	23
Collie	49	48
Geraldton	53	43
Roleystone	55	41
Southern River	14	27
Swan Hills	57	39
Average	43	37

*As for Note in Table 1.

old-growth forests. When told that this was accurate, the caller said that he was looking, apparently from the Pemberton town site, at degraded old-growth forest with dead trees sticking up all over the place, while across the road there was a beautiful healthy regrowth forest clear-felled about 70 years before. Why not log the old growth and leave the regrowth, he asked?

In reply, Gallop claimed that regrowth forest has less bio-diversity. In fact, despite repeated invitations to do so, nobody has been able to name a single flora or fauna species that has been lost or endangered by more than 100 years of logging and clear-felling.

Gallop was then asked whether he *knew* old-growth forest would die. He evaded the question by waffling on about the prolonged and thorough forest policy discussion held in Labor's Parliamentary Caucus and State Conference, from which the election policy had emerged.

In fact, Gallop's election policy went well beyond what the 1999 Conference had authorized, and the issue has not been debated in Caucus for nearly four years. Not since the matter was adjourned when Gallop appeared not to have the numbers—Malcolm Fraser's trick.

This sordid episode exposes the depths of Labor's intellectual and moral bankruptcy. Gallop would accrue less contempt if he had the honesty to admit that the policy is bereft of scientific, economic or environmental merit, and acknowledge instead that Labor believed it would garner votes from privileged urban greens and forest ferals.

A more widely based example of moral vanity and double standards can be found in the dairy industry. In all of Australia, about 3,000 of the less than 13,000 dairy farmers will drop out of dairying—and be generously compensated with the proceeds of an 11 cents per litre tax on milk. But they will not necessarily drop out of farming. For this situation the 'economic rationalists' are

found guilty by the censorious classes.

In WA alone, Labor's forest policy will have more than 1,000 timber workers sacked. Economic rationalists certainly did not cause that. And the censorious classes care not a fig.

FEDERAL IMPLICATIONS

If the One Nation vote is maintained and its preferences directed against the Coalition, the Howard Government is facing near-certain—and probably overwhelming—defeat. If it refuses to recognize One Nation voters' legitimate grievances and fails to negotiate on preferences, the latter will be directed to Labor.

Labor has manoeuvred itself into an incredible position where it picks up moral acclaim for vilifying One Nation on the swings and gets One Nation preferences on the roundabouts

Labor has manoeuvred itself into an incredible position where it picks up moral acclaim for vilifying One Nation on the swings and gets One Nation preferences on the roundabouts.

The manipulators posing as moral guardians, who conned the Liberals initially, will try to bully them again, by saying that deals with One Nation cost them seats in Bris-

bane in 1998, and will do so again in spades.

That con is flawed. In 2001, Liberals joined in the witch-hunt, ostracized One Nation and lost five of their eight Brisbane seats.

THE 'TICK-A-BOX' RORT

One final feature of the recent election warrants mention here: the distortions which arise from the voting system for WA's Legislative Council.

The Upper House of Western Australia has 34 members elected from four provinces with five seats, and two provinces with seven seats. The electoral system is a debauched variant of proportional representation which delivers disproportionate outcomes and elects candidates who get only 4 per cent of the primary vote.

The Greens and One Nation contested all six provinces. The Greens, with an aggregate 2.9 primary quota (average 0.48) got five seats. One Nation's aggregate 4.8 primary quota (average 0.8) won three seats.

One Nation had well over a primary vote quota in two provinces. Greens did not get above 0.77 primary quota in any province.

Behind this gross malapportionment is the iniquitous 'tick a box' voting system (also used for the Senate) used by 93 per cent of electors, who believed they were voting for the party of their choice, when in fact more than 20 per cent actually voted as decreed by party apparatchiks.

In the agricultural area, 18 per cent of people who believed they voted Labor actually voted Green, and thereby elected a candidate who not only managed to secure a mere 4 per cent of the primary vote but is completely disconnected from the views and beliefs of the people she purports to represent.

The Hon. Peter Walsh was a WA Labor Senator and Minister for Finance in the Hawke Government.

I P A

Parties, Probity and Preselection

GARY JOHNS

FOLLOWING the February 2001 election, Queensland Premier Peter Beattie is in a position to implement his electoral and Party reform programme, as promised during the campaign. The programme was devised to respond to the crisis of confidence in the Labor Party caused by the conviction of three Party members for electoral fraud, and the resignation of three Labor MPs and a number of Party members for falsely enrolling, or witnessing false enrolments, of voters. These transgressions of public law occurred in pursuit of advantage in preselection contests. The Beattie programme is designed to restore probity to the preselection system and public confidence in the ethical behaviour of members of Parliament.

The programme consists of reforms to the ALP rules, which include a new disputes tribunal, and new rules to handle disputes, and the Queensland Electoral Commission (QEC) to audit internal ballots. The programme also consists of reforms affecting all parties. Among other things, all preselections are to be supervised by the QEC. As Queensland is, for the time being, virtually a one-party state, the prospects of achieving this programme are high. Unfortunately, the cure may be worse than the bite. The intrusion of the Electoral Commission into the affairs of political parties will simply confirm that the electorate has lost trust in political parties. The logical next step in the process of making private political organizations public property is to take the power to select candidates away from parties en-

tirely: preselections where the public may vote, that is, primaries. Does the punishment fit the crime?

WHAT IS THE PROBLEM THAT THE BEATTIE REFORMS ADDRESS?

If the Beattie reforms address a lack of public trust in political parties, why was the offending party so well-rewarded at the Queensland election? Parties are probably the cleanest they have ever been in terms of their rules and procedures. The reasons the electorate is not enamoured with parties are far broader than the internal performance of the major

The reasons the electorate is not enamoured with parties are far broader than the internal performance of the major parties

parties. They have to do with the diminished differences in the major parties on economic policy and the cultural agenda, particularly immigration and Aboriginal policy. This, in addition to the rising expectations in the electorate that government

should intervene in all manner of issues, and a general decline in the authority of institutions, have emboldened the left (Greens) and the right (One Nation) who are able to tar the Coalition and Labor with the same brush.

The initial problem of false enrolments is a small component affecting one major party's overall standing in the electorate. Nevertheless, it has triggered a response that reinforces the view that all parties cannot be trusted. Part of the Beattie motivation to involve the QEC in party preselections is to spread the blame and the shame of intervention to all parties. This, despite the fact that no other member of any other party has been found to have breached public law. Moreover, no-one other than a member of the Australian Workers' Union faction of the ALP has been found to breach public law. A problem in one faction, in one party, which is itself a small component affecting its overall standing in the electorate, becomes every party's problem.

The Beattie solution—to hand the responsibility for preselection of party candidates to the Electoral Commission—implies a lack of trust. The solution will confirm, not alleviate the problem.

An alternative view is to recognize that political parties are private and voluntary organizations that, inasmuch as they select candidates to compete for public elections, perform a public role. How they do so has, for most of their history, been largely private. Since 1984, however, parties have received public funding for

elections and, despite the fact that such funding can be held to be for a relatively narrow purpose—public campaigning by preselected candidates—such funds are a major part of party finances. Further, since 1989, the courts have found that a dispute in a political party is justiciable. Part of the reason for such a shift in the judiciary's attitude is the receipt by the parties of public funds; part is because of the general desire by members of private associations more generally to be given a fair hearing within those organizations. An assertion of democracy within associations at large, and the use of the courts as a means of dispute settlement, have made the internal operations of political parties public property.

Having the QEC supervise party preselections would complete the public ownership of private political associations. The reason for Labor entities defrauding the electoral roll was because they were responding to a particular set of party rules. The fact that the measure of preselection eligibility was enrolment to vote in an election created an opening to win preselection by stacking the electorate through false enrolments. Such behaviour is not necessary, for example, in the Queensland Liberal Party where a voter in a preselection does not need to be on the roll in the relevant electorate. That rule, supposedly designed to encourage Liberal activists to leave the safe seats and organize in the marginals, in fact has the opposite effect. It draws people from all areas to the safe seats in order to contest preselection. Nevertheless, the choice of rule is strictly a matter for the Liberal Party and is unlikely to generate the manipulation of the electoral roll.

If the National Party opts for a non-electorate qualification for preselections, the ALP could end up as the only party whose preselections are supervised by the QEC. Perhaps that would be a fair outcome, given that only Labor Party members breached public law.

Beattie could address the whole matter much more directly by changing the ALP rules. There is no need to change the rules concerning QEC scrutiny of the parties. The public system works. Once the cheats were detected, the law was able to be applied with devastating effect. Party rules can be made adequate if there is a decent scrutiny and appeal process within the party. Further, recourse

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to the courts, although expensive, is available. The new disputes tribunal suggested in the Beattie programme is an important reform. The disputes tribunal should be selected by a super majority (that is, more than 60 per cent) of the party. This means that consensus candidates are likely to emerge. Rules to ensure that people know that they are enrolled for a preselection are also valuable, although it must be said that those falsely enrolled were willing recruits, so such a rule may have little impact. Nevertheless, the disgrace for those who sought to cheat should help change the culture in the ALP. Fear of detection by appointing a fair disputes tribunal will assist.

The one big reform, and the one Peter Beattie has studiously avoided, is the reform of the system of union bloc voting. All known rorters in the Queensland political system, as found by the Shepherdson Inquiry, were backed by the Australian Workers' Union. The accumulation of power

by the AWU is at the heart of the problem: not the electoral roll, not all of the Labor party or all of the political parties. Before the National Executive interventions in the Queensland ALP in the early 1980s, some old industrial-based unions, particularly the Electrical Trades Union, dominated the party. The behaviour of these 'old-guard' unions was appalling. There was a point when party units were forbidden to correspond with each other and all correspondence had to pass through the party secretary. Ballots were rorted on a massive scale by the use of postal votes to non-member unionists who, at that time, had the right to vote in a party ballot. The current shenanigans are child's play compared to the old days. An essentially middle-class and publicly funded political party, in an era of individual rights, will not accept the old ways. Why should they?

The major organizational base of the ALP is the trade union movement, but this movement is no longer the major electoral base. The ALP need not abandon the union movement, but it must abandon the bloc vote. Any union that affiliates to the ALP must select its delegates from its membership. In this manner, the impact of any one union will be dispersed. Union bosses like AWU Secretary Bill Ludwig will not walk into State Conference with a swag of votes in his hand. Moreover, his troopers will not be able to use the threat of those votes to do as they please. The rule change that is really at the heart of the ALP 'rorts affair' is the manner of the affiliation of unions and their right to a bloc vote. This is the rock on which the whole edifice of Labor factionalism stands. Factionalism will always exist in parties, it can be healthy, but at least it should be built on persuasion as much as on the resources of trade unionists who do not even vote Labor.

The Hon. Gary Johns is a Senior Fellow at the IPA and leader of the NGO Project.

IPA

Letter from London

JOHN NURICK

There's an Election Coming, but No-one Deserves to Win

Sometimes it seems that the government never actually announces anything that is new. Instead, things begin with media stories about rumours and speculation about X. Eventually, it's reported that this week, or tomorrow, the government will announce X—but after all the speculation and analysis-in-advance, the actual announcement is pretty much a matter of form. Needless to say, ministers and their advisers have quietly been feeding information to the media all along.

So absolutely nothing has been said officially about the next election, but almost everyone—with the possible exception of the Prime Minister—believes that the date will be 3 May 2001, four years into the five-year term. Equally, everyone believes that Labour will win.

This is something new. The last time a British Labour government was re-elected after serving a 'full' term was in 1950, when Robert Menzies had only just supplanted Ben Chifley as PM of Australia. No Labour government has ever lasted two full terms. Tony Blair is determined not to go the same way; but does his government deserve a second term—not for what it promises, but for what it's done?

As far as the economy goes, the answer is definitely 'Yes'. We've had four crisis-free years, beginning with the decision days after the 1997 election to hand day-to-day control of interest rates to the Bank of England (the reserve bank). Unemployment and inflation are at the lowest levels since the early 1970s. Growth has been strong but is now tailing off just as the labour market is beginning to



get really tight—which makes this the perfect time to seek a new mandate, so that the coming recession, if there is to be one, is well out of the way before the second Blair government faces the people in 2006 or 2007.

Luck comes into it. Labour has benefited greatly from the effects of the Thatcher Government's struggle with the unions and reforms of the labour market. It inherited an economy that was in reasonable shape. But given the traditional incompetence of British economic management under either party, credit is due simply for not cocking up.

On tax, the record is not so good. Yes, the budget is healthily in surplus, as it should be at this stage of the business cycle. But the tax and spending changes by which Chancellor Gordon Brown has achieved this have been a big step back in terms of neutrality and transparency. For instance, rather than increase income tax or VAT, there has been a major increase in tax on pension funds even as the government has been encouraging people to save for their old age. Similarly, the regulatory load on business has been increasing even faster than it did under the Conservatives. Mr Brown and Mr Blair can't resist the urge to interfere.

As a whole, the government has often seemed surprisingly naïve in its

dealings with business (most of all, perhaps, in the whole saga of the Millennium Dome).

One big disappointment is in the hard, difficult grinds of health and transport. Labour still hasn't really got a health policy except to blame the doctors and the Conservatives. And four years after the government came to power promising an integrated transport policy that would revitalize the railways and reduce road traffic, the railways are in disarray and the roads are more congested than ever. Ministers, in pre-election mode, are promising to throw money at problems ... which means that the budget position will return to deficit in the medium term unless growth is much higher than expected.

Last but not least, this bunch of former 1970s radicals has been the most illiberal peacetime government since Oliver Cromwell's. Among their proposals:

- abolishing the right to jury trial for many crimes;
- locking up people with personality disorders without their having necessarily committed any crime; and
- seizing the assets of suspected (not necessarily convicted) criminals.

Do they deserve re-election? Probably not. Not many people trust them any longer. But even fewer trust the Conservatives: a recent poll found that 72 per cent of people thought that their leader William Hague would do anything if he thought it would win votes, and 66 per cent thought that he was 'a wally'.

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

I P A

REVIEW

What's A Job?

KEN PHILLIPS

Confronting Cultural Gridlock

It's a cultural thing—workplace reform, that is! And one of the common errors of the Australian approach is to believe that government can make reform happen. The reality, however, is that government is limited in what it can do. True, government has significant influence over legislation. But when government changes the legislative rules, this does not of itself cause change. An anti-reform culture will block change. Additional approaches need to be considered.

Workplace reform only occurs if people want it. And, save for some outstanding examples, the Australian people aren't generally interested. To understand this anti-reform culture it is necessary to comprehend the internal dynamics of business.

Contrary to the much-held myth, the profit motive does not dominate business behaviour inside firms. What overrides everything are the personal perceptions of individual career prospects. This obvious fact is usually ignored—a problem in itself.

Most people have had the experience of taking part in a meeting where they, or someone else, offered an opinion which, although it focused on a performance issue, challenged another worker's 'patch'. Negative body language is usually enough to tell the offerer to 'keep their place'. When this class-conscious culture underpins the structure of an organization, it corrodes performance.

This is frequently the case in Australia—except for small business. Concern about performance is the preserve of people at the apex of the command pyramid. For everyone else, success is achieved by working according to the rules that meet the needs of people

who can assist career and income prospects. This stratified career and income structure exists to create subservience to the needs of upper-level management who facilitate control of the organization—a crude device indeed!

Workplace reform only happens when senior management conceives of different structures to focus behaviour. Anything else is pretence. People are not a barrier to change. People shift behaviours in accordance with career and income prospects. For example, employee-share schemes and well-designed, results-based remuneration systems cause performance focus to penetrate all levels in an organization.

The much-maligned union movement can be a barrier to change but only because of the culture of union employees. These people depend on businesses maintaining command and control for their career prospects. Remove command authoritarianism and employer-versus-employee warfare dissipates, thus negating the need for union activity. That's why the award system is important to unions. It institutionalizes command structures. Just as important, however, is the trick that unions perform to reinforce in business managers the perception of dependency on command structures.

Union employees are sophisticated in this exercise. They promise discipline over local rebel workers. They assist to protect favoured businesses from competitors. Bans in the commercial building industry are mostly a process of suppressing competitors. And contrary to perceptions, the union-management deal on industry wage-setting is the containment of wage costs. In effect, unions offer themselves as a management tool of the command process.

For reform-motivated governments of any political persuasion, this Aus-

tralian culture works powerfully to prevent workplace reform. Even with the formal legal rules of the system now allowing choice between collective and individual arrangements, the cultural dynamics have barely budged.

The nonsensical spectacle of firms attempting to implement thousands of identical individual agreements *en masse* over the last few years demonstrates that many Australian managers view individual agreements as an alternative tool to achieve collective outcomes. They simply don't comprehend contract integrity.

But if the honourable intentions of reformist governments are stymied by Australian culture, government still has opportunities. Government can lead by example through its dealings with its own workforce. Government is consummately 'command and control'. Here's a challenge—because to effect workplace reform inside government is to confront the command paradigm!

Surprisingly it's not that hard or remote. Government did it when it shifted employment services provision away from the public-service focus and implemented payment for results. Now all persons providing employment services in the publicly-funded area know the income available for results achieved. Employment placement officers have individual career and income paths that are business-results dependent. Here's cultural reform!

Government has big opportunities to lead by example if it steps outside restrictive paradigms. The paths are many. Shift the cultural focus and you get reform!

Ken Phillips is a workplace reform practitioner who promotes the principles of 'markets in the firm'.

I P A

Family and Work

ANDREW McINTYRE

Irreconcilable Differences? Rubbish!

Nicole Kidman and Tom Cruise have brought the subject of divorce back into the public eye. Yet, while a vast majority of young women desire marriage as a life-long commitment, this is clearly not happening. Our media and commentariat are very relaxed about alternative families, same sex marriages, *de facto* relationships and no-fault divorce. None have really taken on board the urgency of supporting the traditional family as central to the most cost-effective way of bringing up the next generation of citizens.

Alarming statistics on the effects of divorce on our society must be constantly reiterated in our public debates. The damage and cost to our society and to all of us caused by the simple absence of a father at home should be intolerable. In America, official departmental figures show that 63 per cent of youth suicides are from fatherless homes,¹ 90 per cent of all homeless and runaway children are from fatherless homes,² 85 per cent of all children that exhibit behavioural disorders come from fatherless homes,² 80 per cent of rapists motivated with displaced anger come from fatherless homes,³ 71 per cent of all high school dropouts come from fatherless homes,⁴ 75 per cent of all adolescent patients in drug abuse centres come from fatherless home⁵ and 85 per cent of all youths sitting in prisons grew up in a fatherless home.⁶

From these statistics it seems clear that legislation targeting easy divorce should be a priority. On a purely 'cost to the community' justification, statutory waiting time before a divorce can proceed should be considerably extended where there are chil-

dren involved, with compulsory counselling for couples. The silly legal nicety of 'irreconcilable differences' used by Kidman and Cruise and everyone else is, when one thinks about it, a total nonsense. Research shows that irreconcilable differences are not only inevitable, but a natural part of all successful and happy marriages. Ironically, the number one predictor of divorce is the habitual avoidance of conflict. In any case, research by Carolyn Webster-Stratton, (1993, *Journal of Legal Studies*, 2, 22) shows that behavioural problems from single-parent families are far worse than in unhappily married families as far as children are concerned, scotching the alibi of liberals that it is always better for disputing couples to separate.

Even Hillary Clinton (sorry, readers) favours reducing divorce by making people with children wait several years for a non-consensual no-fault divorce, as is done in many European countries. She believes that we need to reassert the normal family as the norm, and be willing to express social disapproval of people who create abnormal families without compelling or unavoidable reasons.

An admittedly self-promoting group in the United States, *Community Marriage Policy*, reports a plunge of up to 300 times that of national divorces figures in communities in which they have implemented their policies. Modesto in California, the first city to adopt a Community Marriage Policy in 1986, saw a 30 per cent plunge in its divorce rate, thereby saving 1,000 marriages a year. Two other cities have had a spectacular one-third plunge in divorces. All figures are taken from official municipal statistics and show that divorce rates have fallen very significantly in 25 cities where the policy has been

implemented. It is clear that something is going on.

The successful technique depends heavily on local church groups and also requires convincing municipal authorities, state marriage guidance councillors and the media to participate. The core idea for saving marriages is to develop networks of 'mentor' couples who help other couples to avoid a bad marriage before it begins, strengthen existing marriages, save deeply troubled ones and foster reconciliation of the separated and divorced. All of this may sound pie-in-the-sky for cynics and, in the secular Australian context, harder to implement. But there is now clear evidence that it is possible to turn a divorce culture into a pro-marriage culture.

The English commentator, Theodore Dalrymple, blames the rise of the divorce culture on liberal intellectuals. He claims that 'The destigmatization of illegitimacy went hand in hand with easy divorce, the extension of marital rights to other forms of association between adults, and the removal of all the fiscal advantages of marriage. Marriage melted as snow in sunshine'. Clearly the political will must be found to turn this all around. The writing is on the wall, and it is clear for all of us to read.

SOURCES

- 1 US DHHS, Bureau of the Census.
- 2 Center for Disease Control.
- 3 *Criminal Justice & Behavior*, vol 14, pages 403-26, 1978.
- 4 National Principals Association Report on the State of High Schools.
- 5 Rainbows for all God's Children.
- 6 Fulton Co. Georgia gaol populations, Texas Department of Corrections, 1992.

Andrew McIntyre is Public Relations Manager at the Institute of Public Affairs.

I P A

REVIEW

Compiled by IPA staff, columnists and consultants ...

WHAT'S IN A NAME?

The indigenous population of Tasmania according to Census counts: 1971, 671; 1976, 2,942; 1981, 2,688; 1986, 6,716; 1991, 8,882; 1996, 13,783.

The estimated Aboriginal population in Tasmania in 1788? 2-3,000.

Michael Mansell has said (*Canberra Times*, 17 February 2001) that there are more phoney Aboriginals in Tasmania than real ones and that people are claiming to be Aboriginal to get money out of the government.

Imagine the storm of abuse and protest if Pauline Hanson had said that!

UNDEAD RULE

The web magazine *Virtual New York* recently relayed a report from *Der Spiegel* which provided extracts from a book written by Russian First Lady Lyudmila Putin's alleged best friend. In it, we are told that the First Lady thinks her husband 'is a vampire' and regrets he went back into the espionage business as head of the Russian Federal Security Service in 1998.

As President Putin has been seen in daylight, we can presume that his wife was being figurative. Mind you, since the scars on Russian psyches and society left by 70 years of Soviet rule still persist after the USSR became a corpse, there is much about modern Russia that is indeed of the undead.

MUCHADO ABOUT DESPERATION

USA Today carried the results of an independent study into those Florida votes. The study of Dade County votes found that the loosest possible standard would have marginally improved Gore's count, but anything more stringent would have actually helped Bush.

In Latin America, the perversion of the voting process—turning actual

results into rorts—is known as 'alchemy'. Despite huge efforts, Algoremy did not get to make the end run in the US.

BUT THE MAN CAN'T HELP HIMSELF (1)

One of the little problems with Al Gore's campaign was his looseness with the truth. Recently, he was at it again. His journalism class at Columbia University was announced to be off the record (unusual for a journalism class). This was presented as University policy—particularly by Al Gore. It turned out that the University had done it at Gore's request.

BUT THE MAN CAN'T HELP HIMSELF (2)

Bill Clinton is, in the words of *Time*, the incredible shrinking ex-President. Taking furniture that is not his, making pardons he shouldn't have, fees being paid to broker pardons. It is all too familiar from the Capital Hillbilies. Honourable Clinton critics such as Christopher Hitchens—whose splendid polemic *No One Left To Lie To: The Values of the Worst Family* cemented him as American conservatives' favourite leftie, a man who is also happy to publicly praise the learning and wisdom of a conservative intellectual such as Robert Conquest—will no doubt feel vindicated.

George F. Will made the point for many, when he said that he loved [US] liberals because they had stuck with Clinton through perjury, obstruction of justice and bombing foreign countries for domestic political advantage, but steal a bit of furniture and engage in the odd dodgy pardon, and that's too much.

Apparently it is so bad that American TV shows can't even get people to come on and defend the ex-President.

WHICH IS WHICH?

Louise Sylvan, Vice President of Consumers International, said at the tenth Annual Conference of the Society of Consumer Affairs Professionals in Business that Seattle was a confrontation between capital and democracy. Since the people on the streets hadn't been elected, while most of the delegates had (or represented people who had), we guess that makes the demonstrators the representatives of capital.

A BIGGER BLOAT

Johnathan Shier, Managing Director of the ABC, was reported to have told the same conference that the ABC needs eleven times its current funding to do what it should be doing.

The mind boggles. But we are safe. The ABC staff have turned it into the institutional equivalent of a safe seat: the Coalition would be mad to spend more money on it, and the ALP doesn't have to.

THE MODERN DANEGELD

Southcorp recently gave a huge donation to the Australian Conservation Foundation (ACF). Doug Shears, owner of ICM, Berri—another large food company—recently announced a major campaign against GM food next year. The company provides funding to the ACF 'for specific projects'.

While we can see the commercial advantage in discrediting competitors, corporate payers of Danegeld to green advocacy groups should remember the original history. The Saxons kept depleting their strength, the Danes kept growing stronger and eventually Sweyn Forkbeard (father of Canute) took the entire kingdom.

Corporate Danegeld means trading away your legitimacy to build up theirs. And the problem with Danegeld is that the Danes always come back.

IPA

**ICONOCLASTS**

It occurs to me that there is something deeply wrong with people like me. Most people are prepared to go along with hardly any thought about contemporary political, economic and related issues. Most of the remainder are happy to accept the current set of conventional wisdoms as the baseline of their world view.

But people like me question everything. And all too often the answers we derive are at variance with those very conventional wisdoms. This can lead to a rather uncomfortable state of affairs, in which we are regarded, sometimes implicitly, sometimes loudly, as sick, traitorous, cold-hearted or foolish.

Of course, I often assure myself that I am none of those things. I just try to understand, in the words of the title of a Frédéric Bastiat pamphlet, not only 'That Which Is Seen [but] That Which Is Not Seen'. So I tell myself. Sometimes I even manage to believe it.

Fortunately, there are many others somewhat like me. Only somewhat, because many are very much more courageous. Imagine, for example, being a member of a category of persons, say African-Americans, who are generally regarded as oppressed. Then imagine arguing trenchantly and publicly against the special treatment (for example, affirmative action) supported by the generally acknowledged leaders of the category. Those policies provide immediate advantage to your fellows within the category. Of those few able to see that the immediate advantages are more than outweighed by their long-term damaging effects, how many are prepared to risk the criticism that comes from public proclamations to that effect?

WALTER WILLIAMS

Consider one Walter E. Williams. Chairman of the Economics Department of George Mason University in Fairfax, Virginia, where he also serves as John M. Olin Distinguished Professor of Economics, his less formal activities include being a widely published syndicated columnist. He seems never to shy away from controversy, and is always a brave revealer of that which is not (usually) seen. Amongst his six books are *America: A Minority Viewpoint*, *The State Against Blacks* and *More Liberty Means Less Government*.



His columns cover economics, politics and, most controversially, the plight of African-Americans. His prescriptions, though, are not the usual ones. Consider, for example, his February 2001 piece opposing recent proposals for the payment of reparations to African-Americans.

Williams has his homepage at:

<http://www.gmu.edu/departments/economics/wew/>

but a fuller archive of his columns is at:

<http://www.jewishworldreview.com/cols/williams.archives.asp>

THOMAS SOWELL

Prolific as he may be, Dr Williams is eclipsed in sheer size of output by Thomas Sowell, the Rose and Milton Friedman Senior Fellow at The Hoover Institution at Stanford University in California. Dr Sowell has been publishing articles since 1960 and, since 1971, has published nearly 30 books including the monumental Cultural Trilogy: *Race and Culture: A World View* (1994), *Migrations and Cultures: A World View* (1996) and *Conquests and Cultures: An International History* (1998). His most recent publication is *Basic Economics: A Citizen's Guide to the Economy*, in which he endeavours to educate the great majority who know zilch about economics without the use of graphs, equations and the other trade elements that frighten so many away. The abandonment of professional devices caused him, he says, to take ten years to complete the book. Most of his books remain in print.

Also a trenchant columnist, Sowell's work is archived at:

<http://www.jewishworldreview.com/cols/sowell.html>

His own home page is at:

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

THE BLACK TURNCOAT FORUM

Stephen Frazier is the man behind this site, the title of which encapsulates what it must feel like to be a conservative or free-market black person in modern America. As I examined this site I found a link to an article wondering why, when 57 per cent of African Americans support school vouchers, only eight per cent voted for George W. Bush in the Presidential elections. Of course,





only Bush was a voucher supporter. Go to:

<http://www.theblackturncoat.com/index.shtml>

Look also at:

<http://www.theblackmarket.com>

a combination of financial and personal advice targeted at African Americans.

THE NEW FEMINISM

African Americans are not the only oppressed 'minority' with members who refuse to consider themselves as victims. It is worth mentioning again the ifeminism site. Standing for Individualist Feminist, the site now comes in mauve hues which fail to mask its solid content. Go to:

<http://www.ifeminists.com>

While you are there, click in the search box and type in 'Paglia' to find an excellent set of links to all manner of writings by, and talkings about, Camille Paglia.

Let's you think Wendy McElroy of the ifeminists and Camille Paglia are the sole feminist proponents of the right of women to do what they wish with their bodies, Great Britain is home to Feminists Against Censorship which, in the words of

the site, is 'fighting for free expression, both on the net and off it'. Go to:

<http://www.fiawol.demon.co.uk/FAC/index.htm>

Back to the US of A, where Feminists for Free Expression traverse similar ground. Go to:

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

A little broader in focus, the Association of Libertarian Feminists seeks to help women 'become economically self-sufficient and psychologically independent'. Go to:

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

GLOBAL WARMING, A TASMANIAN PERSPECTIVE

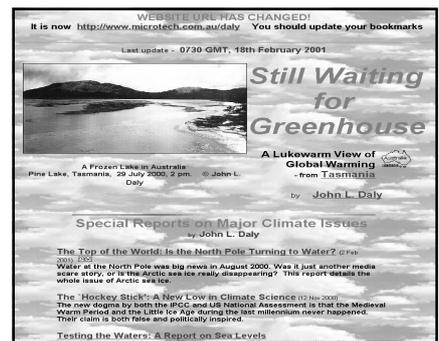
What would you feel if you were a climate scientist with an interest in the Greenhouse Effect and someone found an old mean tide mark? Interested? For sure. If it truly showed that the mean tide level at the time, you could see where the mean tide level is today, measure the difference, make a calculation on the likely raising or lowering of land levels over the intervening period, and determine just how much the sea has risen during that time. So some excitement could have been expected by the discovery of just such a mean tide mark on the Isle of the Dead near Tasmania's Port Arthur.

But there's a problem with it. It suggests that sea levels have fallen over the past 150 years, not risen. Not surprisingly, climate researchers have dismissed the significance of this mark. John Daly, author of *The Greenhouse Trap*, has studied the issue closely, conducting both

physical inspections and a great deal of historical research, and presents his findings at:

<http://www.microtech.com.au/daly/index.htm>

At the same site you will find measured but devastating critiques of the science claimed to be behind greenhouse orthodoxies, such as the claimed increases in global temperatures during the twentieth century. Of particular interest is the recent rejection by the Intergovernmental Panel on Climate Change of the accepted climatic record of the last thousand years on the basis of just one recent study. Not surprisingly, the new study fails to show the



warming of the Middle Ages and the mini Ice Age of the nineteenth century, but instead shows a gently declining global temperature over 1,000 years, interrupted only by a precipitous climb during the twentieth century. A neat trick. All it takes is the rude grafting of a series based on one measure onto that based on a completely different measure.

FEEDBACK

I would welcome advice from readers on any other sites of interest to *IPA Review* readers. E-mail me on scdawson@iname.com.

Summaries and excerpts from interesting reports

FLYING WILL BE AS EASY AS DRIVING A CAR

Flying a light aircraft will soon be as easy—and safer than—driving a car, according to aviation experts.

A consortium of aircraft companies, university researchers, the US government and NASA is developing a system which will allow the public to fly planes after a few minutes of rudimentary training. The group is combining advances in aircraft design with computer-assisted flight and tracking devices to develop a prototype of a system they have named the 'Highway in the Sky'.

'These improvements will make flying so intuitive that any dummy will be able to do it,' said Keith McCrea, policy co-ordinator for the Virginia Department of Aviation. After a short briefing, a 12-year-old boy recently took off in and landed a light aircraft using the system.

Even for today's private pilots, flying is becoming more and more like driving; the cabin of the SR20 four-seater made by Cirrus Design in Minnesota, for example, is similar to the inside of a family saloon.

In place of the usual dizzying array of dials, the SR20 has a 26cm video display fed by global positioning system (GPS) data that provides a picture of the terrain beneath the aircraft, with airport, route and weather information superimposed on it. The number of controls has been pared down to a minimum. Another company, Moller International in California, is developing the Skycar, a vehicle capable of vertical take-off and landing. It will be able to fly as high as 30,000 feet and carry four people at speeds of up to 400mph. Moller says that once it is in mass production the Skycar will cost the same as a mid-range BMW.

Source: William Peakin, *The Observer*, 25 February 2001.

MEMPHIS SCHOOL EXPERIMENTS WITH SINGLE-SEX CLASSES

Co-ed is out, and all-boy or all-girl classes are in at Campus School, a public school on the grounds of the University of Memphis, Tennessee. The experiment is operated by the College of Education as a laboratory for teaching grades one through six.

In its first year of operation, parents, teachers and students are giving high marks to the classes segregated by sex.

Here are some of the benefits that participants name:

- School officials say they have fewer discipline problems and distractions—and they are achieving promising academic results.
- Although girls' science and maths grades traditionally begin to drop in the fifth grade, girls in the segregated classes are holding their own—without fear of ridicule by the boys.
- All-boys science and maths classes can proceed at their own pace.
- Girls who were formerly meek and shy are beginning to take positions as school leaders—without having to defer to the boys.

Both classes share recess time, and 20 of the boys and girls come together for gifted classes weekly. Each week, the girls switch classes with the boys for two hours of science. The boys' male teacher conducts the girls' classes, while the boys meet with a female teacher for creative writing and composition.

Teaching specialists say that some studies have shown boys tend to be called upon more often than girls in mixed classes.

Source: Lila Garlington, 'Single-Sex Classes Get High Marks in School Experiment', *Washington Times*, 26 February 2001.

Y2K BUG BELATEDLY HITS NORWAY TRAINS

The Y2K computer glitch hit Norway's national railroad company a year later than expected.

The bug was discovered when none of the company's new 16 airport express trains or 13 high-speed, long-distance Signatur trains would start early in the morning of 31 December.

The computers on board the trains apparently did not recognize the date, something not anticipated by experts who checked the systems thoroughly last year in anticipation of problems feared worldwide when the clocks rolled to 1 January 2000, a spokesman said.

'We didn't think of trying out the date 31/12/00,' said Ronny Solberg of Adtranz, the German producer of the new trains.

The problem was quickly solved on a temporary basis by resetting the computers to December 1, 2000, and the trains started upon ignition.

'Now we have one month to find out what went wrong so we can fix the problem for good,' Solberg was quoted as saying by the daily newspaper *Dagbladet*.

The older trains that still make up most of the NSB state railroad's fleet were not affected.

Source: Associated Press, *Washington Post*, 1 January 2001.

THIS CORN SHOULDN'T HAVE RAISED BUREAUCRATIC OBJECTIONS

When Rachael Carson wrote *Silent Spring* in 1962, she objected to the use of chemical sprays—but gave a green light to certain biological pesticides. One was a common soil bacterium called *Bacillus thuringiensis*, which produces a crystalline spore lethal to some insects.

By 1990, molecular biologists isolated the insecticidal protein in BT—as it came to be known—and implanted it in corn, which allowed the plant to produce its own pesticide, meaning death for the European corn borer.

While Carson might have applauded, environmentalists and bureaucrats took up arms.

- With 18 per cent of American cornfields planted with insect-resistant corn, pesticide spraying in 1999 declined for the first time in history.
- When a French company marketed the corn under the StarLink brand, the US Environmental Protection Agency speculated that ingestion of the corn might cause an allergic reaction.
- Experts found no cause for alarm over a variation of the protein which had developed—then the EPA found the corn okay for animal consumption, but not for humans.
- Inevitably, the varieties found their way in a mixed state into the market—and confusion ensued, even though no dangers from the modified corn were found.

But environmentalists engineered a panic and food companies involved were forced to a recall.

So some experts contend that science was usurped by the woefully uninformed—in a manner that would have caused Rachael Carson to readjust herself in her grave.

Source: William Tucker, 'A Bumper Crop of Alarmism', *Weekly Standard*, 12 February 2001.

NUCLEAR POWER IS AN OPTION

Environmental activists don't like global warming and they don't like nuclear power. But observers say they must soon make a choice between coal-fired generating plants—which

they contend lead to global warming—and clean nuclear power.

There are many arguments in favour of nuclear power, and one of them is the safety issue. Serious studies consistently show that, to generate the same amount of electricity, more people will die if coal is used than if nuclear power is employed.

- In America, about 36 people per year are killed in the coal-mining industry—and China reportedly loses about 10,000 per 'normal' year in coal mining.
- If we assume that the developed world has a death rate per million tons mined equal to that of the United States, and that the Third World has a death rate equal to that of China, 55 people per day die in the world's coal-mining industries.
- While few of those deaths receive any publicity, the deaths of two workers in a nuclear power plant in Japan made headlines around the world last year.
- Such reporting obscures the high degree of safety found in nuclear power activities and leads people irrationally to fear its use—while coal is seldom faulted on safety grounds, even though it is infinitely more dangerous.

Source: Lester C. Thurow (Massachusetts Institute of Technology), 'Time for Nuclear Power', *USA Today*, 11 January 2001.

COST OF BARRIERS TO ENTRY

Many governments create barriers to entry in business. These can take the form of red tape, fees or simple bribery. Some economists say that these regulatory barriers prevent fly-by-night operations from swindling people out of their money. Others argue that these regulations are used for political benefit and confer advantage upon existing firms by limiting competition. A recent study deter-

mines that there are no benefits to such regulatory barriers—either for incumbent firms or consumers.

A major component of these costs is delay—for instance, it takes an average of six months to get the necessary permits and licenses in Mozambique, 66 days in France and five months in Austria.

The study analysed 75 different countries and their regulatory barriers. The costs of these barriers varies, but the greatest burden is in poorer countries:

- The average cost of complying with regulations in order legally to enter a market or start a business is equivalent to 34 per cent of *per capita* income worldwide.
- This equates to 10 per cent or less of *per capita* income in the richest nations, but 65 per cent or more of *per capita* income in the poorest nations.
- Setting up shop in nations such as Vietnam, Bolivia or Egypt can cost one to two times an entrepreneur's yearly income.

These extra costs do not have tangible benefits for consumers. The study finds that:

- Product quality does not improve, but actually decreases.
- Pollution and health levels remain the same.
- They increase corruption of regulatory officials and encourage black market activity.

The authors find that the real beneficiaries are the politicians who control the regulatory system and those who are well connected.

Source: 'A Helping or Grabbing Hand?', *Economic Intuition*, Fall 2000; based on Simeon Djankov, Rafael La Porta, Florencia Lopez-de-Silanes and Andrei Shleifer, 'The Regulation of Entry', Working Paper No. w7892, September 2000, National Bureau of Economic Research.

I P A

Education Agenda

KEVIN DONNELLY

Beaujolais Bolshies

In New South Wales, they're called the 'Balmain basket weavers', in Victoria they go under the name of the 'Beaujolais bolshies'. Whatever the title, what these elites have in common is an over-inflated sense of their own self-worth and a total disregard for the wishes of ordinary Australians.

Take the 120 'prominent Australians' who, late last year, signed an open letter to the national media condemning the Federal Government's new funding formula for non-government schools. Such greats as Sigrid 'Sea Change' Thornton, ex-Victorian Premier Joan 'VCE' Kirner and John 'State Bank' Cain want to make it harder for those parents who send their children to so-called independent schools.

Their argument, along with the pro-Labor teacher unions, is that non-government schools are socially inequitable and unjust and that those parents and students who decline to attend government schools must be financially penalized even further than they now are.

Problem number one is that the majority of the so-called 'educated elites' send their children to non-government schools. As noted by Joan Kirner herself, many years ago, over half of the then Victorian Labor Cabinet had either attended themselves or had students at schools such as Wesley, Scotch and Melbourne Grammar.

Good enough for Labor Party politicians, but not for struggling parents who decide that the most precious gift they can give their children is a good education.

Parents want freedom of choice. Over the last ten-or-so years, thousands have voted with their feet with approximately 30 per cent of Australian students now attending non-gov-

ernment schools. Gone are the days of State control when governments can force all students into the one bureaucratic, mediocre system.

As shown in Queensland, parents are especially keen to seek the non-government school option because the State school curriculum is controlled by the politically correct thought police of the 'new-Left'. Such fads as 'whole language' and 'fuzzy maths' leave thousands of kids illiterate and innumerate and, naturally, parents wish to find an alternative.

Problem number two, and notwithstanding the bleatings of the numerically challenged, is that non-government schools actually save taxpayers money (in Victoria, one recent estimate puts the figure at \$650 million a year).

Yes, Federal and State Governments do support non-government schools. The 1997 figures show that federal grants represented about 16.2 per cent of the income of independent schools and 52 per cent of the income of Catholic schools. But it is parents, through saving and hard work, who pay the rest.

Non-government school parents save governments money (because fewer kids go to government schools) and they also pay taxes that keep the government system going. What the Labor Party and the Democrats want to do is to penalize parents even more because they dare to save taxpayers' money.

Problem number three is that most of the propaganda about the new funding formula is wrong. The Labor Opposition argues that the wealthiest non-government schools will be better off under the new Federal government formula.

Ignored is the fact that, under the old Labor-endorsed funding model, such schools received even more.

Wealthy schools under the new formula will receive about 20.3 per cent of the cost of educating a student at a government school. Under the old Labor formula, wealthy schools would have received 29.4 per cent.

The argument that the Federal Government wants to run down government schools is also wrong. Commonwealth funding to State schools has risen 25 per cent over the last 4 years and the intention is to increase spending by another \$1.4 billion.

Instead of the Federal Government, State Governments are primarily responsible for funding school education. If the 'Balmain basket weavers' and teacher unions were serious, and not simply being caught up in a political stunt, they would be knocking on the doors of the Carr and Bracks Governments demanding more money.

Finally, the cry that Australia must spend more of its gross domestic product on education flies in the face of all the overseas research and evidence. The USA has the largest *per capita* education budget in the world and it is consistently out-performed by countries that spend less *per capita*.

The OECD publication, *Education at a Glance*, also admits that there is no clear relationship between throwing money at education and getting good results. As parents know, the most important thing is the quality of the teaching and making sure that schools are accountable.

The Berlin wall may have collapsed and the 'evil empire' fallen apart, but for basket weavers the world appears unchanged. May their Beaujolais turn into vinegar and the bottoms of their baskets unravel.

Dr Kevin Donnelly is Director of Education Strategies, a Melbourne-based consulting group whose clients include State and Federal Governments.

IP A

REVIEW

The Referendum Debate: A Note on Press Coverage

NANCY STONE

THE 'quality' press played a central part in the 1999 republic referendum debate. The Victorian 'No Republic' committee asked me to examine every issue of *The Age* (and *The Sunday Age*) and *The Australian* during the 12–13 weeks to voting day, to assess those newspapers' handling of this debate. Accordingly, the column-centimetres of print (excluding headlines) devoted to each side of the topic were carefully recorded.

Material was sub-divided into news/comment, editorials, opinion pieces, and numbers of letters (full and brief) published, classifying each as pro- or anti-republic or neutral in tone. Summary results are given in the accompanying charts.

The manner of classification into 'Yes', 'No' and 'Neutral' is central to the outcome: one reader's bias is another's fair reporting. Editorials, opinion pieces and letters generally speak for themselves, but the classification of news/comment is bound to be contentious. Accordingly examples are given, to invite evaluation of that classification. (News and comment, once scrupulously separate, are now routinely merged by many journalists, hence their combination for present purposes).

- News/comment took many forms:
- Simple reporting of facts, such as Brendan Nicholson's 'Now or never: Costello' (*The Age*, 1 November, page 1) or Mike Stekette's 'Poll unlocks the yes vote' (*The Australian*, 25 October, page 1). Both were classified 'neutral'.
 - Articles slanted to the 'Yes' or 'No' case. Scott Emerson's 'Two eras—one way forward' (*The Aus-*

tralian, 6-7 November, page 9), featuring youthful Juliet Mitchell and centenarian Ted Smout, was clearly in the 'Yes' category. 'Whitlam pillories PM's fear' (Steve Connolly and Lyall Johnson, *The Age*, 28 October, page 4) was another such. By contrast, and despite its headline, Dennis Shanahan's 'PM's case falls short on symbols' (*The Australian*, 27 October, page 6) presented the 'No' case favourably.

- Articles of strongly 'Yes' or 'No' persuasion, yet with an opposite or neutral segment. 'PM warned to stay out of debate' (Brendan Nicholson, *The Age*, 2 November, page 6), allotted 25cm to the 'Yes' side and 2cm to 'No'. Ben Holgate's 'Cultural spirits rally for republic' (*The Australian*, 5 November, page 19) devoted 41cm to 'Yes', 4cm to 'No' and 5cm 'Neutral'. With all such 'divided' articles, the appropriate lengths were allocated to the 'Yes', 'No' and 'Neutral' tallies.
- Opinion pieces masquerading as news/comment. A good example with a 'Yes' bias was Paul Kelly's 'Costello offers alternative vision for conservatives' (*The Australian*, 28 October, page 1).
- News/comment consisting of a puff from 'Yes' voting celebrities. A notable example was 'It's time but a republic wasn't meant to be easy' (Michael Gordon, *The Age*, 5 November, page 1), with former Prime Ministers Fraser and Whitlam hand in hand with Premier Bracks. 'Dad reigned at Winton's royal parade' (Matt Price, *The Australian*, 28 October, page 7) was another.

Notably impartial reporters were Nicolas Rothwell (*The Australian*) and Tony Wright (*The Age*). By contrast, Graeme Leech, who edited most Melba columns in *The Australian* during the period, appears to have presented the most consistently one-sided viewpoint.

During the survey period, two other major events occurred: East Timor's referendum and subsequent unrest, and the long drawn-out Victorian State election. These probably accounted for the dearth of republic material at certain times, especially in the Opinion sections.

Now to the results. Considering news/comment first, there was not one week when column-centimetres for 'Yes' did not exceed those for 'No', usually overwhelmingly. This was true of both newspapers. Indeed, in only four of the twelve weeks did even 'Neutral' exceed 'Yes' in *The Australian*. In *The Age*, that balance was seven weeks to six.

The results in summary for the full 12- or 13-week periods are embodied in the charts below. For *The Australian*, the news/comment total for 'Yes' was 4,246cm. 'No' came to 1,468cm, and 'Neutral' totalled 4,276cm. Thus 'Yes' overshadowed 'No' by almost three to one.

For *The Age*, news/comment was even more unequal, with 'Yes' totalling 2,531cm, 'No' 530cm and 'Neutral' 2,835cm. The 'Yes'-to-'No' ratio was nearly five to one (although, as indicated above, 'Neutral' news/comment in *The Age* was slightly greater than 'Yes' material, whereas in *The Australian*, 'Yes' material even exceeded 'Neutral').

It is obviously a newspaper's right to express its own view in its editor-

Musing...

Media Culture

by MICHAEL WARBY

When Professor John Heningham of the University of Queensland surveyed journalists, they ranked the *7.30 Report*, *ABC News* and *Four Corners* as the most pro-Labor media outlets. Yet the ABC is being lauded by journalists as if there were no serious issue of bias.

The ABC's favourite intellectuals—John Ralston Saul, David Suzuki, Noam Chomsky and, for old times' sake, John Kenneth Galbraith—show a clear ideological pattern. You have to go back almost 25 years and the *Blainey View* to the last time the ABC showcased a conservative intellectual—a ludicrous dereliction of duty by our national broadcaster during a dramatic resurgence in conservative and classical liberal thought.

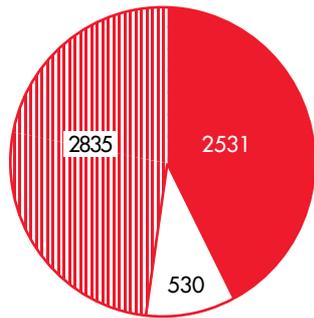
Defenders of the ABC talk as if it is a corrective to commercial media. Yet the prime corrupter of modern media is not the overrated bogey of commercialism, it is the culture of virtue; the parading of opinions to display the virtue of the journalist or commentator, such as their republican virtue. This culture of virtue is particularly intense in the ABC.

To be a defender of the ABC is to be of the virtuous: to be a critic is to be not of the virtuous. Thus the media culture of virtue defends the ABC. This frustrates making the ABC accountable, since journalists become partisans, wishing to close down debate.

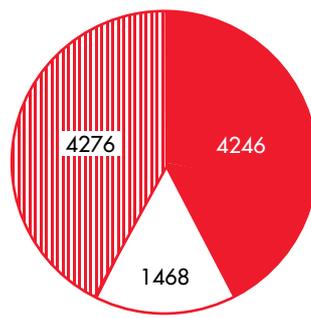
Australia cannot afford to spend well over half-a-billion dollars a year on an organisation not accountable for the quality of its product. That the ABC is protected by a media bodyguard strengthens the argument for its abolition and replacement.

Michael Warby is a Fellow of the IPA.

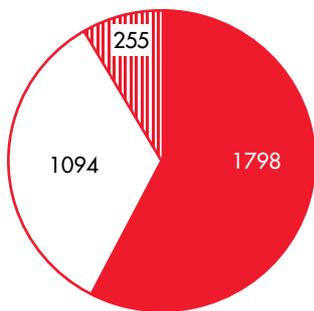
The Age: News/comment totals



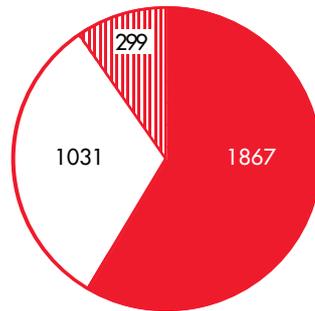
The Australian: News/comment totals



The Age: Opinion piece totals



The Australian: Opinion piece totals



||||| Neutral □ No ■ Yes

Notes: 1. Figures in pie charts indicate total number of column-centimetres.
2. Total articles read—*The Age*: 331; *The Australian*: 522.
3. Figures for *The Australian* do not include the 19-page booklet, 'Royalty or republic: your guide to the referendum'.

als. Thus every relevant leading article in both papers, without exception, urged readers to vote 'Yes'.

In the opinion pieces, most readers would hope to see a roughly equal division for and against a proposition as fundamental as changing Australia's Constitution. Space in both papers, however, was allocated not much less than two to one in favour of 'Yes'.

Happily, the spread of views among Letters to the Editor (presumably reflecting roughly the 'balance' of such letters received) was more even, with *The Australian's* ratio eight to seven favouring 'Yes', and *The Age's* six to five in favour of 'No'.

The referendum was lost convincingly, in every State and the Northern Territory. The quality press' advocacy, as exemplified by *The Age* and

The Australian, may have convinced inner-city voters, but clearly failed to sway the wider population. Could it be that the relentless urgency with which these newspapers (particularly *The Australian*) pressed their case rebounded upon them? Or perhaps that the uniformity of views expressed simply made some readers suspicious? To adapt Emerson, 'the louder they proclaimed the advantages of the republic, the faster we voters counted the blessings of the present system'.

Dr Nancy Stone is Secretary of The Samuel Griffith Society. (Ph: 02 9810 3792; Web: <http://www.samuelgriffith.org.au/>). This is a version of a paper delivered to the Twelfth Conference of The Samuel Griffith Society in Sydney, on 12 November, 2000. In evidence to the Press Council, The Australian cited her paper as 'an independent study'. (The Australian, 9 February 2001).

IPAA

Book Review

Casting the Demons Out

John Hyde reviews

Exasperating Calculators

by William Coleman and
Alf Hagger

Macleay Press, Paddington, NSW
336 pages

Exasperating Calculators is a rigorous rebuttal of those who demonize economic rationalism—a critique of the critics. When even our Prime Minister turns from economic rationalist to bush populist; when the economically irrationalist Pauline Hanson can poll 10 per cent in WA and 20 per cent in the Queensland seats that One Nation contested; when enrolments in high school economics classes fall from 44,000 in 1991 to a mere 24,000 in 1996 something fundamental is afoot. During the past 15 years, many people who enjoyed economic privileges have lost them. Coleman and Hagger contend that Michael Pusey, Robert Manne, John Carroll, Clive Hamilton, Hugh Stretton and others (including Malcolm Fraser) gave them an intellectual justification for their disappointment which they turned to wrath. ‘Economic rationalism’ offered every victim of adversity something to hate.

Pusey coined the term ‘economic rationalism’ in *Economic Rationalism in Canberra: a Nation-Building State Changes Its Mind*. With considerable help from the ABC, it spread like wildfire, not just among the social sciences, but among the lay public. It has, however, so far defied agreed definition. Pusey, we are told, despite its being the topic of his book, did not offer one. At the risk of adding to the confusion, I’ll propose my own:

Economic rationalists contend that governments should develop the institutions that make markets work better, avoid unnecessary substitution of their own judgements for those of buyers and sellers, and govern without favour.

Coleman and Hagger make clear that neither they nor other economic rationalists believe that economics (rational or otherwise) says all there is to be said about government, let alone about life. I agree.

Economics, however, said a lot before the event about the sort of economy that we in fact experienced during the 1990s. The reforms against which the economic irrationalists rail

**At one level the book
is a cri de coeur to
economists to ensure
that conventional
economic prescriptions
that have apparently
worked well are
not defeated by un-
challenged nonsense**

were undertaken by the Hawke Government with the support of the Howard and Hewson Oppositions because economic theory predicted that those policies would best raise productivity and living standards, lower inflation and unemployment, and give us the capacity to weather

events such as the Asian ‘crisis’. *Exasperating Calculators* is particularly scathing of logical fallacies and I am reluctant to commit the *post hoc ergo propter hoc* fallacy. Nevertheless, although the long boom of the 1990s could be chance, it could also be that the overwhelming majority of economists in Treasury, the Reserve Bank, the Productivity Commission and the universities were right.

Exasperating Calculators is mostly an attack on the enemy. It is mostly armour in the economists’ anti-missile defence system, destroying the destroyers. It does, however, also spell out for the umpteenth time the role for governments in preserving market institutions and correcting market failures. Unlike ‘Star Wars’ it scores a lot of direct hits, many of them by simply stating a claim made by, say, Pusey or Manne followed by the facts from the most obvious reputable source, such as the Australian Bureau of Statistics. The kindest thing that can be said about most of the falsehoods is that they are disgracefully sloppy. (For some not atypical examples, see the extract reproduced on the following page.)

Years back, John Carroll wrote something which, if accurate, overturned the principle of comparative advantage. I had words with Robert Manne over whether Carroll was obliged to publish in a manner that facilitated assessment and challenge. I am, therefore, particularly delighted that Coleman and Hagger also believe that academics should submit to the rigours of academia. They land some particularly destructive direct hits on the use that Pusey made of an undergraduate survey which purports to show that Canberra’s Senior Executive Service officers are right-wing and nearly all economic rationalists. It will be interesting to see if Dr Pusey publishes a rebuttal. ▶

The irrationalists look back with nostalgia to the days when Australia was run by nation-builders such as Nugget Coombs and Sir John Crawford from the Department of Post-war Reconstruction. In 1973, however, Coombs led the *Task Force on Government Spending* that reported to the Whitlam Government. He marshalled economic arguments to identify unjustified subsidies, rural rorts, and various regressive forms of featherbedding of which Graham Samuel's National Competition Policy might be proud. Was Coombs the first economic rationalist?

Coleman and Hagger at times feign a value-free objectivity that is not quite real. They are classical liberals—and it shows. For instance, they take Coombs apart for likening the intelligentsia to lords of the manor with a duty to care for others. Such a charge, they contend, 'means power over others and righteous use of such power requires virtue that we do not find in the human race, educated or not. We have more faith in uneducated freedom than in a tertiary educated power'. The authors not only value common humanity, they trust it, and therefore can be described only as 'liberal'.

The major parties in Canberra are falling over themselves to adopt the populism of One Nation and the Greens. Coleman and Hagger do not ask whether a political party can win votes by catch-up politics, that is, by demonstrating that it will not lead. At one level their book is a *cri de coeur* to economists to ensure that conventional economic prescriptions that have apparently worked well are not defeated by unchallenged nonsense. The lay reader, however, will have no difficulty with the text. He/she will not be turned into an economist, but may take some satisfaction from no longer being misled by what patently ain't so.

John Hyde is a Senior Fellow with the Institute of Public Affairs.

I P A

Extracts from *Exasperating Calculators on the Moral Manne*

We see in the Economic Irrationalists no great respect for factual accuracy, but rather an indolent mistreatment of factual particulars which would be almost unthinkable in, say, a Productivity Commission paper. Robert Manne is an example.

A favoured theme of Manne (and other Economic Irrationalists) is that protectionism was the foundation of the 'age of growth' of many economies.

Claim: Imperial Germany was the most successful industrial economy in the four decades before World War 1 (Manne 1992a, page 51).

Fact: The USA was easily the most successful economy in the four decades before World War I. Elsewhere we find a weaker Manne advancing a weaker contention:

Claim: Imperial Germany was the most successful industrial European economy in the four decades before World War 1 (Manne 1992b, page 55).

Fact: Imperial Germany was not the most successful European economy, by any ordinary measure. Sweden grew significantly faster, and the UK had higher per capita income than Germany in 1910.

Claim: Protectionism and interventionism have played a part in the history of *every* (Manne's emphasis) economic miracle in East Asia (Manne 1992a, page 51).

Fact: Hong Kong the original tiger, is more unregulated than any Economic Rationalist could dream of. This fact is just so well known we marvel at the indomitable ignorance betrayed by Manne's italics. Manne considers that the experience of the UK conclusively refutes the success of Economic Rationalism. His method of argument is an array of factual claims. Several of these claims are false or misleading.

Claim: Manufacturing output rose a 'pitiful' 6 per cent between 1979 and 1990, compared with 46 per cent between 1961 and 1974 (Manne 1993b, page 57).

Fact: Manufacturing output rose by about 10 per cent between 1979 and 1990, not 6 per cent (*Economic Trends. Annual Supplement*, 1994, Central Statistical Office, page 173). In any case, why compare 1979–90 with 1961–74? If we are considering the eleven years 1979–90, why not compare them with the preceding eleven years, the period 1968–79? If we make this comparison, we find that manufacturing output rose by 10.1 per cent in the eleven years previous to Thatcher, and 10.4 per cent during the Thatcher years (*Economic Trends. Annual Supplement*, 1994, Central Statistical Office, page 173).

The observer can only remark on the slightness of everything Manne has written on Economic Rationalism. He seems to have done little of anything like research. By his own account he does not esteem research in economic and social matters. At the very notion he has thrown this flip, cynical riposte: 'Research and ye shall find!' (Manne 1993a)

The essential character of Manne's writing on Economic Rationalism is rhetorical declamation. Facts are there just to decorate; judgements are to intimidate ('bizarre', 'breathtaking', 'mad', 'extraordinary'). And, as of most rhetorical controversialising, the whole point, and test of achievement, is to execute some verbal perdition of the object of loathing. This is not 'debate'.

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