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Editor: Michael Warby

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RED TAPE ... Ever upwards!

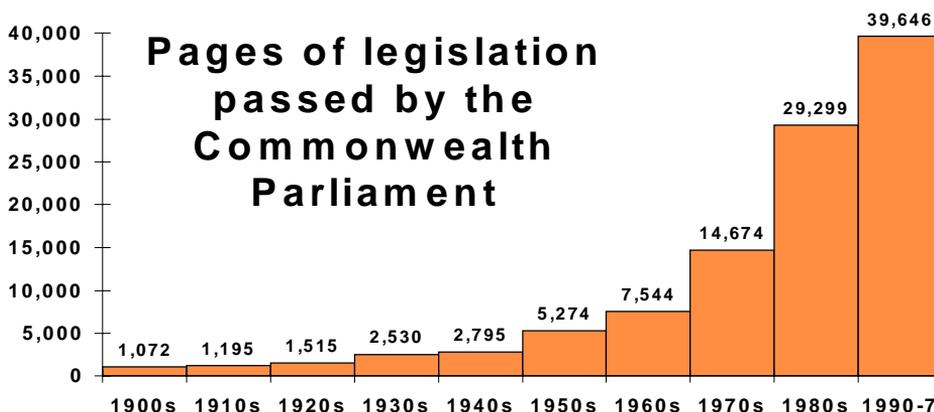


THE COMMONWEALTH Parliament has been increasingly 'productive' (or is that merely active?). In the 8 years from 1990 to 1997, it passed more pages of legislation (39,646) than it did in the 80 years from 1901 to 1980 (38,459)—a massive increase in 'productivity'!

Maybe they do because they can, with photocopiers in the 1970s, word

processors in the 1980s and a PC on every desk in the 1990s making the creation of more statute law so much easier!

Of course, we may wonder if anyone, except lawyers, has benefited from this enormous explosion in statute law. It may, however, help explain why the number of lawyers or legal professionals has more than tripled from 14,000 in May 1978 to 46,000 in November 1999 (total employment increased by less than 50%) and why there are 32,000 students currently studying law or legal studies in Australian higher education. [*ABS microfiche, AVCC Key Statistics.*]



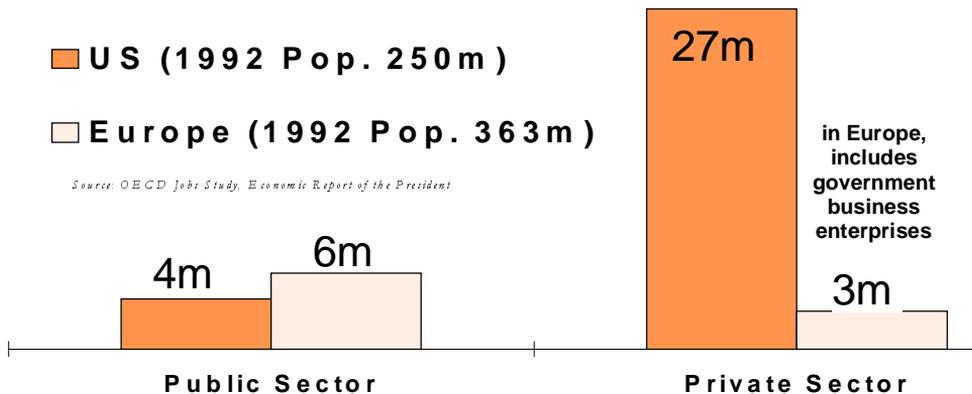
Source: *Acts of the Commonwealth*

JOBS 1: Eurosclerosis



Many European countries discourage casual employment and have very extensive regulation of their labour markets to 'protect' job holders. Unfortunately, unless such regulation increases productivity (very unlikely), employers will compensate for increased costs by reducing other benefits and offering fewer jobs. Something like that must be going on to explain the stark difference between job growth in the US and Europe.

Employment Growth 1974-1992 public and private



Did you know?



That in 1875, people at the top of British society lived an average of 17 years longer than the British average? The gap now is about one year. *[George Will, 9 December 1999]*

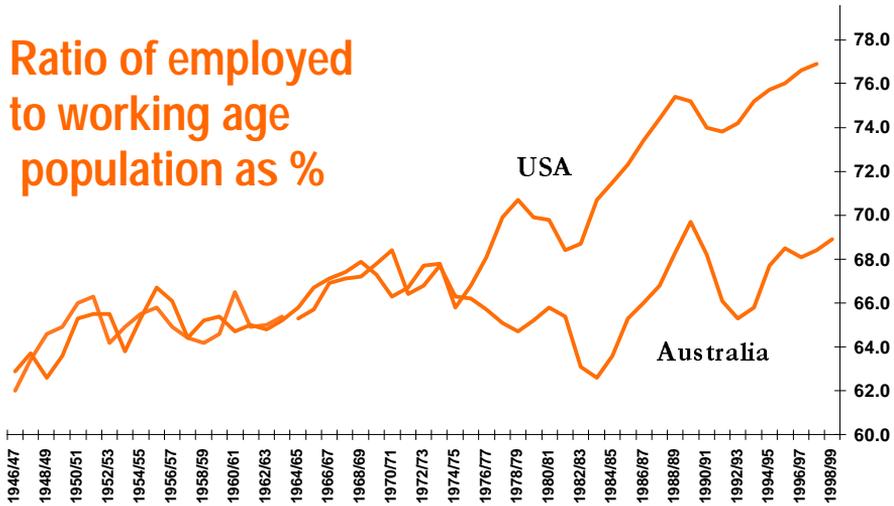
That human life expectancy has increased more over the last century than in the previous 200,000 years? *[George Will, 9 December 1999]*

That two-thirds (120) of the world's countries have achieved democratic rule, the highest number of democracies ever? In 1900, less than 10% of the world's population participated in free elections. *[Freedom House]*

That Americans spend almost four times as much on books as they do on movie tickets? *[George Will, 27 June 1999]*

JOBS 2: Australia and the US

Ratio of employed to working age population as %



Source: Budin, ABS Cat No 3102.0, 6203.0, Economic Report of the President

US data is for calendar year.

No European miracle here!

Mind you, Australia should not be too proud—we used to be as effective as the US at employing members of our population, now we are significantly worse.

In the mid-1970s, our paths diverged. While Australia lost all the increase in the ratio of employed to

working-age population it had gained since the late-1940s, the US ratio kept improving. With the advent of economic reform in the early 1980s, our performance improved, but we still have about one million fewer Australians in employment than we would if we had the same ratio of employed to working-age population as the US.

Did you know?



That at the end of the Napoleonic Wars (1815), the typical male labourer was 5 inches (12.7 cm) shorter than the typical male of the British elite? The gap is now less than an inch (2.5 cm). [George Will, 9 December 1999]

That poor American households had a higher rate of ownership of washing machines, clothes dryers,

dishwashers, refrigerators, stoves, microwaves, colour TVs, VCRs, PCs and air conditioners in 1994 than was the American average in 1971? [Myths of Rich and Poor, Alm and Cox]

That of the world's 12 largest hotels, 11 are in Las Vegas? [George Will, 1 July 1999]

Prosperity: How the West Won

For most of recorded history economic growth was barely perceptible and its main effect was to allow a small rate of increase in population.

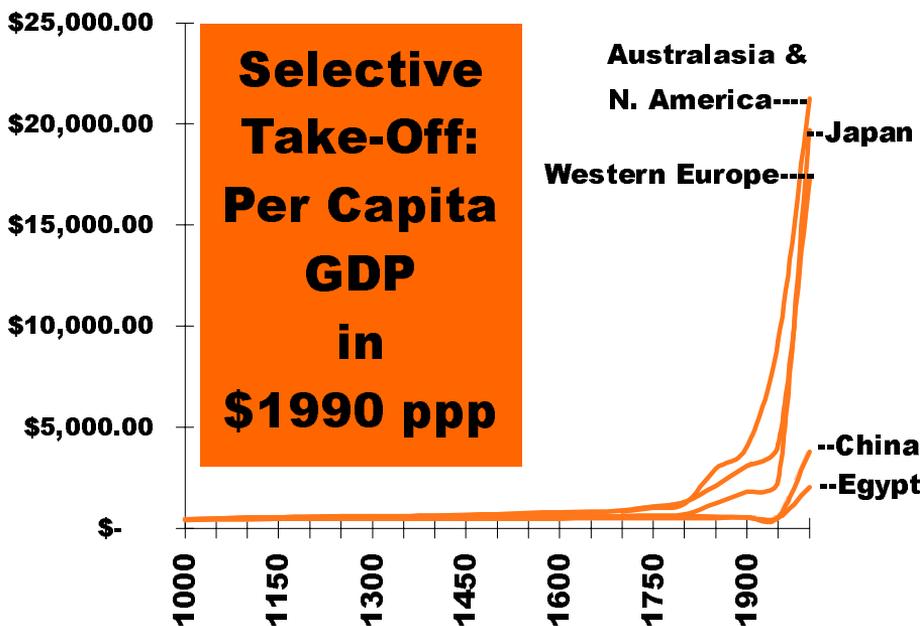
Then, in Europe and its descendant societies in North America and Australasia, something remarkable happened: ordinary living standards shot up even though population increased massively.

Why did this happen in Europe and

not elsewhere? Both the Arab civilisation (up to about AD1200) and China (up to about AD1500) had been more technologically advanced.

The essential answer seems to have been the development of secure property rights and the rule of law in the competitive jurisdictions of Europe.

As European states competed against each other, those that provided



Source: Angus Maddison, *Monitoring the World Economy*

better laws and more secure property rights prospered, forcing others to follow. With people free to keep the fruits of their labours and innovations, technological growth flourished, building unprecedented mass prosperity. The systematic application of science to technological development has, since the second half of the nineteenth century, pushed the process even further.

Competitive jurisdictions produced, not a 'race to the bottom', but one to the top. Japan was able to 'join in' because its institutions were like those of Europe's, having developed with similar internal competition between interest groups. The fluctuating, insecure autocracies of the Islamic world and China's bureaucratic centralism have not done anywhere near as well.

The Third World's Success



We are accustomed to thinking of the Third World as a disaster area, with malnutrition, disease, disasters and poverty its most notable features. Actually, the Third World has been an area of surprising success over the last 50 years, if we look beyond some common myths.

The Myth of Low Growth

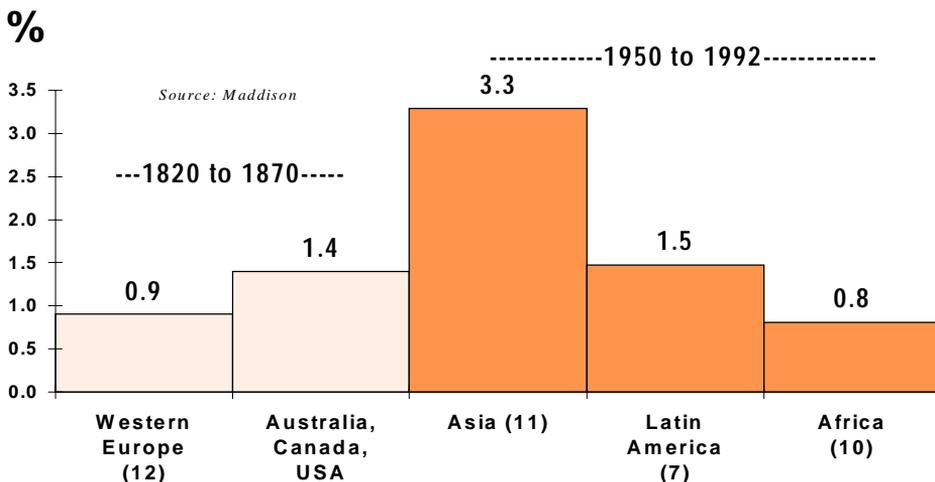
By historical standards, the Third World has displayed spectacular economic growth over the last 5 decades. Average GDP growth per person for 11 Asian countries has been 3.3%—more

than three times faster than in Western Europe during the nineteenth century. Average Latin American and even African growth rates in the second half of the twentieth century are comparable to Western ones in the nineteenth century—the latter despite negative growth in Ghana (-0.4% p.a.) and Zaire (-1.4% p.a.). [*Monitoring the World Economy*, Maddison]

It is true that the gap in living standards is widening, but that is because of the enormous Western advantage in living standards. If a country with an income of \$1,000 per person grows by 10% and a country with an income of \$10,000 by 2%, the gap between the countries widens by \$100 per person after one year. Thus the gap in living standards between rich and poor will continue to grow well into the next century.



Average GDP growth per person (%)



The Third World's Success ...

The Myth of Population Explosion

The birth rate in England in 1821 was 40.8 per thousand, not much lower than the 42.5 per thousand in East Asia in 1950. The US birth rate in 1820 of 55.2 per thousand was higher than anywhere in the Third World in 1950. The Third World increase in population has flowed from a declining death rate. Life expectancies are far greater in the Third World today than they were in England in the early nineteenth century. Birth rates are now declining in much of the Third World—first in Latin America and now in Asia.



The Myth of Food Shortages

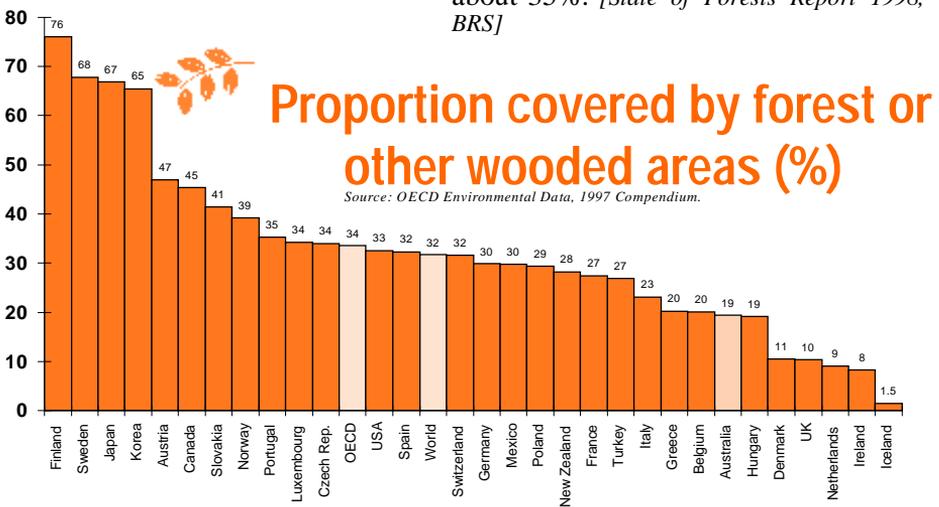
Mass starvation in Asia and Africa has a long history. Rather than increasing, famines have disappeared from much of the world. Where they are still found, they are almost invariably due to a distribution problem rather than a shortage of food.

Despite debt crises, population problems, polluted cities, inequality and economic setbacks, we need to keep in mind that the nineteenth century industrialising countries experienced the same growing pains. By historical standards, the Third World has done very well.

Can't See the Wood for the Trees



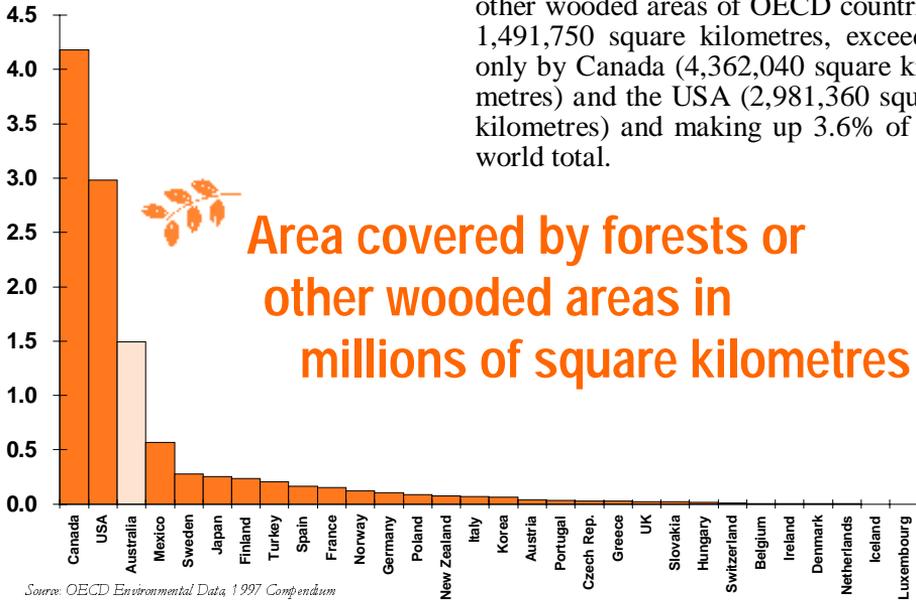
Australia has a much lower proportion of its land area covered by forests and other wooded areas than other OECD countries—a mere 19% compared to the OECD average of 34% and the world average of 32%. Since 1788, the total wooded area has declined by about 35%. [*State of Forests Report 1998, BRS*]



Wood for Trees ...



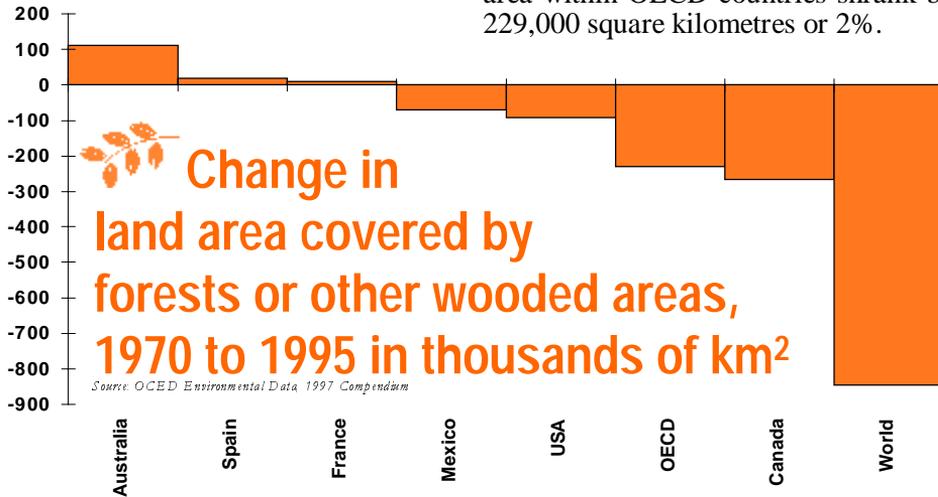
Even so, in 1995 Australia had the third largest land area covered by forests and other wooded areas of OECD countries: 1,491,750 square kilometres, exceeded only by Canada (4,362,040 square kilometres) and the USA (2,981,360 square kilometres) and making up 3.6% of the world total.



Where Australia shines is in the increase in the land area covered by forests and other wooded areas. In the period 1970 to 1995, Australia had by far the greatest increase in the land area covered by forests and other wooded

areas—an increase of 111,000 square kilometres, a growth of 8%.

In the same period, the area of the globe covered by forests and other wooded areas shrank by 845,000 square kilometres, or 2%, while that area within OECD countries shrank by 229,000 square kilometres or 2%.





C'mon culture, c'mon

Australians are twice as likely to go to a museum as an Aussie Rules match. In 1995, 3.9 million Australians went to a museum, while 1.9 million went to an Aussie Rules match. 3.1 million went to an art gallery while 1.5 million went to a League game, 560,000 to a soccer match and 360,000 to a Union game. Art and culture have wider appeal than sport! [ABS Cat. No. 4102.0]

Home computers

In February 1996, 36% of Australian households had a computer and 4% had Internet access. By November 1998, 47% had a computer and 19% had Internet access: Internet access had increased more than fourfold in less than 3 years.

Of all those who have a home computer, more males use it for games

(63%) than study (53%), while more females use it for study (56%) than games (50%). [ABS Social Trends].

Life expectancy

Aboriginal and Torres Strait Islander life expectancy is 15-20 years lower than the Australian average. [ABS Cat. No. 2602.0] or about what average white Australian life expectancies at birth were in 1900. [Australian Historical Statistics]

Christian dreamtime

Australian Aborigines are 35 times more likely to identify as Christian than as following a traditional Aboriginal religion. 71.5% of Aborigines stated their religion as Christian, compared to 70.9% of the general population. Only 2.09% said they followed a traditional Aboriginal religion. [1996 Census]

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