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From the Editor

MIKE NAHAN

THE DEMISE OF SCIENCE

Without science we would be lost. We would be unable to separate fact from fiction or faith. Our capacity to innovate, understand and question would wane and our ability to provide both a decent quality of life for mankind and a sustainable natural environment would end.

Although science reigns supreme in many areas of Western life, in others, in particular the natural environment, we are sinking into darkness. The belief in environmental Armageddon and the inherent destructiveness of Man is displacing science, humanism and evidence-based management.

Although much has been written on this process, I believe it has been best expressed by Professor Bjørn Lomborg. As described in his article in this edition ('How Do We Prioritize Our Resources?' pages 3–7), using the best peer-reviewed evidence, Lomborg has systematically tested the many claims of environmental disasters—from the population bomb to global warming. While he found environmental challenges—such as particle pollution in some cities—he also found that, in most areas in the wealthy West, the environment was actually getting better. He then goes on to explore what he called the litany—a long list of claims of impending environmental doom and gloom which tend to be uncritically repeated by scientists, journalists and NGO activists.

While journalists play an essential role in publicizing this litany, and NGOs are key players in funding and crafting the advertising campaigns, the role of scientists is pivotal. They provide the credibility and expertise that the journalists and activists lack.

The question is: why have so many scientists also succumbed to being myth-makers? One answer is money. Shock and horror not only sells papers



and generates donations for NGOs, it also generates funding for research. And as Professor Bob Carter discusses in 'Science is Not Consensus' (pages 11–13) changes to the funding of science in recent years have increased the incentive for scientists to join in the doom and gloom.

There has been a discernible decline in the willingness of scientists to stand up for truth and against the populist misuse of science. To be fair, it is not easy being unpopular, particularly when it may entail being accused of not defending something that you have spent a lifetime studying and caring for dearly. For example, Professor Stephen Hall, Director of the Australian Institute of Marine Science recently stated on ABC Radio in respect of the impact of farming on the Great Barrier Reef: '... irrespective of whether there is indeed an environmental effect, you really have to assume there is. Because if the perception is out there that your environmental performance is below par, that can have very dramatic consequences for your industry'.

In short, the person in charge of managing research into what is arguably Australia's most important environmental asset, the Great Barrier Reef, is suggesting that industries should no longer take their cue from science but from public perceptions.

From whom do the public get their ideas? Well, WWF and the other litanists. Importantly, the perception helps assure generous funding grants to Stephen Hall's organization.

When Professor Lomborg was in Australia, he participated in a debate with Professor Ian Lowe from Griffith University. During the debate, Professor Lowe surprisingly admitted that the environment might be getting better overseas, but claimed that this was not true 'Down Under', citing the Australian Bureau of Statistics' (ABS) 2002 report *Measuring Australia's Progress*.

In 'How Useful are Australia's Official Environmental Statistics?' (pages 8–10) Dr Jennifer Marohasy takes up Professor Lowe's implicit challenge and examines the methodology behind the ABS's Report. It is an understatement to say that she finds it seriously deficient; indeed it has all the hallmarks of the litany—data selectively presented to create the image of disaster.

Not surprisingly the ABS's 'expert panel' for the Report includes Clive Hamilton of the Australia Institute and Dr Denis Saunders of WWF—two prominent promulgators of the environmental litany.

The upshot is that an essential database, collected and funded by governments, upon which the public needs to rely so as to form its perceptions, has been doctored to conform with the environmental litany of doom and gloom. As such, in Australia we cannot even do a Lomborg and expose it for what it is. True environmentalists should be outraged.

On a positive note, there is a growing awareness in rural Australia that science is being abandoned for propaganda—and the bush is beginning to fight back.

I P A

REVIEW

How Do We Prioritize Our Resources?

BJØRN LOMBORG

I USED to be a member of Greenpeace, worried about the environment, thought everything was coming apart, when I read an interview with American economist Julian Simon, where he said, 'listen, that's not true. It's not actually what the data shows.'

My immediate reaction was that it was right-wing American propaganda, and I really was just pretty content to leave it at that, had he not said what I always tell my students: go and check the data. It was only in the Autumn of 1997 that we started realizing that a lot of the things he said were actually true. I thought it important to get that information out. We thought we should do so, so we published some articles in a Danish paper. It blew up into probably the biggest debate we've ever had in Denmark since the Second World War. That certainly indicates that this really is an incredibly important debate, and one that we really need to have.

A dossier that Greenpeace had compiled was, unfortunately, only one side of the argument, but it is what you'd expect from an interest group. And that tells us why this is an important discussion.

Let me just give you an overview of the two important points I'm trying to focus on. One is to remove the myths. To the extent that we believe that doomsday is nigh, I would like to try to show you some of the data and convince you that that is not true. The other is not to say that there are no problems, but to say, of all the remaining problems, which ones should we want to focus on? Because, really, there's only one bag of money, but

there are lots of good things we'd like to do.

As long as we believe in the myth that things are going to hell, we're unlikely to make sound judgements. We really need to get the right data in order to make the best possible decisions.

So, are things really getting better? Yes, on many accounts. We have more leisure time, greater security, fewer accidents, more education, more amenities, higher incomes, fewer starving, more food, and a healthier and a longer life. This is not just true for the industrialized world, but also, perhaps more surprisingly, for the developing world.

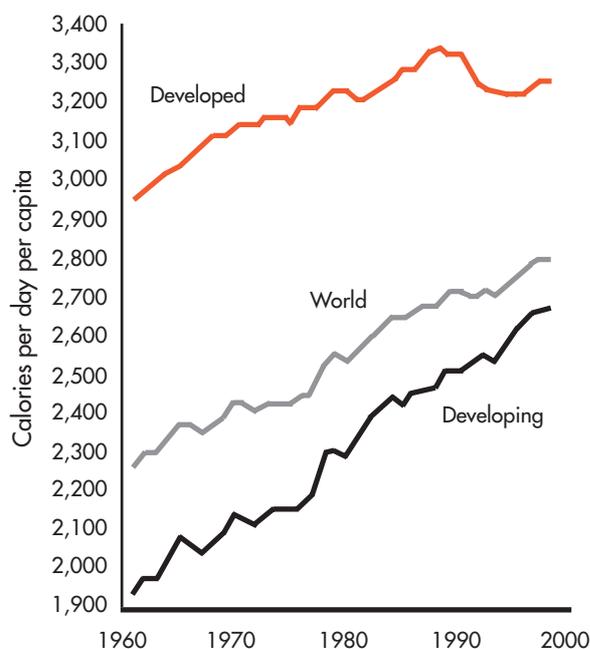
Let me just show you one of those graphs that—and you'll have to forgive me, I'm a statistician—I think is sexy. The best information that we have about the world—and also I should just mention, I'm not making up my own data—come from the best sources in the world, typically the UN organization. This is from the Food and Agricultural Organization of the UN, from 2001 [Figure 1].

What we see here is the caloric availability for the developed and developing world from 1961 until 2000. If we look at the developed world, we have more than 3,000 calories per person per day.

If we have any problem, it's probably being too fat. The main problem, of course, is in the developing world, where we actually have a dramatic increase in the availability of calories. From 1961, the average person in the developing world had 1,932 calories; on average just about what it takes to sustain life. Today, that number is up around 2,650 calories per person per day. It's a dramatic increase—about 40 per cent—and of course it's also testimony that people are actually living much better lives.

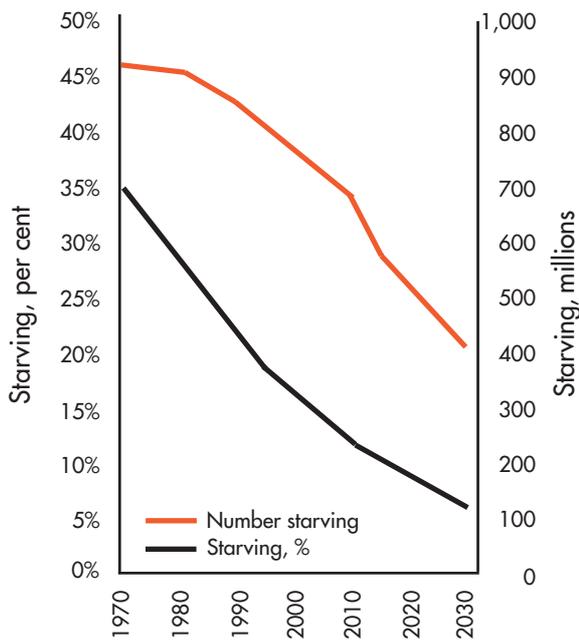
I want to point out two things though. I am only saying that things are getting better. It's not that things are fine and that there are no problems. To say, 'things are getting bet-

Figure 1: Daily intake of calories per capita in the industrial and developing countries and world



Source: Bjørn Lomborg, *The Skeptical Environmentalist*, Cambridge University Press, 2001, page 61.

Figure 2: People undernourished, 1970–2030, in numbers (millions) and percentages (of developing world)



Source: Lomborg, *op. cit.*, page 24.

ter', is a scientific judgement, whereas to say 'things are fine' is a political judgement. So, all I am saying is that, scientifically, things are going the right way; that this graph is actually moving up. I'm not saying that, hey, they have 2,650 calories, that's fine, they don't need any more. We can say that not only have things moved in the right direction, but that we can do even more.

The other point is to say that there are lies, damn lies and statistics. It is true that you can lie with statistics, but they are also the only source that we really have to understand how the world works. Figure 1 shows an average. It could be true, for instance, that the middle class in the developing world is eating up that extra stuff. But that's not actually true.

The UN has made estimates of the number of people starving in the developing world since 1970. In 1970, about 35 per cent of all people in the developing world were starving. Today, that number is down to 17 per cent. In 2030, the UN expects it to be down to 6 per cent [Figure 2]. The point again is to say that it's much,

much better to live in a world where only 6 per cent of those in developing nations are starving, than one where 35 per cent are starving. But it doesn't mean that there's no problem.

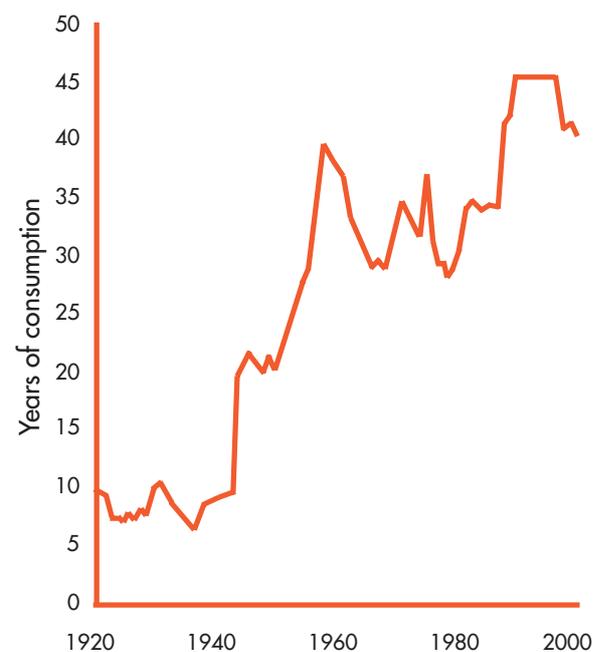
In 2030, there will be 400 million people starving—unnecessarily so. But it's not because we can't produce the food. It's because they don't have the money to buy it. So again we can say that things are moving in the right direction. We can still identify problems, and start thinking about what, in fact, the most important problems are.

With all these things getting better, however, is it true that all the environmental indicators are going in the right direction too? Well, generally, yes. Not all, but most of the important ones certainly are, and especially for the developed world where we are rich. We really have succeeded in creating a better world. But many people will argue that it is not sustainable. One of the main questions asked is, will there be enough of both natural and artificial resources? I showed you one thing with food. There will be more people, but at the same time we'll actually be able to feed them even better, by the best predictions that we have from the UN, till 2030. But what about resources?

This is one of the main fears that we all had back in the 1970s: the feeling that we would run out of everything. Let me just show you one graph which looks at oil [Figure 3]. An old Princeton Professor a couple of years ago said we've been running out of oil ever since I was a kid. And, yes, that's true, we've always worried about it. Nevertheless, if you take a look at 1920, we know how much oil the world used. We also know how much oil the world thought was left over. Divide those two numbers and you get how many years was left over at 1920 consumption. With these numbers we find that there were 10 years left over in 1920. So, not surprisingly the American Bureau of Mines came out and said, 'in 10 years' time we'll run out of oil'. Now, you may be forgiven for thinking that in 1930 we'd be down to zero, but in 1930 we'd used 10 years' worth of oil and yet at this new higher level of consumption in 1930 we still had about 10 years' worth of oil at the new higher level.

Now that might be a little surprising. Not so surprising was that the American Bureau of Mines came out

Figure 3: Years-of-consumption: world oil reserves compared to the annual production, 1920–2000



Source: Lomborg, *op. cit.*, page 124.

and said that in 10 years' time the world would run out of oil. So you might be forgiven for thinking that at least in 1940 we should be down to zero. The surprising thing was that despite the fact that we had now used 20 years' worth of oil, we used more oil in 1940 than we did in 1930 or in 1920, there was still eight years' worth of oil at this new even higher level of consumption, and so on and so on.

The curious thing is, the more we used, and the more we use, the more that is left over. This is not the same thing as saying that the Earth is not round. Of course it's not. The point is that the myth-driven idea that there is only so much, and when we've used that up we're done for, is silly. It's a little bit like going home to your fridge and looking in there and saying, 'whoa, I've only got food for three days', so you're going to die in four. Basically, what we've done is that we've been able to find more resources and utilize these resources more efficiently, and in the long term, of course, we'll also substitute.

When we look at oil, at the present moment we know that we have enough fossil fuels for about 50 years. But if we take all the shale oil that's commercially available within the next 25 years, we have another 100–150 years. If we take all the shale oil that exists, we have enough oil for the next 5,000 years. However, the real point, of course, is that long before that, we'll have switched to other resources, probably renewables or fusion or something we haven't even thought of. Sheikh Yamani, the guy who founded OPEC, loves to point out that the Oil Age is going to come to an end, but not for lack of oil. Just like the Stone Age came to an end, but not for lack of stone. It wasn't like, Oh, God, we've run out of flint, we've got to move to bronze, right? The idea was that we actually found better alternatives and this will happen with oil.

This principle also holds true for coal, non-fossil fuel and non-renewable resources, the most important ones being cement, aluminium, iron,

copper and zinc. Of course, nobody every worries about running out of cement. But the other resources, despite the fact that we've increased our consumption globally over the last 50 years anywhere from 2 to 25 times, have all shown increasing user consumption, not decreasing user consumption. The economist would, of course, say that this is because the price has dropped on all basic materials over the last 150 years by about 80 per cent. It's become more abundant, not more scarce.

Clearly we have a myth that just doesn't stand up to scrutiny. We're actually leaving our kids and grandkids with a greater availability of resources. We're using up the easily accessible iron ore, but at the same time we are leaving them with technology that enables them to dig deeper and use less good iron ore even more cheaply. So we really need to reassess our understanding of what the problem actually is. Again, my main point is to say that not only have things been getting better but they're likely to continue to get better into the future.

Air pollution is by far the most important environmental problem. The US Environmental Protection Agency estimates that anywhere from 86 to 96 per cent of all social benefits that stem from any kind of environ-

mental regulation come from regulating just one pollutant, namely, particulate air pollution. However, most people in the developed world believe that air pollution is a fairly recent phenomenon that's getting worse and worse. But that's just simply not true.

Let me just show you the graph for London which is the one that we have for the longest period of time [Figure 4]. Here we have particulate air pollution, showing smoke from 1585, where it has increased up to about 1890, and from then on declined dramatically, so that today it's now down below what it was in 1585. We need to tell people it's not true when you think that air pollution is getting worse. For London it's improved over the last 110 years. Actually, London air has never been cleaner since medieval times.

Notice that this is not saying that we shouldn't do anything about it. We can also say we want to do even more. Because particulate air pollution is such an important issue, however, it makes sense to invest very heavily in more technology and get a worthwhile environmental benefit. We should invest in things that are smart.

You will notice that whilst decreasing air pollution is true for all developed countries it is not true if you live in Beijing or Bangkok. There, things are actually getting worse and worse ▶

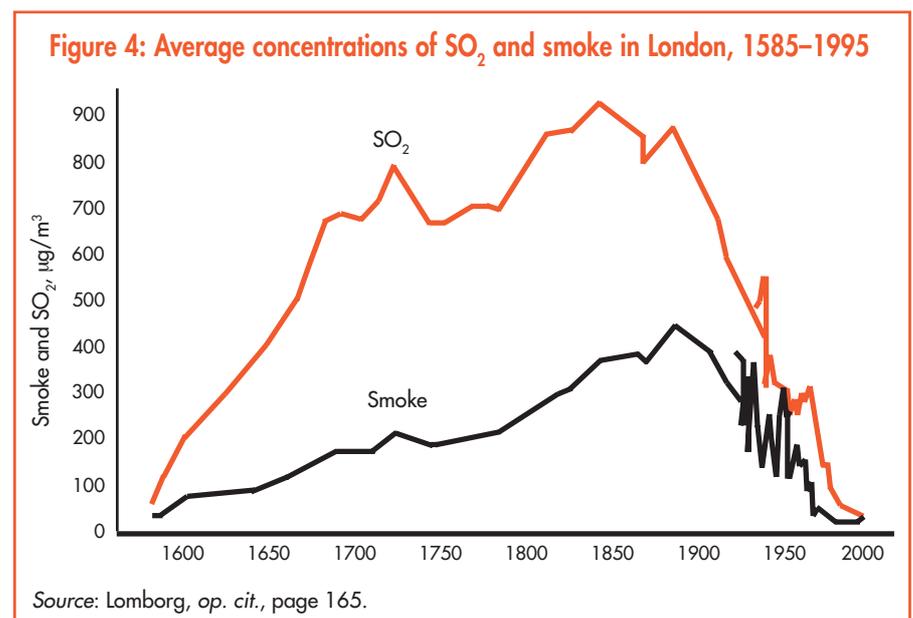
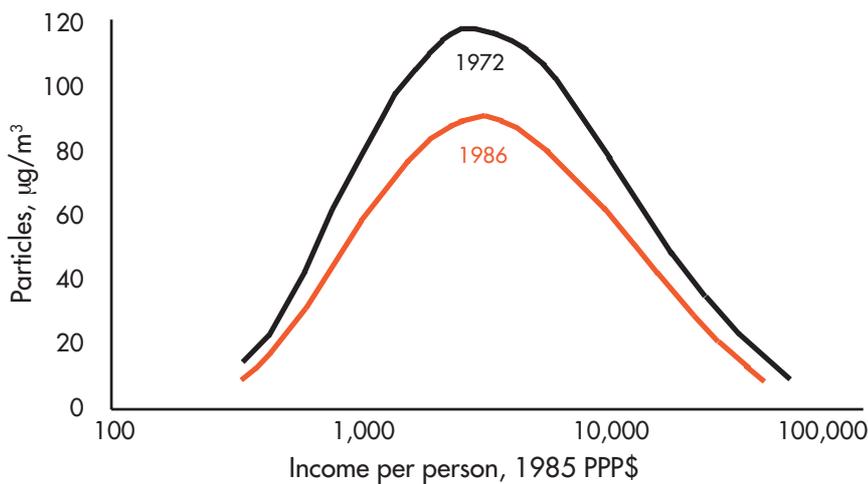


Figure 5: The connection between GDP per capita and particle pollution in 48 cities in 31 countries, 1972 and 1986



Source: Lomborg, *op. cit.*, page 177.

[Figure 5]. But it's not very surprising either. That's exactly what we saw in London. Basically, if you don't have any industry, you don't have any pollution, but you don't have any money either. So you say, cool, when I get industrialized, I can start buying food for my kids, give them an education, maybe buy stuff for myself, and so never mind, I cough. That was the trade-off that Londoners and many of the rest of us made, and it's only once you get sufficiently rich, at around US\$3,000 PPP [purchasing price parity] per person, you start saying, Ah, now it would actually be nice to cough a little less.

And so you buy some environment. Already, if you look at some of the richest developing countries such as Mexico and Chile, we've seen declining levels of air pollution both in Mexico City and Santiago, exactly for that reason. So the point is, not only have things been getting better, we're actually cleaning up. We're leaving a cleaner world for our kids and grandkids—certainly in the developed world—and it's likely to happen in the developing world once they get sufficiently rich too.

These are the important facts to get out to the public. But, of course, the question still remains: are we dealing sensibly with the problems that are still there?

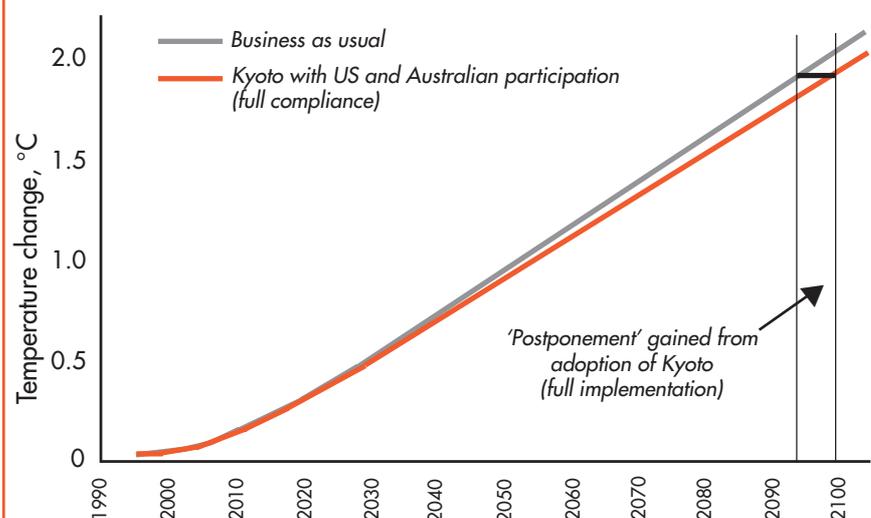
I'll now just give you a very quick run-down on global warming. First of all, I'd like to say global warming is happening and it is important. The total cost of global warming is not, by any standards, trivial. It's going to be somewhere around five to eight trillion US dollars. Yet, I would still maintain that we need to question how important this is, and what we are going to do about it.

Furthermore, global warming is a limited problem, basically because eventually we'll move over to other fuels. We know that renewables have been coming down in price about 50

per cent per decade over the last 30 years, so it's very, very unlikely to expect that we are still going to use massive amounts of carbon fuels by the end of this century. This, of course, is important because you have all heard the predictions from the UN climate panel saying, it's going to be somewhere between 1.4 degrees and 5.8 degrees warmer, but only if we continue to use massive amounts of fossil fuels into the twenty-second century. It just simply won't happen. It is far more likely to have the median outcome of two to three degrees warming which is also the median outcome from the UN climate panel.

Well, I would actually argue that Kyoto will do very little good. Kyoto is just not going to do very much good at a very high price. Let me show you [Figure 6] the climate models from one of the lead authors of the 1996 UN climate panel report. All the models show essentially the same thing. If we don't do anything with global warming, this particular model predicts that over the next 110 years we'll get a temperature increase of about 2.1 degrees. But if we follow Kyoto and if the US and Australia were also in, and if everybody kept to their Kyoto requirements all the way till the end of the twenty-first century, then what would actually happen is that we'd get slightly less global warming. We'd end

Figure 6: Kyoto Climate Models



Source: Lomborg, *op. cit.*, page 307.

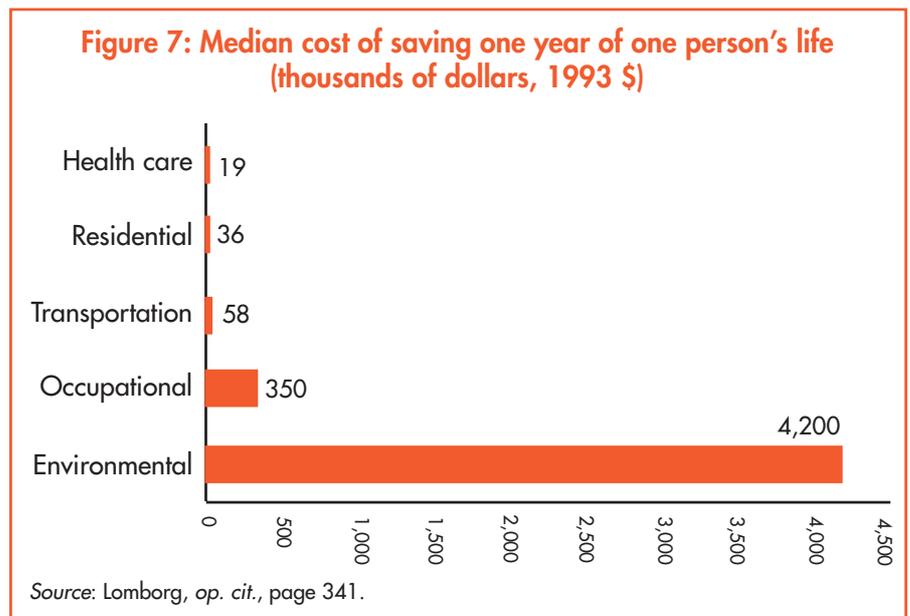
at 1.9 degrees, or, to put it more clearly, the temperature that we would have had in 2094, we would postpone until 2100.

So basically, doing Kyoto will mean that the guy in Bangladesh who has to move because his house gets flooded in 2100, can wait until 2106. I mean, it's a little good, but it's not very much good, right? On the other hand, the cost is pretty phenomenal. On all the major macro-economic models, it is estimated that we'll end up paying somewhere between \$150 and \$350 billion a year—starting in 2010. That's not a trivial amount of money. To give you a sense of proportion, right now we spend about \$50 billion globally on helping the Third World. So we're talking about spending three to seven times that amount to help the developing world very little in a hundred years from now. I'm simply asking, is that a good investment?

Actually, there are many other things that we could do that would do so much more good. Just for the cost of Kyoto in one year—say for 2010—we could solve the single biggest problem in the world. We could give clean drinking water and sanitation to every single human being on earth. It would save two million lives each year. Perhaps more importantly, it would save half a billion people from getting seriously ill, every year. And that's just the cost of Kyoto in 2010. Then, in 2011, we could do something equally good. In 2012, we could solve the third biggest problem in the world, and so on.

Likewise, of course, we also need to make sure that in the long term we deal with global warming and we should invest in research and development of renewables that would cost a fraction of what Kyoto would do. If we could just bring forward the day we shift over to renewables—by a couple of years around mid-century—it would do much more good than Kyoto could ever do.

Why is it we don't hear this? Why is it that it's not an issue? I meet with a lot of politicians who say, yes,



Kyoto's not going to do very much good, but that only shows we need to do much more. Usually it's not a good argument to say, yeah, the first step is a bad step, so let's take more steps in that direction. It might be, and we should certainly investigate that, but these models have already been looked at and they tell us that Kyoto's a bad deal and going even further is an even worse deal.

It is important to notice that a lot of environmental legislation does not have as a primary focus the saving of human lives. For instance, if we're talking about the Bengal tiger, it probably has the opposite effect. The main point is that when we're looking at policy whose main focus is to save human lives, we should go in and compare how efficiently the different policies do that.

The biggest study on this subject comes from the Harvard Centre for Risk Analysis, connected to Harvard University. The researchers spent three years going through all of the American legislation where there are published results on the cost and efficiency of saving human lives [Figure 7]. What we basically see is that the typical cost of saving one human life for one year in the health-related area is \$19,000. In the residential area, it costs \$36,000 and in transportation it's \$56,000. In the work-related area,

it's \$350,000 to save one human life over one year, and for the environment, it's \$4.2 million. We could also call this graph 'Spot the Bad Investment'.

Typically, we make very, very bad investments in the environment when our primary policy focus is to save human lives. We do so very, very inefficiently and we have to ask that crucial question: why is it we're willing to spend \$4.2 million in saving one human life when we could have saved more than 200 elsewhere?

We've got to face up to the fact that our prioritizations are not free. This does not mean we shouldn't worry. This does not mean we shouldn't be concerned, but it means we should start being concerned about the right things. We must state what it is that's actually important, where it is that we should place our efforts, and make sure that we don't just do something that sounds good, that makes us feel good, but that actually has little effect in doing good in this world.

Bjørn Lomborg is an associate professor of statistics in the Department of Political Science at the University of Aarhus. This is an edited transcript from the National Press Club talk he gave in Canberra on 2 October, 2003.

I P A

How Useful are Australia's Official Environmental Statistics?

JENNIFER MAROHASY

THE Australian Bureau of Statistics's (ABS) 2002 report *Measuring Australia's Progress* found that five of the six 'headline indicators' for the environment suggest deterioration over the last decade. Land clearance rates, dryland salinity levels and greenhouse gas emissions have all apparently increased, our inland waters are overused, and Australia's biodiversity is in decline. The only indicator that showed improvement was air quality with fine-particle pollution dropping in major cities despite an increase in motor vehicle use.

During the recent visit by Associate Professor Bjørn Lomborg, Danish statistician and author of the controversial book *The Skeptical Environmentalist*, renowned Australian environmentalist Professor Ian Lowe cited the ABS findings as evidence that economic growth in Australia is running down our natural capital.¹ The ABS's conclusions run contrary to Lomborg's treatise that, in developed countries, trends with respect to important environmental indicators show improvement.

In his book, Lomborg emphasizes the relevance of environmental statistics as a measure of the state of our environment, including the magnitude of the problems we face.² If the statistical trend is one of improvement, we can be confident we are 'on the right track'. If environmental statistics indicate a deteriorating situation, however, as appears to be the case in Australia, there is reason for concern and a need to re-look at 'our political aim'. Indeed, if the situation is as bad in Australia as the ABS sta-

tistics suggest, our billions of dollars worth of investment in environmental programs and the plethora of new environmental legislation and regulations introduced over the past two decades are clearly inadequate.

The ABS report begins by acknowledging that, 'it is difficult to obtain national time series data that encapsulate the changes in Australia's natural capital'. However, the report then proceeds to present graphs with trend lines suggesting that relevant facts have been systematically collected. Yet with reference to the first indicator, biodiversity, the report states that its use of numbers of species listed as vulnerable and endangered under federal legislation as a measure of biodiversity may not be reliable. The report then concludes, however, that declining biodiversity is nevertheless a reasonable conclusion because, 'many experts ... believe that total Australian biodiversity declined during the 1990s'. Apparently the ABS will use opinion as a substitute for measured statistics.

An increase in land clearance rates is provided as further support for the claim that biodiversity is declining. But what if the area of new native forests is greater than the area cleared? Statistics can be misleading if an analysis appears more scientific than it really is, or if an indicator provides a spurious correlation or the comparison is not really valid.

In this article, I critically evaluate the evidence used by the ABS in its 2002 report *Measuring Australia's Progress* to conclude that Australia's biodiversity is in decline.

BIODIVERSITY

The ABS conclusion that Australia's biodiversity is declining is based on the total number of birds and mammals listed as extinct, endangered and vulnerable in schedules to the Commonwealth's *Endangered Species Protection Act 1993* and *Environment Protection and Biodiversity Conservation Act 1999* (EPBC) for each year from 1993 to 2001. In fact, no new species were listed as extinct. Almost 80 per cent of the increase can be attributable to species being listed as *vulnerable* under the EPBC Act.

According to the Act, species can be listed as vulnerable if there has been a substantial reduction in its numbers and its geographic distribution is limited. The reduction in population numbers, however, could have occurred decades ago with population numbers now stable or potentially increasing.³ As a consequence, new listings do not necessarily give an indication of current trends with respect to biodiversity.

A significant scientific literature recognizes that threatened species listings are not a good measure of biodiversity change and advises against the use of such lists in state of the environment reporting.⁴

Any person may nominate a native plant or animal species for listing under the EPBC Act, with over 311 species nominated over the last two years.⁵ Indeed, nominating a species is an integral part of many environmental campaigns. Successful nominations normally secure significant State and Federal government funding for the development of associated Recovery Plans.⁶

No species extinctions have been recorded in Australia over the last two decades. Several species have been rediscovered, including the mahogany glider. If the ABS had chosen to compare the number of known extinctions to the number of rediscoveries or, for example, reported on the increase in area of conservation reserve set aside for biodiversity protection, then the report might have concluded that biodiversity in Australia is actually increasing.

LAND CLEARANCE

Land clearance is the second environmental 'headline indicator' in the ABS report. The report's main conclusion is that 'Land clearing continues to have a major impact on our biodiversity, soil and water. Since the mid-1990s, the rate of land clearance has increased. Estimates indicate that about 470,000 hectares of land were cleared in 1999, around 90 per cent in Queensland.' The ABS, however, does not place the 470,000 hectares in any context relative to the land mass of Australia, the area planted to new forests, and the area of trees naturally thickening and regenerating. Instead, the ABS report describes the area cleared in terms of numbers of football fields, attributes the clearing to agriculture, and laments the number of birds which it estimates permanently lose their habitat as a consequence of the clearing.

Interestingly, the 2002 ABS report only presents data up to 1999 for land clearance. The omission of the 1999 to 2001 data has the effect of excluding data which show an approximate 50 per cent reduction in land clearance in Queensland from 1999 to 2001.⁷

The national clearing rate in the ABS report of 470,000 hectares in 1999, while not trivial, actually represents less than 0.2 per cent of the land area of Queensland and less than 0.06 per cent of the land area of Australia. According to *Australia's State of the Forests Report 2003*, 638,000 hectares were planted to

hardwood in 2002, mostly on land that was once used for agriculture.

It is interesting to compare the ABS conclusion that '40 per cent more land (135,000 hectares) was cleared in 1999 than in 1991' with *Australia's State of the Forests Report 2003* conclusion that 240,000 hectares were cleared in 1998—a reduction on the area cleared in 1988 of 546,000 hectares.⁸ The difference in area cleared between the two reports relates, at least in part, to differences in definitions of 'forest' and 'vegetation' used by the two different Federal government departments.

Rather than providing objective and quality information to facilitate informed decision-making ... the ABS has provided only a superficial and popular presentation that includes conclusions based more on opinion than rigorous analysis

The 2003 forest report actually shows an increase of 7 million hectares of forest cover in Australia, but suggests that the increase does not represent a real increase in forest cover but rather an improvement in forest mapping. It has been argued that there is actually ambiguity and discrepancy with respect to 31 million hectares of forest cover between the 1998 and 2003 forest reports.⁹

Most of the land clearance reported in the ABS report is associated with cattle grazing in

Queensland—an activity occurring over approximately 50 million hectares of rangeland. Studies indicate that at the time of European settlement many of these rangeland areas were not climax (that is, in a mature state) but rather were a fire-mediated sub-climax developed over 5,000 years of Aboriginal burning.¹⁰ In the absence of fire and with increased grazing pressure, there has been a general and rapid vegetation thickening, resulting in many more trees per hectare now than there were 150 years ago.¹¹

Worldwide, vegetation thickening is an issue in rangelands with potentially significantly impacts on biodiversity, carbon and water balances.¹² Queensland satellite data show that 26 per cent of all clearing in 2000–2001 was of land that had no trees in 1991.¹³ In Texas (USA), landholders are encouraged to clear trees to improve water supplies.¹⁴

Land clearance can potentially increase biodiversity in a situation where vegetation thickening threatens native grasslands. Indeed, grassland animals have evolved with adaptations¹⁵ including reaction times and escape speeds suited to a treeless environment. The shorter spacing between trees in woodlands and thickening woodland can make them easy prey. When all this is considered, linking an increase in land clearance with a decrease in biodiversity is highly misleading.

IN CONCLUSION

The ABS purports to 'assist and encourage informed decision-making, research and discussion within governments and the community, by providing a high quality, objective and responsive national statistical service'.¹⁶

The first two 'headline indicators' in its much quoted *Measuring Australia's Progress* report are concerned with biodiversity. An increase in the numbers of species listed under the EPBC Act, and an apparent increase in land clearance rates in Queensland, are purported to indicate that

Australia's biodiversity is in decline. However, the analysis lacks rigour and objectivity.

The listing of species under the EPBC Act may be driven by new knowledge and the number of successful environmental campaigns, rather than any recent change in the abundance or distribution of species. New knowledge and successful environmental campaigns are generally considered good for biodiversity protection. On this basis, it could be concluded that an increase in the number of species listed is a positive rather than a negative for Australia's biodiversity. That no new species have been recorded as extinct over the last decade needs to be acknowledged.

Choice of 'land clearance' as a headline indicator, rather than, for example, 'total native vegetation cover' or 'total forest cover', potentially has the effect of reinforcing the perception of declining biodiversity and is misleading. Given that large areas of forest have been replanted and given the phenomenon of vegetation thickening, it is likely that there are now more trees across Australia than there were a decade ago. However, biodiversity is a measure of species diversity rather than numbers of trees. Given that grasslands represent diverse ecological communities that are being lost in the arid and semi-arid rangelands as a consequence of vegetation thickening, and in wetter areas to rainforest,¹⁷ Australia's biodiversity may be in decline in these regions.

In order to understand these issues and implement appropriate management strategies, we need useful environmental statistics. Rather than providing objective and quality information to facilitate informed decision-making—with respect to at least two of the six indicators in the often quoted ABS report—the ABS has provided only a superficial and popular presentation that includes conclusions based more on opinion than rigorous analysis. This information has then been used by environ-

mental advocates to reinforce perceptions that may have no basis in fact. At risk is Australia's potential to make rational decisions on important environmental issues.

NOTES

- 1 Ian Lowe, 'The sky really is falling in after all', *Courier-Mail*, 2 October 2003.
- 2 Bjørn Lomborg, *The Skeptical Environmentalist*, Cambridge University Press, 2001, page 5.
- 3 As an example, Murray Cod was recently listed as vulnerable under the EPBC Act, even though numbers have been stable in NSW since 1964 and gradually increasing in South Australia, see <http://www.ea.gov.au/biodiversity/threatened/species/m-peelii-peelii.htm>.
- 4 Possingham, H.P., S.J. Andelman, M.A. Burgman, R.A. Medellin, L. L. Master and D. A. Keith, 'Limits to the use of threatened species lists', *Trends in Ecology and Evolution*, 2002, 17:11, pages 503–507.
- 5 See <http://www.ea.gov.au/biodiversity/threatened/nominations/index.html>
- 6 See <http://www.ea.gov.au/biodiversity/threatened/recovery/index.html>
- 7 See <http://www.nrm.qld.gov.au/slats/report.html#9901veg>.
- 8 *Ibid.*
- 9 See, in particular, submissions 207 and 208 at: <http://www.pc.gov.au/inquiry/nativevegetation/subs/sublist.html>
- 10 Neldner V.J., Fensham, R.J., Clarkson, J.R. and J.P. Stanton, 'The natural grasslands of Cape York Peninsula, Australia. Description, distribution and conservation status', *Biological Conservation*, 1997, 81, pages 121–136; Burrows, B., 'Tree clearing—rehabilitation or development on grazing land?' *IV International Rangelands Conference*, 1999, Townsville, Australia.
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- 13 Queensland Department of Natural Resources and Mines, *Land Cover Changes in Queensland 1999-2001*, January 2003, page 26, Table 6. <http://www.nrm.qld.gov.au/slats>
- 14 Wilcox, B.P. & U.P. Kreuter, 'Woody plant: stream flow interactions as a basis for land management decisions in drylands', *Proceedings of the 7th International Rangelands Congress*, 2003, South Africa.
- 15 See <http://www.blackwellpublishing.com/townsend/Chapters/EOEC02.pdf>
- 16 See <http://www.abs.gov.au>
- 17 Hopkins, M.S., Head, J., Ash, J.E., Hewett, R.K., & A.W. Graham., 'Evidence of a Holocene and continuing recent expansion of lowland rainforest in humid, tropical North Queensland', *Journal of Biogeography*, 1996, 23, pages 737–745.

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IPAA

Science Is Not Consensus

BOB CARTER

THE ideas that science should work in society's interests, that scientists should be accountable or that scarce research money should be spent on science that is useful or fits national priorities are apparently innocent, reasonable ideas. Yet these are wrong assertions, and their implementation has profoundly damaged Australia's research capabilities.

Between the 1950s and the 1970s, Australia built a national capability in science which, given the small size of the population, was outstanding. At that time, leadership in science matters often came from CSIRO or university researchers, but excellent science was also accomplished within many State or Federal government agencies. As an example, all States supported some type of geological survey organization (often under the umbrella of a Department of Mines or Primary Industry), which was responsible for systematic geological mapping and mineral and other resource surveys, and which provided the government with generally dispassionate advice on related matters.

With the 1980s, however, came a restructuring of the way in which such groups operated. Public-good programme funding for the activities of government science agencies shrank, and was replaced by funding for individual projects with limited lifetimes, a management technique which turns out to be in large part responsible also for the ongoing imbroglio at the Australian Museum. An individual scientist's salary thus often comes to be funded as a part-charge against several different projects, and when a project ends, so does the salary. So, too, comes an abrupt end to the chances of a government getting disinterested advice on science matters of the day. One

particularly egregious example epitomizes the problem, which is the hopelessly inadequate understanding which both the Queensland and Federal Governments exhibit about the endless phantom threats generated by environmental crusaders about the Great Barrier Reef.

As a mechanism for concentrating a scientist's mind, however, project, rather than baseline, funding can't be bettered. It provides a massive incentive for writing project reports which, in one guise or another, always discover the need for more money to be spent on this or that allied problem. And if an allied problem can't be identified, then the fertility of human imagination is such that a new one always can be; the solution of which, coincidentally, usually requires just the training and expertise possessed by the report writer or by some of his or her professional dependants. Ably assisted by environmental scare campaigners, our governments have become truly world-class at problem generation.

Regrettably, such politicization of science has not been confined to the government service. Under the guise of competitive excellence, similar methods are increasingly being applied by national research funding agencies to manage university researchers. In the past, these agencies have generally made a sound investment of their (our) money, with laudable scientific outcomes, by calling for applications in all areas of knowledge and funding only those of the highest quality. Since the 1980s, however, more and more research money has been directed into special interest centres of one type or another, and into tagged areas of alleged 'national interest' such as genetic engineering or microelectronics. But who is to say

that these fields are more important than others? Who picks the winners?

Those who usurp to themselves the authority to pronounce one or another discipline field as of national interest at the expense of another—or, worse, at the expense of funding for the enabling and basic sciences—exhibit a breathtaking, albeit often innocent, arrogance. Such funding mechanisms produce the anticipated result, which is, along with some successes, the support of much politically popular, bureaucratic and mediocre science. On the plus side, particularly for the newspaper and advertising industries, the move towards funding special centres has admittedly seen the generation of a new national industry of Scientific Public Relations. Such PR offices have now propagated throughout the University sector and the scientific civil service, and their staffs vie to provide frisbee-science stories to reporters who generally have neither the time nor the skills to write accurately judged science stories from scratch themselves.

The university research funding that came to be directed into special centres and areas was, in general, not the fruit of a new tree. Rather—in the typical zero-sum exercise that has for too long kept Australia's R&D below 1 per cent of GDP at times when intelligent nations spend more than 2 per cent and aim for a target of 3 per cent—the money has been in part redirected from the insultingly termed 'welfare' or 'margarine' (a little, spread thinly, for everyone) research funding which used, properly, to be allocated to nearly all university staff. 'Properly', first, because the competitive nature of their appointment ensures that, with very rare exceptions, all university staff have the ability and training to accomplish productive research; second, be- ▶

cause it is an established pragmatic principle of economics that the first allocated dollars are always the most cost-efficient; and, third, because such funding has proved to provide huge multiplier and productivity benefits.

Formerly, in the 1970s, a small amount of annual funding of this type was made available to nearly all research-active university staff. The funds provided a needed stimulus for research output, and had a markedly beneficial effect on the standard of both teaching and research in universities. To achieve support for their research today, university staff are required to compete in an annual round of grant applications through the Australian Research Council. This system, although of historic excellence and still excellent in principle, is grossly underfunded. Each year, the Council has to brand as failures four out of every five research grant applications submitted from amongst the cleverest and best trained persons in Australia. Research skills and experience which many applicants have spent decades of unpaid overtime honing are thereby deemed not worthy of support. You do not need a degree in psychology to understand the corrosive damage that such a system inflicts. Lacking support for their research activity, university staff, cynical and disillusioned, retreat to their weekenders for a spot of fishing where—unlike in the shark-pool of ‘winner-take-all’ research grant competition—there is at least a likelihood that they will catch something.

Profoundly unfashionable though it is to say so, it is in Australia’s national interest that (in addition to increasing the pool of competitive large-grant moneys) small-grant research funding should be restored for all university staff. Instead, the focus of attention is on ever larger grants for ever fewer science superstars or supercentres. More than 300 years of experience should have taught us that progress in science is not achieved through picking winners or via ‘Mummy knows best’ mechanisms. Every teenager understands that Mummy, though always

well-meaning, often doesn’t know what is best. Our skepticism about experts should also be sharpened by the splendid misjudgements that they so often make, as when a former Chairman of IBM estimated in the 1950s that there would be a market for 5–6 computers in the whole world.

The result of a ‘picking winners’ process, inevitably, is to provoke a desperate scramble by scientists to justify their own expertise in terms of the

Current public debates in Australia on matters such as GM food, the health of the Great Barrier Reef, and the reality of climate change, are irredeemably in the hands of the spinmeisters

nearest ‘winner category’, and the loss of the type of disinterested scientific advice which has hitherto been a vital part of the way our democracy worked. Such disinterested advice is now a part of history. It has been replaced by science advocacy and spin to such a degree that many of the public have lost their trust in science altogether. Robert May, President of the Royal Society of London, describes ‘the resulting crisis in public trust’ as ‘one of the greatest challenges facing scientific policy-makers today’.

Current public debates in Australia—or what passes for them—on matters such as GM food, the health of the Great Barrier Reef, and the reality of climate change, are irredeemably in the hands of the spinmeisters. Nary a press release issues forth from CSIRO

or from any of our much-vaunted Cooperative Research Centres which hasn’t been tweaked and tuned to extract the maximum press (and therefore public) interest. Global warming alarms are followed by biodiversity alarms are followed by salinity alarms are followed by rising sea-level alarms are followed by destruction of the Great Barrier Reef alarms. Why? Because governments no longer employ or support scientists to do the science which interests them, but rather to do the science which government—using a magical insight that no normal mortal would claim—adjudges to be important. To capture government’s attention, and funding, requires the generation of a crisis in one of these politically sensitive areas. And for a government employee to speak out against a prevailing science or societal wisdom which generates research money for his employing agency is, rightly, perceived to be professional suicide. Thus did our venerable handmaiden, science, become a sex-worker.

Government is aided in its aims to control science directions by the generally uncritical nature of the press and public. That nothing sells newspapers like a good public alarm is seldom lost on editors, who, with a few honourable exceptions, do not employ journalists who are competent to separate science hype from science bullshit. For instance, during the recent heated public debate on GM-food in New Zealand, the Royal Society of New Zealand commented that ‘what is so alarming about the debacle is the stunning degree of scientific illiteracy (or wilful ignorance) which was demonstrated amongst so many of the commentators who joined the feeding frenzy’.

Rather than employ scientists whose aim is to find out about the world because it interests them, government agencies now instead employ managers whose aim is to tell us, often at the behest of environmentalists, how we can and can’t enjoy our natural heritage. Witness the audacity of the Great Barrier Reef Marine

Park Authority as it endeavours to place huge areas of the reef tract out-of-bounds in the absence of a skerrick of scientific justification. As in this example, 'alarms' have become both a necessary and sufficient mechanism by which scientists and science managers raise their funding in Australia today. Most active scientists are only too well aware of the problem, but say nothing, not least because speaking out may carry the loss of their job or research funding. As Barry Jones pointed out 'The public intellectual is in retreat. We have more paid academics (in Australia) than at any time in history, but across the nation they have fallen strangely silent'. 'Trust me, I'm a scientist' used to be a proud and genuine claim; it has passed into history as a hollow cynicism.

In industry, experienced executive managers understand that much of the money that they spend on advertising is wasted, in the sense that it has little effect on consumer spending. If only one could know in advance which particular advertising strategy would be successful, large sums of money could be saved. That such advance knowledge is generally impossible is the source of great sustenance to the advertising industry. And as it is with advertising, so it is with science. If we invest in 100 research flowers, then perhaps one will bloom. We do not, and cannot, know in advance which one. Therefore, the sensible investment strategy is to ensure that the most excellent scientists and proposals are funded irrespective of their precise discipline field. For in this way, 'the random walk of science is preserved by the best young researchers deciding what they wish to do, not what bureaucrats and older scientists tell them to do' (John Dewey, acceptance speech on the award of the Penrose Medal, 1992). Dewey added that 'our whole system should be geared toward trusting and supporting clever young people with their own ideas rather than in designing projects that constrain and shackle them'. He is, of course, quite right, and it is disastrous that Australia's national

policy on research funding has, for 20 years now, been heading resolutely in the opposite direction.

To the extent that it is possible for any human endeavour to be so, science is value-free. Science is a way of attempting to understand the world in which we live from a rational point of view, based on observation, experiment and tested theory. Irritatingly, especially for governments, science does not operate by consensus and it is often best progressed by mavericks. The alternative to a scientific approach is one based on superstition, phobia, religion or politics. These alternatives are abundantly on display in the activities of the green political groups, and in general they are neither productive nor pretty. Though claiming to base their concerns on scientific

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evidence, and intending thereby to occupy the moral high ground, many environmental organizations are in fact abusers of scientific process. For instance, their crusading attitude to the irrational Kyoto Protocol prompted the comment from a former President of the Mineralogical Society of America that 'the idea that humans have significantly enhanced global warming is by far the most massive abuse of science that I have ever seen' (Malcolm Ross, interview, June 1997).

As is often the case in human affairs, it is relatively easy to diagnose the 'research funding problem' in Australia. In resource terms it can be summarized as 'too little to too few under too much managerial control'. In the current political environment it is, however, not easy to redress this situation.

Science itself is far too important for the future of the nation for it to be left to politicians who make a virtue of not understanding it, to news editors whose prime interest is in circulation figures, or to environmentalists who purposely misrepresent it. Yet it is mainly through the eyes of these three groups that the average citizen today views scientific matters.

Australia needs a declared spending target of at least 2 per cent of GDP on research and development, together with a strategy for achieving that figure. At the same time, there should be less emphasis on the support of scientific superstars and special research centres, a significant increase in funding for research in the basic and enabling sciences and for research infrastructure, and a restoration of some type of minimal-grant funding for all active researchers employed in public institutions. As part of such changes, larger research awards from the competitive pool should continue to be judged on the basis of excellence, but without constraints as to the field of endeavour to which they apply.

Picking a few winners not only often doesn't work. It also creates a highly cynical and disillusioned attitude amongst the losers, and results in a decreased national productivity which runs into billions of dollars annually plus unquantifiable opportunity costs. For these reasons, if for no others, the time has come for Australia to fund its scientists properly again.

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IPA

Think Again: International Trade

ARVIND PANAGARIYA

WHY have disagreements between rich and poor nations stalled the global trading system? Because vapid debates over 'fair trade' obscure some inconvenient facts: First, notwithstanding their demands for equity, poor countries are more protectionist than advanced economies. Second, if rich nations cut their self-defeating agricultural subsidies, their own publics would benefit, but consumers in many poor countries would not. Finally, despite criticisms to the contrary, the WTO can help promote economic development in low-income countries—but only if rich nations let the global body do its job.

'ECONOMIES THAT ARE OPEN TO TRADE GROW FASTER'

True. In low-income countries, openness to international trade is indispensable for rapid economic growth. Indeed, few developing nations have grown rapidly over time without simultaneous increases in both exports and imports, and virtually all developing countries that have grown rapidly have done so under open trade policies or declining trade protection. India and China are the best recent examples of countries that started with relatively closed trade policy regimes in the 1980s, but subsequently achieved accelerating growth while opening up their economies. From the mid-1950s through the mid-1970s, industrial countries also enjoyed rapid growth while dismantling their high post-World War II trade barriers and embracing new technologies. Japan offers the most dramatic example, but countries such as Denmark, France, Greece, Italy, the Neth-

erlands, Norway, and Portugal exhibited similar patterns.

Openness to trade promotes growth in a variety of ways. Entrepreneurs are forced to become increasingly efficient since they must compete against the best in the world to survive. Openness also affords access to the best technology and allows countries to specialize in what they do best, rather than produce everything on their own. The fall of the Soviet Union was in no small measure due to its failure to access cutting-edge technologies, compete against world-class producers, and specialize in production. Even as large an economy as the United States today specializes heavily in services, which account for 80 per cent of total US output.

Of course, openness to trade is not by itself sufficient to promote growth—macroeconomic and political stability and other policies are needed as well—so some countries have opened up their markets and still not seen commensurate increases in economic growth. That has been particularly true of African countries such as the Ivory Coast during the 1980s and 1990s. But such instances hardly disprove the benefits of openness. Economists do not understand the process of growth well enough to predict precisely when the opportunity will knock on a country's door. But when it does knock, an open economy is more likely to seize it, whereas a closed one will miss it. Even globalization skeptics such as economists Dani Rodrik and Joseph Stiglitz recognize this point; neither chooses trade protection over freer trade.

'RICH COUNTRIES ARE MORE PROTECTIONIST THAN POOR ONES'

Not even close. On average, poor countries have higher tariff barriers than high-income countries. For instance, rich nations' tariffs on industrial products average about 3 per cent, compared to 13 per cent for poor countries. Even in the textiles and clothing sectors, tariffs in developing nations (21 per cent) are more than double those in rich countries (8 per cent, on average). And while textiles and clothing are subject to import quotas in rich economies, such restrictions are due to be dismantled entirely by 1 January 2005, under existing World Trade Organization (WTO) agreements.

Of course, not all poor countries are equally protectionist; some are even more open to trade than rich nations. For many years now, Singapore and Hong Kong have been textbook cases of free-trading nations. Likewise, middle-income economies such as South Korea and Taiwan are not significantly more protectionist than developed countries. But overall, the countries that stand to benefit most from greater competition and openness are those nations that display the highest protection, including most countries in South Asia and some in Africa.

The highest tariffs—or 'tariff peaks'—in rich countries apply with particular strength to labour-intensive products exported by developing countries. In Canada, the United States, the European Union (EU), and Japan, product categories with especially high tariff rates include textiles and clothing as well as leather, rub-

ber, footwear, and travel goods. But developing countries themselves are often quite zealous in protecting their markets from goods exported by other poor nations. Labour-intensive products such as textiles, clothing, leather, and footwear, which developing countries also export to each other, attract high duties in countries such as Brazil, Mexico, China, India, Malaysia, and Thailand.

Traditionally, rich economies such as the United States and the EU have been quick to engage in antidumping initiatives—erecting trade barriers against countries that allegedly export goods (or ‘dump’ them) at a price below their own cost of production, however difficult it may be to quantify such a charge. But developing countries have been learning the same tricks and initiating antidumping measures of their own, and now the number of such actions has converged between advanced and poor economies. For example, according to the ‘WTO Annual Report 2003’, India now ranks first in the world in initiating new antidumping actions, and third (behind the United States and the EU) in the number of such actions currently in force.

‘FREER TRADE INCREASES POVERTY IN THE THIRD WORLD’

Not true. Historically, countries that have achieved large reductions in poverty are generally those that have experienced rapid economic growth spurred in significant measure by openness to international trade. Newly industrialized economies such as Hong Kong, Singapore, South Korea, and Taiwan have all been open to trade during the past four decades and have been entirely free of poverty, according to the dollar-a-day poverty line, for more than a decade. By contrast, during the 1960s and 1970s, India remained closed to trade, grew approximately 1 per cent annually (in per capita terms), and experienced no reduction in poverty during that period.

Trade helps produce rapid growth, and rapid growth helps the poor

through three channels. First, it leads to what Columbia University economist Jagdish Bhagwati calls the active ‘pull-up’ rather than the passive ‘trickle-down’ effect—sustained growth rapidly absorbs the poor into gainful employment. Second, rapidly growing economies can generate vast fiscal resources that can be used for targeted anti-poverty programmes. And finally, growth that helps raise incomes of poor families improves their ability to access public services such as education and health.

The current impression that the freeing of trade has failed the world’s

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poor is partially rooted in disputable ‘official’ World Bank poverty figures. The Bank reports that though the proportion of the poor in developing countries declined from 28.3 per cent in 1987 to 23.2 per cent in 1999, increased population has left the absolute number of poor unchanged at 1.2 billion. And since that period also witnessed further freeing of trade, some conclude that trade has failed the poor. Yet, independent research by economists Surjit Bhalla in New Delhi and Xavier Sala-i-Martin at Columbia University has persuasively shown that the absolute number of poor declined during 1987–99 by at least 50 million and possibly by much more.

‘AGRICULTURAL PROTECTIONISM IN RICH NATIONS WORSENS GLOBAL POVERTY’

Not necessarily. If developed countries eliminate all forms of agricultural protection, including subsidies to domestic producers and quotas on foreign imports, their agricultural production will decline and the worldwide price of agricultural products will increase. Therefore, poor countries that are efficient agricultural producers will benefit from higher prices and access to new export markets. But consider the flip side: Poor countries that import agricultural products will suffer from higher prices. In 1999, as many as 45 of the 49 least developed countries imported more food than they exported. In 2001, for example, Senegal spent as much as \$450 million on food imports, equivalent to about 10 per cent of its gross domestic product and one third of its annual export earnings. Certainly, if agricultural trade is liberalized and prices rise, some poor countries will become net agricultural exporters, but many will not.

Some may argue that even if the poor countries pay higher prices for agricultural imports, their poor farmers will still benefit from those increased prices. But, in fact, high domestic prices do not require high world prices. Even under current world trading rules, the least developed countries can offer higher than world prices to their own farmers. In India, for example, the government buys food grains from farmers at prices higher than (and unrelated to) world agricultural prices.

Ironically, the major beneficiaries of widespread agricultural liberalization would be rich countries themselves, which bear the bulk of the cost of the subsidies and protection, and their domestic consumers. Other potential beneficiaries include nations such as those belonging to the Cairns Group—a coalition of 17 agriculture-exporting countries (9 of them from Latin America but also including advanced economies such as Canada and Australia) that enjoy efficient agricul- ▶

tural sectors and lobby for more open trade in agriculture.

Ultimately, even if some poor countries did suffer from more open agricultural trade, the case for liberalizing global agricultural markets remains unimpeachable. The current trading system in agriculture grossly distorts prices and production patterns and results in an inefficient global agricultural market.

‘POOR COUNTRIES SHOULD NOT OPEN THEIR MARKETS IF RICH COUNTRIES MAINTAIN HIGH TRADE BARRIERS’

Big mistake. As the late British economist Joan Robinson once remarked, ‘if your trading partner throws rocks into his harbour, that is no reason to throw rocks into your own’. Responding to protectionism with more protectionism may seem ‘fair’, but it is downright silly. Many Western advocacy organizations and religious groups that make this argument fail to understand that such talk hardly helps poor nations. It is hard enough for leaders in these countries to convince domestic producers that opening national markets is a worthy objective; loose talk of ‘hypocrisy’ and ‘unfairness’ only makes it harder. Even people who should know better fall into this trap. ‘It is surely hypocritical of rich countries to encourage poor nations to liberalize trade’, former World Bank chief economist Nicholas Stern reportedly stated in a March 2001 speech in New Delhi, ‘whilst at the same time succumbing to powerful groups in their own countries that seek to perpetuate narrow self-interest’.

Certainly, trade protectionism by rich nations merits opposition. But whether or not rich nations lower their barriers, poor countries should unilaterally dismantle their own protectionist policies in order to increase trade and stimulate economic growth. Trade barriers are often porous rather than absolute, so that countries with outward-oriented policies often succeed in expanding exports even when markets in partner nations are not

fully open. Trade-oriented East Asian economies such as Hong Kong, Singapore, South Korea and Taiwan have registered excellent export performance since the early 1960s. By contrast, relatively protectionist countries such as India, China, Argentina, and Egypt have hurt their own export growth and, as a result, stifled their overall economic performance in those years. Yet all these countries faced virtually the same trade protectionism abroad. Economic history since the end of World War II confirms that export pessimism is self-fulfilling, whereas nations that adopt export-oriented trade policies manage to exploit international markets despite foreign protectionism.

Even if some poor countries did suffer from more open agricultural trade, the case for liberalizing global agricultural markets remains unimpeachable

‘THERE IS NO “DEVELOPMENT” IN THE DOHA DEVELOPMENT AGENDA’

False. Judging by the anger many poor nations displayed at the recent WTO talks in Cancún, it would seem that the current round of WTO trade negotiations—ambitiously dubbed the ‘development round’ when the talks were launched in Doha, Qatar, in late 2001—have nothing to offer the cause of development. But such a conclusion would be mistaken. Insofar as the WTO negotiations aim to liberalize trade in nations both rich and poor,

development cannot and will not be missing from the agenda.

For more than four decades, developing countries have demanded that rich economies remove their tariff peaks, which apply in particular to labour-intensive goods (such as textiles, apparel, and footwear) from developing countries. The Doha declaration explicitly addressed this objective. The declaration also addressed the substantial relaxation of agricultural protection in rich nations, including the removal of farm subsidies, which developing nations consider crucial. Brinkmanship by both rich and poor countries produced the failure in Cancún, but the negotiations are far from buried. When they eventually conclude, development concerns will be central to the agreement.

However, even well-intentioned advocates can go too far in linking trade policy with development. Former WTO Director-General Michael Moore has argued that investment and competition policy, transparency in government procurement, and trade facilitation (that is, less red tape when goods enter a country and adequate information on import and export regulations) are also development issues. The EU has placed these issues on the Doha agenda, even though a large number of developing countries oppose their inclusion.

The expansion of the WTO into these areas contributed in no small measure to the breakdown of talks in Cancún. Agreement in these areas would require developing countries to adopt existing developed-country practices and regulations; this action would therefore impose ‘asymmetric’ obligations on developing countries. Many poor countries lack even the resources necessary to implement these obligations. Finally, differences in local conditions require local solutions rather than an externally imposed and globally uniform regime in these areas. ‘One size fits all’ is the wrong answer.

'THE WORLD TRADE ORGANIZATION HARMS POOR COUNTRIES'

No. Contrary to popular belief among many Western nongovernmental organizations and politicians in developing countries, the WTO is the best friend available to exporters in poor nations. The General Agreement on Tariffs and Trade (GATT), signed in 1947 and incorporated into the WTO at the latter's inception in 1995, substantially opened markets in rich countries during the first 40 years of the GATT's existence. Under its 'most favoured nation' provision, GATT required that such markets be open to all GATT members, including developing countries. Therefore, even without undertaking any trade liberalization of their own, developing nations became the beneficiaries of the market opening in the developed world.

The GATT's Uruguay Round of trade negotiations, which began in 1986 and culminated in the establishment of the WTO, marked the first time that rich nations insisted that developing countries fully participate in the negotiations. Developing countries felt shortchanged in this round on three counts: Their expectations of opening agricultural markets in rich countries were not realized; developing countries committed themselves to cutting industrial tariffs more deeply than developed economies; and developed countries successfully enacted a global intellectual property rights regime that undermined poor countries' access to cheap medicines.

Although the Uruguay Round benefited developed countries more than developing ones, poor nations still gained. First, developing countries liberalized more because they had higher trade barriers to begin with (and remember, in economic terms, greater liberalization is a benefit, not a cost). Second, after years of complaining, developing countries convinced developed nations to commit to dismantling quotas on imports of textiles and clothing. Third, while the Uruguay Round did not enhance developing countries' access to global

agricultural markets, it opened the way for future liberalization in this important arena.

Despite the dominance of developed countries and skewed distribution of the bargaining power within the WTO, the global body offers low- and middle-income countries a rules-based forum in which to defend their trading interests and rights. For ex-

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ample, the strength of the WTO has helped developing nations deflect pressures from rich nations to link further trade opening to the creation of stronger labour standards in poor nations. Without the WTO, developed countries simply could have resorted to unilateral trade sanctions to enforce their desired standards. Moreover, at the September 2003 trade talks in Cancún, this rules-based bargaining allowed developing countries to delay negotiations on investment and competition policy.

'FREETRADE IS BAD FOR THE ENVIRONMENT'

No. Certainly, trade forces can hurt the global environment. For instance, the rapid expansion of coastal shrimp farming in several countries in Asia and Latin America in the 1980s, driven principally by the demand for exports, led to the contamination of water supplies and destruction of surrounding mangrove forests. But opening trade can bring environmental

benefits as well. For example, the agricultural liberalization proposed in the WTO's Doha negotiations would not only bring economic and efficiency benefits by shifting production from high-cost to low-cost producers, but it would also yield environmental benefits by replacing Europe's pesticide-intensive agriculture with natural manure-intensive agriculture in developing countries.

Activists who decry the environmental impact of trade should realize that trade protectionism often brings environmental costs as well. During the 1980s, the United States imposed quotas on Japanese small-car imports; the policy not only hurt US consumers but also harmed the environment by reducing access to lower-pollution vehicles. More broadly, closed-door policies in pre-1989 Eastern Europe were accompanied by an extremely poor environmental record.

When trade produces adverse environmental effects, the solution is not to ban or restrict trade. Instead, governments should adopt appropriate environmental policies to achieve environmental objectives and allow trade policy to target economic objectives. In the shrimp farming case, shrimp producers should be taxed for the pollution they create but then left to trade freely. Such a policy normally will reduce exports and economic output, but that result would be offset by reduced pollution. Reliance on a single instrument (trade policy) to target both economic and environmental objectives is like trying to kill two birds with one stone—a strategy successful hunters would not recommend. Just as governments should not subsidize trade to help the environment, neither should they restrict it to avoid harming the environment.

Arvind Panagariya is Professor of economics and co-director of the Center for International Economics at the University of Maryland, College Park. He is co-author of Lectures on International Trade (Cambridge: MIT Press, 1998) with Jagdish Bhagwati and T.N. Srinivasan. Reproduced with permission from Foreign Policy 139 (November/December 2003) www.foreignpolicy.com. Copyright 2003, Carnegie Endowment for International Peace.

I P A

The Fiscal Fiends Are Back

MIKE NAHAN

THE Keynesians are on the war-path, demanding a return to budget deficits and borrowing. Paul Keating, formerly World's Greatest Treasurer, expressed the Keynesians' critique most colourfully at this year's CPA Congress:

I inoculated a generation of treasurers with the surplus needle and none of them have found the antidote...They always want to run these budgets in surplus, whereas in fact what they should be doing is providing public infrastructure to lift our productivity. If we can keep our productivity up, we will keep the inflation rate, therefore interest rates, down.

In short, the critique is that governments have blindly committed to a debt-reduction policy and, as a result, are under-spending on long-lived public infrastructure investment which in turn is undermining the nation's productive capacity. The master blaster from the past is hardly alone in this view; he is supported—at least in principle—by such diverse groups as the Property Council, the Commonwealth Bank, the Australian Institute of Engineers, the Federal Labor Party and a good number of economists.

Do they have a case?

There is no doubt that governments have had a fundamental rethink about debt and infrastructure funding. The stock of public-sector net debt has been cut from \$164 billion (34.9 per cent of GDP) in 1994–95 to \$66.6 billion (8.8 per cent of GDP) in 2002–03—the lowest level of public-sector debt in the developed world. Moreover, this trend is likely to continue. Most governments plan to continue to reduce their overall debt levels into the future. Indeed, under current growth expectations, the

Commonwealth plans to be debt-free in 2006–07 and the NSW Government by 2010.

In addition to reducing net debt, governments have also reduced their superannuation liabilities. All governments have sharply reduced the generosity of their public service sector superannuation schemes. All the States have now fully funded their newly accruing superannuation liabilities and, as a result, their unfunded liabilities will be extinguished over the next 30 years.

What gives rise to the change in debt preferences by governments?

The main reason for the debt-reduction programmes is simply money. The public sector is awash with funds and has no need to borrow.

A booming economy, combined with high effective tax rates, has generated a flow of funds to the public sector. Budget sector revenue has grown from 33 per cent of GDP in 1995–96 to 37 per cent in 2001–02. This translates into an additional \$38 billion per year for the public purse. To put it in perspective, this is equivalent to another GST.

The Howard Government has been correctly chastised as a high taxer. Indeed, although down from its peak in 2000, its tax take remains higher than that levied by any other Australian government.

The States—the masters of the begging bowl—are also awash with funds. All States have expanded their taxing effort over the last six years, particularly on the booming housing sector. Moreover, the GST has proved to be what the Premiers always wanted—a super growth tax. Since 2000, GST revenues have grown at an annual rate of 9.3 per cent and GST payments to the States are currently (2002–03) about 30 per cent above initial forecasts.

The Carr Government stands out as the high-tax State Government. NSW's State tax take is easily the highest when measured on a per capita basis or as a share of the State's domestic product. The NSW Government also imposes the second-most onerous set of tax rates and conditions after South Australia.

Since 1995–96, budget sector revenue in NSW has increased at an average rate of 10 per cent per year. This translates into real per capita growth of around 6 per cent per year—a growth rate not experienced for at least 40 years.

Another reason for the change in debt preference is the reform dividend.

Since the late 1980s, Governments—both Labor and Liberal—have sold over \$100 billion worth of operating businesses plus over \$15 billion in land and other fixed assets. These sales were used, in part, to reduce net debt levels and thereby contributed to the lowering of the public-sector interest bill by roughly \$6.9 billion per year.

Governments have also reformed their retained businesses, converting the PTE sector from net recipients of tax subsidies in the 1980s to net contributors to the public purse today.

Altogether, privatization and reform of PTEs have added around \$9 billion per year to the public sector's bottom line in the form of lower interest, fewer subsidies and higher dividends and taxes. To put this into context, this reform dividend is equivalent to the combined capital works budget of the NSW and Victorian Governments for the current year.

Political leaders are also aware that the reform agenda of the past few decades has contributed greatly to the booming economy and their booming receipts. They are naturally loath to

kill the proverbial goose that laid the golden egg.

They are also aware that an essential part of the reform agenda has been macro-economic stability and low interest rates, and are justifiably reluctant to undermine this by an unnecessary borrowing binge during a booming economy.

The question then remains: are debt-reduction policies resulting in an inadequate level of capital spending? Or, rather, is public-sector investment declining?

Taken on face value, the available data on capital formation (see Figure 1) indicate a decline in public expenditure of around 4.5 per cent of GDP since the late 1980s. Although not shown in Figure 1, the data also indicate that the decline in public sector capital formation has apparently taken place predominantly in the PTE sector.

The data are, however, biased; indeed the downward trend in public-sector capital spending is a statistical illusion and is widely known to be so.

As mentioned before, the public sector has sold \$115 billion of assets to the private sector since the late 1980s. In the national accounts, from which the data in Figure 1 are obtained, assets sales are treated as a negative outlay (a reduction in capital spending) in the public sector and as a positive outlay in private sector. This means that about 40 per cent of

the apparent decline in public infrastructure spending is a statistical illusion. In truth, the privatized assets have not only continued to operate, but have done so more productively in private hands.

The data are further biased downwards by the way in which public-private partnerships and capital spending by privatized business are treated. Over the last decade and more, a sizeable and increasing proportion of infrastructure spending, which in the 1980s would have been undertaken by the public sector, has been undertaken by the private sector. This includes roads, communication facilities, power generation facilities, ports, pipelines, hospitals, rail lines and rolling stock, government offices, vehicle fleets, computer facilities, stadiums, laboratories, etc. Indeed, in many States, the private sector is now responsible for the bulk of 'public' infrastructure.

The data required to correct for private provision of 'public infrastructure' are simply not available. Nonetheless, it is clear that once the data on public capital formation (Figure 1) are adjusted for assets sales and private provision of 'public infrastructure', public infrastructure spending would not show a declining trend and may well be increasing.

This view is supported by trends in NSW. Unlike the southern and western States, the NSW Government has privatized few businesses and therefore

its capital works programme is relatively unbiased by ownership changes. NSW is also the State most criticized by the Keynesians for allegedly slashing infrastructure spending. The truth is that capital spending by the NSW public enterprise sector is approaching a 30-year high and is 77 per cent higher than the level recorded in 1995–96. This is being achieved in spite of an active public-private partnership programme.

In short, the reduction in debt has not had a deleterious effect on the level of investment in public infrastructure.

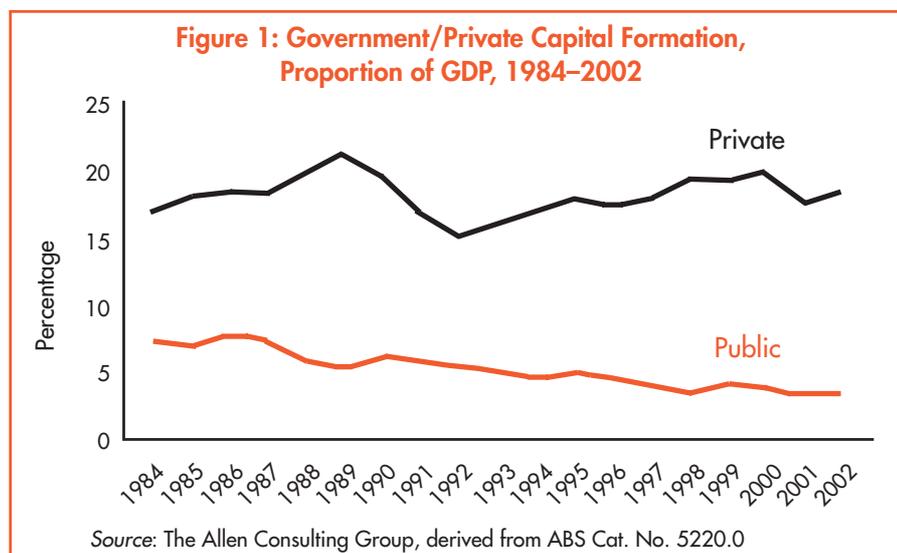
Keating and his fellow Keynesians make another faulty assumption, namely, that spending on infrastructure necessarily adds to the nation's productive capacity.

Clearly, publicly driven infrastructure can add to the nation's productive capacity and yield a high social return, but only if it is well-targeted and rationed. However, taking money away from other productive purposes to fund politically determined white elephants, such as the Darwin to Alice Springs railway or the Multifunctional Polis, undermines productivity and costs us dearly. And there is a cornucopia of wasteful and dud investments currently on governments' books.

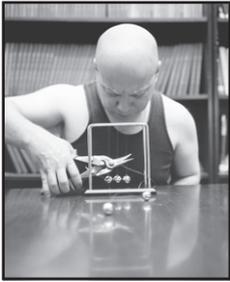
The Keynesians also overlook the fact that using existing infrastructure better often yields higher returns than building new facilities. This was shown most starkly in the case of the Hazelwood generation facility in Victoria. Under government ownership the plant was slated to close and be replaced in 2004. Under private ownership it increased its productive capacity by 25 per cent and is expected to continue operating for at least another 30 years.

In summary, Keating and his Keynesian mates are once again wide of the mark—both on the fiscal facts and on policy prescriptions. Some people simply do not change or learn.

Dr Mike Nahan is Executive Director of the IPA and Editor of the IPA Review.



IPA



The Capacity to Manage Index

Report 4: The Australian Transport Industry

This is the fourth study by the IPA Work Reform Unit rating the capacity of firms to manage their operations. The Index looks at enterprise agreements into which firms have voluntarily entered, studies the clauses that impact on management issues, and assesses whether the clauses add to, detract from, or are neutral in relation to industry awards. The Capacity to Manage Index gives managers, and other interested parties, one tool with which to judge the impact on management of firms' enterprise agreements.

Average Scores for Industry Sectors to date

Food Manufacturing	-8.1
Construction	-11.1
Automotive	-8.7
Transport	-5.6

The IPA has so far released studies of the food, construction and automotive industries. The results of those studies and an overview of the research techniques are available at www.ipa.org.au (go to 'Work Reform'). Subscribers to the Index have available the full methodology, assessment grids and assessments of each firm. (Companies interested in subscribing can obtain information from the IPA on 03 9600-4744.)

THE TRANSPORT INDUSTRY

It is important to note that, in all the studies so far, the predominant outcome is that firms have had a reduced capacity to manage. Only a few firms have been rated with increased capacity to manage. Of the four industries so far studied, however, the transport sector has shown the best results, pro-

ducing the least reduction in capacity to manage. The IPA rates the overall transport sector's score as only a small decrease in the capacity to manage.

Road Haulage: Within the road haulage sector of the industry, the reduction in capacity to manage is very small at -3. The only outstanding negative rating was Toll at -10. It is surmised that because of the comparatively low entry costs for competitors which enables a strong presence of self-employed, independent contractors in the sector, the major trucking companies have to ensure that they have enterprise agreements that allow them to manage. To do otherwise could put the viability of their businesses at risk.

Airlines: The airlines came in with an average score of -6.2. Despite the reputation of Virgin Airlines to have superior operating arrangements, there was only a small average difference between Virgin and Qantas and the other smaller airline agreements in relation to capacity to manage. It may be that the differences in operating cost between the airlines has more to do with pay rates and cultural issues than with any flexibilities through the formal industrial agreements. As Virgin moves from being a start-up and becomes a mature business, employees may come to rely on the existing formal agreements to direct their relationships. This may present Virgin with a challenge. Further study is warranted.

Airports: In comparison to the airlines, however, the Australian airport operations fare considerably worse, with an average reduction in capacity to manage of -11.3. This is an area worthy of further study.

Rail: Australia's rail system is targeted for major reform, but the average reduced capacity to manage at -6.4 for the sector indicates a similar reduced capacity to manage as for the airline sector. Improvement in industrial agreements is clearly feasible, but the bigger reform items may exist outside the agreements.

Waterfront & MUA: The story of the dramatic and violent reforms on the waterfront and the alleged difficulty of dealing with the MUA are well chronicled. But the Capacity to Manage Index may indicate that, for all the difficulty, the MUA are prepared to cut deals—although the deals vary widely. MUA agreements with P&O (-16) and Toll (-15) were the highest reductions in capacity to manage of the transport industry. Other MUA port deals, however, come in at the industry average, and the Patrick MUA agreement achieves the highest ever positive score from all studies at +7. It is possible that these wide variances in port agreement scores could indicate significant comparative differences between port operations.

Patrick Corp: The capacity to manage rating of Patrick Corporation in each of its studied agreements clearly places Patrick as the industry leader. As Patrick consolidates its shareholding of Virgin and moves closer to its ambitions in rail, it will be interesting to see if future agreements in these areas come to reflect Patrick's higher standard.

NOTE

Comments are made within the context that the IPA Capacity to Manage Index does not measure actual management performance.

Capacity to Manage Index Overall Ratings, Transport Industry

Company name	Union Party	Year Applies	Rating
AAT Kings	TWU	2003-05	0
Adsteam Marine Ltd	AMOU, AIMPE, MUA	2002-05	-2
Adsteam Marine Ltd	MUA	2003-06	-7
Australian Air Express — On Airport	ASU	2002-03	-9
Australian Air Express — Off Airport	ASU	2002-03	-7
Australian Airports	CEPU, CPSU, AMWU	2001-04	-14
Australian Southern Railroad	ARTBU	2001-04	-6
Australia Post	CEPU, CPSU, APESMA, AMWU	2002-04	-7
Bankstown Airport		2003-04	-7
Blue Circle Management Pty Ltd		2003-06	0
Boral	TWU	2002-04	-5
Boylan Distribution Services	TWU	2003-05	-6
Brambles	MUA	2003-04	-7
Cameron		2002-04	-3
Connex	RTBU, ASU, APESMA	2000-03	-6
Eastern Australian Airlines	ASU	2003-04	-8
Graincorp Operations Ltd	RTBU	2001-04	-7
Hobart Port Pty Ltd	AMOU	2002-05	-3
Hoffman Transport	TWU	2003-04	-5
Kelly's & young Trucking	TWU	2003-04	-1
Kent Transport	TWU	2003-04	0
Linfox Australia Pty Ltd — Interstate	TWU	2002-05	0
Linfox Australia Pty Ltd — Bushman	TWU	2002-05	-3
Mayne Group Limited	TWU	2002-03	-4
Mayne Limited trading as Mayne Logistics	NUW	2002-05	-3
McCafferty's Management Pty Ltd	TWU, AMACSU	2001-04	-4
National Express	RTBU	2000-03	-3
Newcastle Stevedores	MUA	2003-06	-4
P&O Ports	MUA	2003-05	-16
P&O Ports	MUA	2003-05	-16
Patrick	TWU	2003-05	-2
Patrick Cargo Pty Limited	TWU	2003-06	0
Patrick Stevedores Holdings Pty Ltd	MUA	2001-04	7
Pioneer	TWU	2003-04	-7
Qantas	ASU	2002-02	-4
Qantas	APA	2003-04	-11
REX	ALAEA	2003-05	-2
Royal Flying Doctor Service	AFAP	2003-06	-5
South Australia Cold Stores Pty Ltd	TWU	2003-05	-6
State Rail Authority of New South Wales	RTBU	2002-04	-10
Sunstate Airlines QLD	AFAP	2003-05	-6
Swan Transit	TWU	2003-04	-3
Sydney Airport Corporation	CEPU, CPSU, AMWU	2003-04	-13
TNT	TWU	2003-04	-10
TNT	TWU	2003-03	1
Toll Transport Pty Ltd	TWU	2003-05	-9
Toll	TWU	2003-04	-10
Toll	MUA	2003-05	-15
Trident Shipping	MUA	2003-05	-5
Virgin Blue Airlines Pty Limited	TWU	2003+	-9
Virgin Tech Pty Ltd	TWU	2002-05	-1
Westgate Logistics	TWU	2003-04	-5
Woolworths	TWU	2001-04	-11
Average Rating			-5.6

What's A Job?

KEN PHILLIPS

A Jobs Gamble?

To understand the Australian industrial relations system, it's necessary to dig into the detail. The system outwardly presents itself as the protector of workers' rights by managing the alleged inevitable conflict between workers and bosses.

But the 'workers' rights' argument is mostly a cloak which masks the primary role of the system, namely, to big-picture manage the way business and society function. In New South Wales, the business, political and social settlement is at its most advanced and successful. The way the NSW gaming industry is managed provides a good case study.

The gaming thesis looks like this. Poker machines have been legal in NSW for a long time. Monopoly gaming rights had been delivered to 'not for profit' clubs which, in fact, made super profits. The idea was that club profits went back into community services, while the NSW Government reaped a tax gain.

The industrial relations system ensured that workers who ran the clubs also benefited from the gaming monopoly. The NSW Club Employees (State) Award delivered the highest pay rates to club employees of all hospitality awards in Australia. Not only were the weekly rates high, but the add-on allowances for clothing, meals and other work-related items were comparatively high—adding up to 10 per cent more to the cost of club labour. In addition, casual employees had a pay loading of 33.3 per cent, whereas most awards have a maximum of 25 per cent and even part-timers had a

15 per cent pay loading, something that rarely applies in awards. These comparatively high pay loadings forced clubs to use full-timers for the most part, an employment idea consistent with notions of 'jobs justice'.

The club labour costs were well above the labour rates applicable in the gaming-free NSW restaurant and hotel industries. The club pay rates were also considerably above hospitality award rates in pokies-free Victoria and Queensland.

The NSW gaming clubs did not complain about the high labour costs, as the industrial relations settlement was integral to the political process that orchestrated the sharing of the windfall profits from the clubs' gaming monopoly.

Things began to change during the 1990s, however, when Victoria and Queensland introduced pokies. This meant that the NSW Government could no longer extract gaming revenue from across their State borders. NSW responded to the revenue loss by extending gaming licences to hotels and allowing a casino to be established. The clubs lost their gaming monopoly.

The industrial relations response was interesting. It was clear that if the clubs were to experience reduced gaming revenue, they would run into competitive difficulty if their labour rates remained above those of hotels and other hospitality venues. Without attracting any notice, the NSW Club Employees Award was quietly changed in 1999, reducing the casual loading from 33.3 per cent to 25 per cent and removing the 15 per cent loading on part-timers. Of most interest to the current debate over individual employment agreements, the industrial relations players endorsed award-

sanctioned individual agreements for senior employees. These changes bought club labour costs closer to their non-club hospitality competitors.

There is no question that the award changes reduced club employee entitlements. In other industries, this would have created an industrial relations explosion. But the NSW hospitality unions receive union membership fees from the clubs and the real decision-makers in NSW unions are well aware of, and tied to, the industrial, social and business settlement that is the art of political management in NSW.

But things seem to be changing more than expected. In 2003, the NSW Government raised their gaming tax and the sight of thousands of club employees and members marching on Parliament House in protest suggests that the clubs are now under significant financial stress and that the old settlement is collapsing.

This is symptomatic of broader shifts in the nature of society, in which open competition and the reduction of state-delivered monopolies is the hallmark of free markets. In this free-market environment, the capacity of the state to orchestrate economies and people is severely reduced. In turn, the value of the industrial relations system becomes questionable as its role in servicing the needs of the state diminishes. The NSW gaming industry is just one example of a fundamental change being replicated across society.

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

I P A

REVIEW

Letter from London

JOHN NURICK

One Man, No Vote

When I started to plan this letter, a former Conservative Party official was on the radio white-anting the party's leader Ian Duncan Smith, IDS for short. Major donors were telling the newspapers what they thought of him ('incompetent' and 'ungrateful'), and backbenchers were plotting against him. Things were so bad that the party whips issued a statement saying he had their 'total support'.

A week later, IDS was history, decisively rejected by his colleagues in a vote of confidence. The party's rules lay down a carefully democratic process for selecting a new leader: nominations first, followed by a series of secret ballots of MPs, after each of which the candidate with the fewest votes is eliminated. When there are just two candidates left, the entire party membership gets a postal vote to choose between them.

Like so many voting processes, it is impeccably fair and utterly perverse. First and foremost, a party leader in a parliamentary system like Britain's or Australia's needs the support of the parliamentary party. The Tory voting system doesn't achieve this: IDS was elected by the grassroots despite getting only a third of the vote in the final ballot of MPs.

Second, a leader must attract floating voters. Party members are, by definition, not floating voters, and Conservative branch members are wildly unlike the country as a whole, being older (average age over 65), whiter, and more concentrated in the south-east of England. Tory MPs are equally unrepresentative, but at least have the 'save our seats' incentive to make them think about the wider appeal of leadership candidates.

Next, the grassroots don't know the candidates nearly as well as the MPs



do. This forces the two candidates in the ballot of party members to run simplistic, broad-brush campaigns.

Finally, the whole thing takes several weeks during which, as Lyndon Johnson might have put it, the party's top people are outside the tent pissing on each other. The hapless Smith used this argument: he said the party was 'staring into the abyss' and that a leadership contest would plunge the party into chaos and let the Liberal Democrats force it into third place at the next general election (expected in 2005).

But this was exactly what Conservative MPs believed they faced if he stayed. So they co-operated—or connived—to ensure that there was only one candidate for the leadership and therefore no ballots and no campaigns: the 'democratic' selection process was simply short-circuited.

How much good this will do them remains to be seen. Certainly the man they picked—Michael Howard—has everything IDS lacked: ministerial experience, debating skills, brains, subtlety and (I suspect) more self-knowledge than most politicians.

Everyone who knows him says he is a charming, modest and sensitive man, but as a minister when the Conservatives were last in power, he struck nasty populist poses and made himself

one of the most hated men in the country. When he stood for the Conservative leadership some years ago, a ministerial colleague—no bleeding-heart liberal herself—famously said there was 'something of the night' about him, although she wouldn't explain what she meant. In that contest, Mr Howard was eliminated in the first round.

By uniting behind him now, the Tories have proved that after six years in opposition they're at last ready for serious politics. But the first opinion polls showed that many voters still distrust Mr Howard, so he faces a long job to rebuild his and his party's credibility. Watch this space.

MEANWHILE, the Northern Ireland peace process is stalled because the IRA won't let the Independent International Commission on Decommissioning say what weapons and munitions have been 'put beyond use'. The Good Friday agreement¹ envisaged the decommissioning of *all* paramilitary arms within two years. Five years and three 'acts of decommissioning' later, we have no idea what has been decommissioned or—more importantly—whether it is a significant part of the IRA's arsenal. According to the *Daily Telegraph* it could be as little as 1 per cent of the total.² Still, that's better than nothing—which is what most of the loyalist paramilitary groups have decommissioned.

NOTES

- 1 <http://cain.ulst.ac.uk/events/peace/docs/agreement.htm>
- 2 <http://tinyurl.com/se8l>

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

The Best, Worst Health System

JIM HOGGETT

HEALTH is a public and private obsession. We agonize over the national weight (too heavy), alternative therapies (unsafe), public hospitals (centres of infection—if you can get in), wonder drugs (too expensive), post-modern depression (we've all got it) and the woeful health of our healthcare system.

WE ARE SPENDING MUCH MORE ON HEALTH

In 2001/02 we spent almost one tenth of our national income on health. That is a massive \$66 billion. In the last decade that spending has grown by 7.5 per cent per annum. In government-subsidized programs the growth was even faster—9.2 per cent. We are typical of developed countries, as Table 1 shows.

Despite this effort, dissatisfaction persists among the general public and the medical professions. The Australian Consumers Association believes 'we have got a system in constant crisis'. But is our system so bad? Or are we just victims of our own galloping expectations?

BI-POLAR PHILOSOPHIES, COMPROMISE SYSTEM

An extreme model of national health provision would be a fully public system. The number and quality of doctors, hospitals, pharmaceuticals etc would be state controlled. Patients would exercise little choice. The current Canadian system is close to this.

The other extreme is a fully private system where all medical goods and services would be open to competition and unsubsidized.

Neither of these two extreme models is now applied in the developed world, as illustrated by the Chart. All countries have a mixed health system with a substantial state presence. As

an aside, note that per capita *public* spending in the USA is the highest in the Chart.

So Australia has a mainly private medical profession, often operating in public hospitals and paid by the taxpayer and prescribing subsidized drugs. Consumers have a right to use private facilities and unsubsidized drugs. There is also a very large alternative medicines sector, which is virtually entirely private and less regulated.

The Australian health system is an evolving historical accident.

COMPROMISE IS INEVITABLE AND OK

It was inevitable that a compromise system would evolve in Australia. The two ruling political philosophies of left and right are much closer than the hot air discharged in our numerous parliaments would lead one to believe. Changes in government produce only marginal shifts in health programs—not revolution.

Although evolving, our compromise system is not unstable. The reason for this is that its mixture of fairness to the less well-off and its relatively high quality and range of choice discourages attempts at dramatic upheaval. In broad terms, it is acceptable.

Nor is this irrational. Public provision of health services removes economic incentives. It leads to queuing as demands for the 'cheap' service hit unavoidable budget constraints. For example, almost one third of patients for non-emergency surgery in the state dominated UK system will wait for more

than four months. The figure for Australia is less than 20 per cent and is 1 per cent in the USA.

On the other hand, ill health is not distributed according to income. Only 3 per cent of UK patients had problems meeting their medical bills compared to 10 per cent in Australia and 18 per cent in the USA.

Our system is no worse than those enjoyed by others in the developed world (and much better than those which apply to the other five billion people). On a simple measure, it helps deliver the second-highest, disability-adjusted life expectancy in the OECD. Although some would like revolution, systemic change in either direction would not be acceptable to the majority. Nor would it appease current dissatisfaction.

BUT IS OK GOOD ENOUGH?

All this is not to take the view of Voltaire's fictional doctor, Pangloss, that 'all is for the best in the best of all possible worlds'. Improvements can be made to any system and ours is no exception.

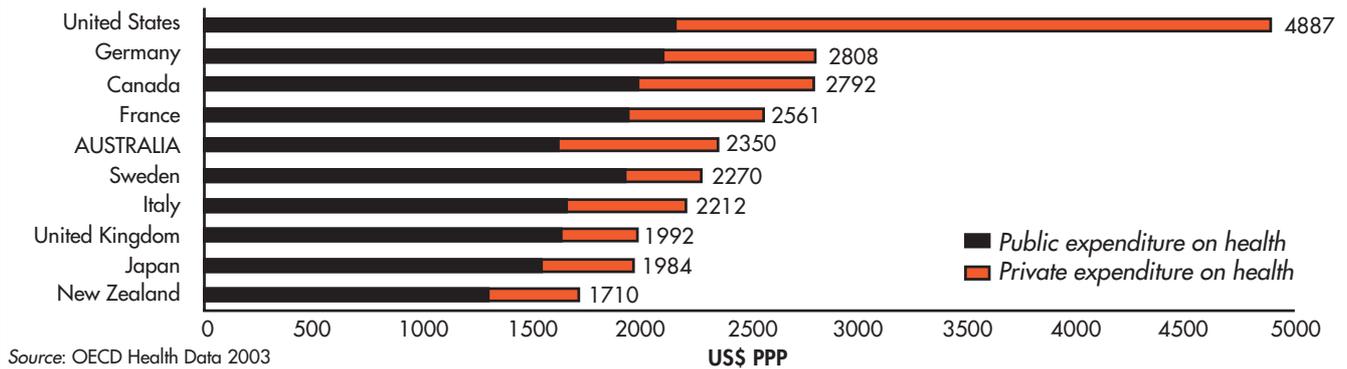
Table 1: Growth of expenditure on health, 1990-2001

Real annual per capita growth rates, 1990-2001 (%)

	Health spending	GDP
Australia	3.8	2.4
Canada	2.3	1.6
France	2.5	1.5
Germany	2.0	1.2
Italy	1.9	1.4
Japan	3.8	1.1
New Zealand	3.0	1.5
Sweden	2.1	1.5
United Kingdom	4.2	2.0
United States	3.2	1.7

Source: OECD Health Data 2003.

Chart 1: Health expenditure per capita, US\$ PPP, 2001



In Australia, any sort of reform is now very difficult given the political games played and the balance of power in Federal Parliament.

There is no doubt that Australians want more spent on their health because they keep doing just that. We should not be trying to restrain demand.

Reform should not be in the direction of more government intervention and spending. We have proved to ourselves that it does not reduce waiting times or dissatisfaction levels.

The best approach is to focus on a limited range of changes to the current system that would improve supply and allow consumers to express their preferences better. The focus could be on greater efficiency and choice rather than grandiose reforms that cannot be implemented.

FOCUS ON EFFICIENCY AND CHOICE

There are numerous ways in which efficiency and choice could be improved and the following are only illustrative.

Our *national hospital bill* is twice that spent on medical care and three times that spent on pharmaceuticals. Hospital waiting times are a constant source of complaint. Our average length of stay in hospital for some major categories of treatment is up to 40 per cent longer than in New Zealand. Perhaps we could learn something here. We also have rigid manning levels imposed on parts of our hospital system that do not always reflect need. Improved productivity is not just for industry.

Excessive *paperwork* is a cost that governments refuse to address in the health system—except to exacerbate it. The Productivity Commission estimated that 5 per cent of GPs' income is absorbed by these costs. Add this to the stress and profound irritation felt by professionals, who waste their precious skills filling up forms devised by remote officials.

The *medical indemnity* system is a black hole. State governments can transform this disaster area if they stop listening to lawyers and enact radical tort law reform in standard of care, limitation periods and caps on damages. This is a classic case where governments should long ago have brought down the curtain on a legal and judicial farce.

Pharmaceuticals are wasted on a massive scale. National television campaigns are regarded by the public as second-rate entertainment and have no lasting effect. Our PBS pricing no longer holds Australian prices below international prices and should be reviewed. Culling the huge PBS list might reduce the 87 per cent of scripts that are now covered by the scheme. Together with some increase in the co-payment rate, this could slow the 10 per cent annual increase in PBS spending and discourage waste.

The medical profession has the power to drive or restrain health spending. Although evidence of supplier-induced demand is not strong, the profession needs backing to resist *excessive demands* for drugs and medical procedures.

CONCLUSION

Ours is not 'a system in constant crisis'. Manufacturing crises is an art form among special interest groups and there are plenty engaged in the health debate. Ours is a health system that is evolving with new technologies and drugs and adjusting to new consumer demands.

The persistent dissatisfaction is not because our health system is starved of resources—it isn't. Nor is it just that they are poorly allocated—though they are. The fact is that most people want more from the system but don't want to pay and ultimately they want what they cannot have—perfect health.

We can certainly improve delivery of health care to consumers but the way to do that is to work incrementally on the system and offer more private choices.

AFTERWORD

No conceivable system can guarantee good health without the co-operation of the individual. It is as true of our society as of poor countries that prevention beats cure every time. It is as foolish to be gluttonous as to fail to wash one's hands in clean water. We spend \$600 million a year on cholesterol and triglyceride reducing drugs and much more on other obesity care. We need to look at ourselves as well as the health care system.

Jim Hoggett is a Senior Fellow at the IPA.

IPA

Free Kick for Charities

GARY JOHNS

ARNOLD Block Liebler recently made a submission to the Board Of Taxation on the *Charities Bill 2003* on behalf of the Australian Conservation Foundation, Friends of the Earth, Greenpeace, the Wilderness Society and a host of other 'environmental charities'. It is consistent with that of the Australian Council of Social Services. They could be summed up thus—charities are good, leave them alone, and do not ask them to account for their tax-supported activities.

The IPA, which also made a submission, begs to differ. Charities have changed the way they do business. The work of charities is more political than was once the case, indeed the very notion of a charity is problematic. None of this would matter if charity status did not carry certain tax-assisted privileges. As it does, there is a need to scrutinize, if not delimit, the activities of charities. The combination of public assistance and a liberal attitude to the nature of charity work is best balanced by disclosure by charities to donors of two key concepts: the efficiency of the charity and the nature of the work undertaken in the name of the charity.

As it stands, the *Charities Bill* bans 'partisan' lobbying and restricts 'non-partisan' lobbying by charities. ABL and ACOSS argue that a charity is defined by reference to its purposes and not by its activities. At present, a charity cannot have illegal or political purposes. The common law recognizes that a charity may engage in activities which can be broadly called 'political', such as advocating for change, so long as that is not the purpose for which the charity is established or its dominant activity.

It is ... a matter of necessity for charities not only to undertake advocacy activities but also to be able to have as a 'purpose' the purpose of systemic advocacy for change, to enable them to address the very causes of the problems which they seek to address.

These views come as no surprise to those familiar with the sector. For example, the Queensland Conservation Council boasts 60 representatives sitting as environmental consultants on committees throughout the State. Welfare charities used to help the poor, now they want to overcome inequality. Russell Rollason of Anglicare said recently, 'Is the role of charities and churches simply to apply band aids to the victims of our competitive society or should charities actively contribute to a fairer more just Australia?' Why not just run for Parliament Russell!

Charities are in there boots and all, but is the electorate comfortable with paying charities to lobby? Some countries place limitations on the resources devoted to lobbying, others on the nature of the lobbying activity. Australian charities want none of this. Moreover, to the extent they accept any regulation, they argue for a Charities Commission, as in the UK. They would hope to capture such a commission, turning it into an advocacy body, like the Human Rights and Equal Opportunity Commission, not a regulator, like the Australian Competition and Consumer Commission.

LOBBYING BY CHARITIES

There is an assumption in the public support of charities: that a donor understands the purpose of the char-

ity. When the charity's methods are direct—giving aid to the poor, planting trees, and writing letters to foreign governments on behalf of political prisoners—the task of informing the donor is not great, because the purpose is unambiguous. As the methods and definition of charities have widened, the assumption of donor knowledge may not hold. The charity no longer gives direct aid to the poor, it wants to use the tax system to achieve equality. Does lobbying to create more generous unemployment benefits or a more progressive tax system constitute charity for the poor, or is it the pursuit of an egalitarian ideology? Is lobbying to tax hydrocarbons a public benefit or the pursuit of an environmental ideology based on assumptions of resource depletion? Is lobbying for an International Criminal Court the pursuit of human rights, or the pursuit of an anti-nation-state ideology?

Lobbying is activity to change policies in favour of the view of charities, which means almost invariably that more public resources should be devoted to their favourite cause. Charity work is no longer unambiguously good, or for the public benefit. It may be altruistic, but increasingly it is embedded in a political framework that seeks to use public power for system change. These methods are unambiguously political in nature. Arguably, it is also at odds with the donating public's expectations of the charities.

If the government decided that lobbying by charities should not be publicly assisted, then it should be disallowed altogether, the breach of which should cause the loss of charity status. Whether charities would

cease to lobby with the loss of such support is moot, but they would likely suffer the loss of donor support for their charitable purposes—a matter of real concern to them and to government. Clearly, the risk in losing donor support for charitable works is a high price to pay for banning lobbying. Moreover, in the areas defined as publicly beneficial, there is useful public policy work undertaken by charities. Charities clearly have a public lobbying role to play. Indeed, they are encouraged, paid in some instances, by government to do so.

For some charities, for example, the Red Cross, taking a politically partisan position would run a considerable risk of losing support among its donors, not to mention those political parties whom it did not support. For other charities, however, for example, environmental groups with well established links with the Greens party, the risk to the donor base is much lower. In either case, *provided the donors are kept well informed*, the behaviour of the executive of the group will be judged by the donors. The weakness in this analysis is that charities are not membership organizations. Typically, like political parties, but unlike employer or employee associations, they only ‘represent’ interests in a nominal sense. Donors are not members and have no voice, but they have the power of spending their donor dollar elsewhere.

A recent review of the UK charities legal framework (Home Office, 2003) recommended that the UK Charity Commission ‘should emphasize that trustees have the freedom to pursue whatever activities they judge to be in the best interests of the charity’. How are they to do so? What is their guide? The problem, analogous to charitable trusts, is that with the reinterpretation of the purpose of trusts and charities over time, they can stray a long way from their original purpose. While purposes are rarely immutable—they are adjusted as

significant events determine—there is often a tension between the original and new purposes. The best way to determine whether the purposes are still acceptable is to have the donors make a judgement. Some ownership in the charity rests in the donor.

The political parties receive considerable taxpayer assistance to conduct their public election activities. In return, the parties must account for such expenditure, including the disclosure of donations and donors.

Charity work is no longer unambiguously good.... It may be altruistic, but increasingly it is embedded in a political framework that seeks to use public power for system change

Lobbying by charities, even in a non-partisan way, may or may not determine the fate of politicians who decide policy, but it does seek to determine the menu of policies from which politicians choose. Tax-assisted lobbying carries some obligations, and obligations mean scrutiny in the fulfilment of those obligations.

PROPOSED APPROACH

The fundamental issue should be not *how much* lobbying a charity engages in, but whether or not lobbying furthers or aids the organization’s dominant charitable pur-

pose. The issue is who is to decide these questions. The answer lies in providing the donors with sufficient information. The donors consist of individuals and the government, on behalf of the taxpayer. Rather than set limits on lobbying, the Bill should ensure that each charity supplies information about its activities, and make this information accessible to all donors.

The key pieces of information are: the percentage of funds devoted to raising funds, a measure of the efficiency of the organization, and the percentage of funds expended by whatever methods, including lobbying. This may involve extra work in terms of keeping good records, but no more so than any well-managed organization. An exemption could be granted to the smaller organizations that would find such an exercise a significant burden.

The IPA is aware, as is the sector, that the ATO is not presently resourced to scrutinize the activities of charities. Once a charity is accepted, it is rarely investigated. This does not mean that the ATO is unable to conduct an audit from time to time, in order to send a signal to the sector about what is and what is not acceptable behaviour.

The resources for scrutiny could be vastly expanded if charities were required to make certain disclosures to the public, or to the government, who could make these available to the public. The strengths of this approach are that the donor market, and not the government alone, would share the scrutiny load. Second, although there would have to be agreed standards of disclosure and definitions of activities to be costed, the government is less likely to need to specify an acceptable activity and an acceptable level of expenditure.

Dr Gary Johns is a Senior Fellow with the Institute of Public Affairs.

IPA

The 'R' Files

ALAN MORAN

Self-Regulation of Business: Oil or Grit in the Wheels of Commerce?

During a Seinfeld episode, an altercation with a dry cleaner about missing garments led to accusations that the dry cleaner might have borrowed them. This brought the business owner's indignant response that the Dry Cleaners' self-regulatory Code of Practice forbids such action and a retort from Seinfeld, 'You need a Code of Practice to tell you not to steal from your customers?'

Seinfeld's dry cleaner's code of practice clearly included redundant provisions, but such codes can be worthwhile. If adhered to, and especially if backed up by some form of sanctions, they can bring greater consumer confidence in an industry's operations. They can also be used by the signatory firms to demonstrate premium features of their operation that mark them out from their competitors.

Self-regulation has been elevated in priority by the in-coming ACCC team of Graeme Samuel and his deputy Louise Sylvan, formerly the head of the Australian Consumers Association (ACA). The ACCC has put out a set of guidelines for developing and endorsing voluntary industry codes. Containing 18 essential principles and 18 corresponding code essentials, the guideline offers a blueprint for those industries wishing to develop such a self-regulatory code. In *Business Review Weekly*, Graeme Samuel offers some reasons why such an approach is beneficial. Aside from pleasing consumers, these include saving ACCC resources in that self-regulation can lead to fewer complaints, lower compliance costs, as well as a reduced stream of litigation.



Mr Samuel sees self-regulation being more formalized in a co-regulation framework which will include support and some endorsement from the regulator. Under this form of self-regulation, the ACCC recruits itself into the action and provides a *quid pro quo* to industry, including authorization by the ACCC of what might otherwise be anti-competitive behaviour.

The issue has been on the radar of Louise Sylvan during the decade-and-a-half that she has been a prominent consumerist lobbyist. She was part of a Government Taskforce put together to examine the issue three years ago. She makes the fanciful claim to have been 'the sole consumer on a body of about 10 people, mainly business, who were primarily interested in having a report that said that self-regulation was wonderful'.

In a paper to a conference last year, she marshalled a series of arguments for increased disciplines on firms to provide customer benefits.¹ She chose One Tel as an example of a firm that clearly needed pressures from external sanctions in order to fulfil its proper obligations to consumers. This is ironic because a former colleague at the ACA, Mara Bun, after she left the organization for a merchant bank, was punting One Tel shares right up until the telco's collapse.

Ms Sylvan promoted self-regulation as a desirable approach but maintained that the approval of these codes was being given far too easy a ride. She makes the case for something stronger than self-regulation in what she calls uncontestable areas of the market. Fair enough to hold monopolies to a higher order of responsibility, but she adopted an odd definition of uncontestable when she cited several telephone suppliers, the banks as well as superannuation businesses as examples. None of these, whatever their strengths and weaknesses, ever dreamt they were in uncontestable markets!

The self-regulatory code of the Australian Communications Industry Forum (ACIF) came in for some particularly forceful criticism. That code, she claimed, was dominated by Telstra and features deal-making, 'and not, as should be the case, clear hard black-letter legal consumer protection. That's why there are such appalling and onerous terms in your mobile phone contracts for instance'. With this statement she illustrated her confusion between a self-regulatory code and full-blooded law. And by taking mobile phones as her example she selected a market area which is highly competitive, with demonstrable consumer acceptance, and certainly not dominated by Telstra. The ACIF Code falls under the oversight of the Australian Communications Authority and has a provision she would normally welcome in that it encompasses all the industry's firms, whether or not they are members.

A code Ms Sylvan rated particularly highly is administered by ACFOA, a peak body for foreign aid organizations. She said, 'The absolutely critical factor in the ACFOA code is that, by definition, it covers the whole industry because the government will

not grant money to an overseas aid organization which isn't signatory to the code.' Arguably, the involuntary nature of the ACFOA code disqualifies it as a self-regulatory code under the normal definition applied. That apart, as a disciplinary agency it has proven to have severe shortcomings. Ms Sylvan acknowledged as its weakness that it only has one sanction—dismissal. And, as the IPA has demonstrated, it will not use that sanction. Thus, Union Aid Abroad retained the ACFOA Seal of Approval even though it was using funds illegally in Indonesia to campaign for the independence of West Papua.

One code she considers to be of less merit is the Australian Pharmaceutical Manufacturers' Association (APMA) Code of Conduct. One of her objections to this code is that she claims it has no sanctions against members which contravene it. If true, this would be no different from her treasured ACFOA code. In fact it is untrue—firms breaching the APMA Code face disciplines, including fines. And the rivalrous nature of the industry means that there is always a competitor ready to draw attention to a firm's illegitimate activities.

This brings us to the killer deficiency of the APMA Code in Ms Sylvan's eyes. This is the 'consumer representation which the industry chooses itself—so they never get anyone like me on!' This is in contrast to the ACFOA code which '*identifies a specific consumer representative position, which ACA appoints independently from the industry being regulated.*'

Get the picture?

Consumerist groups were baying for Ms Sylvan to be appointed to the 'traditional' role of a consumerist as the Deputy Chair of the ACCC. Actually, that tradition has a genealogy of one: a former Chairman of the Australian Consumers Association, Alan Asher, who was appointed for services rendered to the ALP in the lead-up to the Hawke Ascendancy. The tradition restored, Ms Sylvan will ensure her friends are well rewarded. Benefits are likely to include lucrative ACCC

consultancies to show how to introduce 'genuine' self-regulation, and industry-funded positions on self-regulatory bodies that will surely be a condition of ACCC approval.

As her counterpart head of the environmentalists, Peter Garrett, would sing, 'The time has come to pay the rent'. And the Australian taxpayer and consumer will be the poorer for it.

The bureaucracy that can be entailed in self-regulatory bodies that are not entirely voluntary is only the tip of the iceberg of additional costs. The consumerists' objective in promoting these bodies is 'stakeholder' control. As with Corporate Social Responsibility,

**We have to be wary
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The mediaeval guilds
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closed monopolies**

a democratic-sounding phrase is used to change the objectives of the firm from lawful wealth maximization for the shareholders to a mish-mash of woolly, often conflicting goals. The adoption of these goals would, in short, change the business firm into a partnership between its customers, suppliers, workers and radical activists.

In such a partnership, management attention is turned away from finding and meeting market needs at lowest costs, to a range of other goals, for the pursuit of which business management is ill-equipped. Often such management fails disastrously. Ansett was good to its suppliers, indulgent to its

workforce and generous to its customers. It was everything a consumerist-guided corporation could be. Like many other interventionist busybody organizations, the ACA put Ansett on a pedestal in business behaviour until the day of its bankruptcy.

Re-aligning management and business practice in the consumerists' image is dangerous enough when it occurs with a single firm. Had Ansett's competition also been required to operate in a hamstrung way, it might have been a long time before the failings were apparent.

Self-regulation and voluntary codes adopted by industry groups have a valuable role in promoting standards. The adoption of such standards can often bring cost savings in services to industry, for example, with insurance premiums.

We have to be wary, however, about membership of self-regulatory industry bodies becoming mandatory. The mediaeval guilds started out as voluntary associations but developed into closed monopolies that stifled competition and lifted costs. In today's world, mandatory membership or operating arrangements will often be a vehicle to raise the costs of those castigated as 'fly-by-night' competitors; many of these (for example, travel agents operating from 'virtual' Internet premises rather than offices), offer excellent value to the consumer.

Institutionalizing self-regulation under a consumerist-dominated ACCC has the potential to advance such protectionism. Hence, placing pressures on firms to join ACCC/ACA sponsored self-regulatory bodies is likely to undermine the efficiency of the market rather than strengthen it.

NOTE

- 1 Paper to Australian Institute of Criminology, Conference on 'Current Issues in Regulation: Enforcement and Compliance', 2 September 2002, Melbourne.

Dr Alan Moran is Director, Deregulation Unit, at the Institute of Public Affairs.

IPA

Summaries and excerpts from interesting reports

ACCOUNTING FOR HUMAN ACHIEVEMENT

In his new book, *Human Accomplishment: The Pursuit of Excellence in the Arts and Sciences, 800 B.C. to 1950*, Charles Murray identifies the 4,002 most significant figures in the arts and sciences throughout human history. He subjects these individuals and the cultures in which they thrived to quantitative analysis.

Murray finds that nations and societies have discovered great things at irregular times and in scattered settings:

- An overwhelming proportion of the most accomplished individuals are found in Europe from 1400 to the mid-19th century—but the frequency of outstanding artistic accomplishment has since declined.
- Specific nations and cities have fostered disproportionately large shares of high-achieving individuals for a time before declining, but the single most important factor explaining continuing streams of accomplishment is the existence of exemplary individuals in preceding generations.
- Some 98 per cent of the high achievers were men, since the obstacles to women's achievement have only recently been removed.
- It wasn't until the 19th century, when—as more recently with women—the status of Jewish people improved in some western countries; since then a disproportionately large share of high-achievers have been Jews.

A number of factors account for the rise and decline of outstanding accomplishment in human civilizations, says Murray. Economic prosperity makes a difference, as does freedom of action for artists and scientists. Human accomplishment is also fostered

by cultures in which the most talented people believe that life has purpose and individuals can act effectively to fulfill that purpose.

Source: Charles Murray, 'Human Accomplishment: The Pursuit of Excellence in the Arts and Sciences, 800 B.C. to 1950,' Book Summary, October 2003, American Enterprise Institute.

A NATION CHARRED (Report on the Inquiry Into Bushfires, by the House of Representatives Select Committee)

During the Summer of 2003, a total of almost four million hectares in the Australian Capital Territory and across five Australian states, were severely burned from wildfire.

The devastating loss of stock and property, the heart-breaking loss of bushland and wildlife, together with the tragic loss of confidence suffered by those directly affected by the bushfires, left a nation charred to its physical and spiritual core.

The overwhelming view of the more than five hundred people who presented written and/or oral submissions to the *Inquiry on the Recent Australian Bushfires* was that proper land management, proper fire prevention principles and proper fire suppression strategies could have greatly limited the risk of these high intensity wildfires.

The Committee heard a consistent message right around Australia:

- there has been grossly inadequate hazard reduction burning on public lands for far too long;
- local knowledge and experience is being ignored by an increasingly top heavy bureaucracy;
- when accessing the source of fires,

volunteers are fed up with having their lives put at risk by fire trails that are blocked and left without maintenance;

- there is a reluctance by state agencies to aggressively attack bushfires when they first start, thus enabling the fires to build in intensity and making them harder to control; and
- better communications between and within relevant agencies is long overdue.

Source: *A Nation Charred: Report on the inquiry into bushfires*, House of Representatives Select Committee into the recent Australian bushfires, October 2003 Full report is available at: <http://www.aph.gov.au/house/committee/bushfires/inquiry/report/front.pdf>

MIDDLE EAST KNOWLEDGE DEFICIT

The Arab Middle East is beset by three 'deficits': freedom, women's rights and knowledge, according to the Arab Human Development Report (AHDR), a survey prepared by a group of regional scholars and policy analysts under the auspices of the United Nations.

Since the publication of the AHDR, a new follow-up report has appeared. Looking in depth at the region's knowledge deficits makes for depressing reading:

- Newspapers circulate in the Middle East at one-fifth the rate of the developed world while Arabic books represent less than 1 per cent of world production (even though Arabs make up 5 percent of world population).
- The region's access to computers and the Internet is among the most

limited in the world, with only 1.6 percent of the Arab population having Internet access.

- The number of scientists working in Arab countries is about one-third of the global average, and about a quarter of graduates from universities emigrate.
- Even the Arabic language has become a barrier, because the written form taught in schools is no longer spoken and does not have an adequate scientific lexicon.

The most important point, say the authors, is that the report is not the work of international human rights groups or U.S. idealists, but of Arab thinkers and policymakers convinced that democratic change is possible and essential in their countries; in contrast to efforts to restructure the region from outside, they offer a strategic vision by Arab elites.

Source: Editorial, 'An Arab Reform Voice', *Washington Post*, 7 November 2003.

NOT-FOR-PROFIT SAVINGS TO BE MADE

The not-for-profit sector in America could save at least US\$100 billion if more efficient practices were adopted according to the May issue of the *Harvard Business Review*.

The article based on research done by a team of management consultants from McKinsey and Company led by former U.S. Democratic senator and one-time presidential candidate Bill Bradley.

The article outlined the following five areas where changes could be made:

- Reduce fundraising costs (estimated annual savings of \$25 billion.)
- Distribute holdings faster (esti-

ated increase in available funds \$30 billion.)

- Reduce program service (estimated savings of \$55 billion.)
- Trim administrative costs (estimated savings of \$7 billion.)
- Increase the effectiveness of non-profit organizations by allocating funds to NPOs on the basis of the social return on investment (Not estimated by authors).

Bill Bradley and his colleagues readily conceded that the decision to put dollar estimates in the new study was partly intended to be provocative, but they insist they were conservative.

'Numbers have a way of capturing people's attention in a way that concepts that have been talked about for a long time don't', says Les Silverman, who also worked on the study. 'Some will quibble with them, but we think they will call attention to the real opportunities there are for improvement.'

Source: Bill Bradley, Paul Janes and Les Silverman, 'The Nonprofit Sector's \$100 Billion Opportunity', *Harvard Business Review*, May 2003.

POO FOOD TOXIC

High levels of a cancer-causing natural toxin have been found in every single organic cornmeal product tested by the UK's food safety watchdog, the Food Standards Agency.

That's a 100 per cent failure rate, folks! The FSA instituted a UK-wide recall of the contaminated organic cornmeals.

This is a huge, though belated, reality check for consumers who think they're getting something safer when they pay exorbitant prices for organic foods. But don't expect much media coverage of this hugely embarrassing

organic incident. Nor any retreat by organic food partisans in the ongoing fight for the hearts and minds of consumers.

The organic cornmeal products were found to contain high levels of fumonisin, a cancer-causing fungal toxin produced by a natural mould that can grow on corn in the field. All six recalled organic cornmeals not only failed the new safety standard, but failed miserably. The organic cornmeals were contaminated at an average of nearly 20 times the EC safety limit

While organic foods comprise less than 5 per cent of the total food market in the UK, the organic corn meal products accounted for 60 per cent of recalled corn meals.

What would the reaction have been among the organic farming/anti-biotech activist crowd if it were GM foods that had totally failed a serious food safety standard by such a huge margin, instead of organic products?

It would have been front-page news in all the UK newspapers. Organic activists and their fellow agitators in the environmental lobbies would have demanded an immediate recall of all biotech foods and a complete halt to the growing of biotech crops until and unless these farming methods could be proven completely safe.

Ironically, GM insect resistant corn has been shown to have 30-40 fold lower fumonisin levels than conventional corn, let alone in comparison to the higher fumonisin levels found in organic corn.

Source: Alex Avery, *Lessons From the Recall*. For the full text go to <http://www.techcentralstation.com/110504E.html>



*Never underestimate the power
of human stupidity*

—Robert A. Heinlein

I have a lot of sympathy for Pauline Hanson's recent travails. Last week (as I write) she was belatedly acquitted of the crime which had already seen her imprisoned for several months. Yet, if you can believe the media (and, of course, far too often you can't), she and fellow One Nation martyr David Ettridge are blaming their persecution on a conspiracy of underhanded political opponents.

Thus is my sympathy rapidly squandered.

The actions of any individual are almost always driven by a mixture of motives, some admirable, some banal, some positively unhealthy. So the field is open when you're judging others as to the motives you attribute. You can choose to consider them reasonable, even though wrong. Or you can choose to consider them evil.

Those of us on the political Right should be all too familiar with the latter view: the assumption by our opponents that a disagreement equates to evil. If we oppose increases in taxes and social security payments, it must be because we want the poor to suffer. It certainly couldn't be because we consider that there are better ways to help the poor.

Consider this from US Academic, Norman Finkelstein, author of *The Holocaust Industry*, in a piece discussing those who move from the political Left to the Right:

If apostasy weren't conditioned by power considerations, one would anticipate roughly equal movements in both directions. But that's never been the case. The would-be apostate almost always pulls towards power's magnetic field, rarely away. However elaborate the testimonials on how one came to 'see the light,' the impetus behind political apostasy is—pardon my cynicism—a fairly straightforward, uncomplicated affair: to cash in, or keep cashing in, on earthly pleasures.

This passage is taken from an essay which, throughout, demonstrates an equally appalling deficit of imagination, insight and empathy. Go to:

[www.normanfinkelstein.com/
id138.htm](http://www.normanfinkelstein.com/id138.htm)

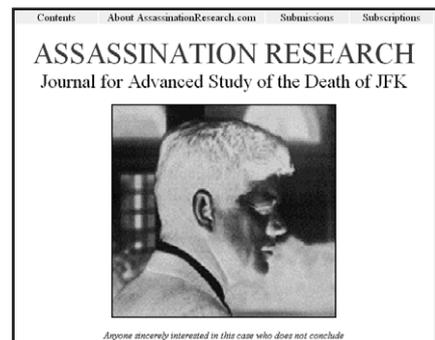
It has apparently never occurred to the good academic that the preponderance of movement from Left to Right may be an indication of some fundamental truth. He will not, apparently, even allow that his apostates are simply in error. No, clearly they are evil power-seekers.

Likewise, one could choose to view Tony Abbott's moves in the late 1990s to use the legal system to attack One Nation as a reasonable action. Or even as a misguided action. Or one could take it that all the consequences that ultimately followed, including Hanson's and Ettridge's jailings, were part of his evil devious plan from the outset.

Of course to do so would be to grant him supernatural fore-

sight, and is thus in direct contradiction to the wise dictum with which I opened this piece.

Also falling afoul of this sound advice is the conspiracy theory. Maintaining that JFK was assassinated by some intricate grouping of underworld and



intelligence operatives is of a kind with belief in the World Jewish Conspiracy, of which former Malaysian PM Mahathir recently delivered a watered-down version.

Former Watergate felon Charles Colson pointed out in his book, *Loving God*, that Nixon's dirty little secret could not be maintained, even though known only to a handful of the most powerful men in the world, all of whom had a powerful interest in keeping the secret. Yet some manage to believe that millions of Jews, NASA scientists, CIA and Mafia members operate their intricate conspiracies over decades, yet never leak or recant.

CONSPIRACY PLANET

There are tens of thousands of conspiracy theory Web sites. And it is not my intention to promote any of them. But should you wish to get a sampling of



them all, from '9-11: Conspiracy' to 'Vote Fraud—USA', by way of 'Illuminati' and 'Moon Landing Scam', try Conspiracy Planet. A warning first: before you follow this link take some slow calming breaths and have an antacid and sick-bag handy. Go to:

www.conspiracyplanet.com

ASSASSINATIONS

For some reason, the JFK conspiracy is one of the few major ones to avoid a direct link on the Kooky Planet site. Don't despair, though, there are plenty more. As we all know, conspiracy theorists are sub-par individuals with severe slopes of the foreheads. Except for James H. Fetzer, who is a Distinguished McKnight University Professor at the University of Minnesota, devoted to exposing the 'truth' of JFK's assassination. He runs a couple of Web sites:

<http://assassinationresearch.com/>

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

The latter makes its orientation immediately obvious:

Anyone sincerely interested in this case who does not conclude that JFK was murdered as the result of a conspiracy is either unfamiliar with the evidence or cognitively impaired. Oh beaut! This time I'm not evil. Merely ignorant or insane.

Fetzer's most recent crusade has been to establish that the 2002 airplane death of Democratic Party Senator Paul Wellstone was no accident, but an assassination by the evil forces of one G.W. Bush.

PETROL

One of the most frequently heard conspiracy theories—and one that is remarkably immune to the resistance most people have to the aforementioned nut-case types—is that of pernicious, chronic business manipulation of markets. A prime example of this occurs in the place where I live: Canberra.

Because we are but three hours drive from Sydney, comparisons are sporadically drawn



between the pump prices here and there. Sporadic, because those comparisons enter public discourse only when the prices are higher here than there.

The ACCC's recent attempt to prove the conspiracy ignominiously fizzled. But this perception of conspiracy will be long-lived because of the nature of the product. Unlike most products, petrol retailers can track supply and demand and competitive conditions on an hourly basis, so their prices are continuously varying. In the meantime a Website provides the best free enterprise solution, providing continuous tracking of petrol prices. Go to:

www.fuelwatch.com.au

IS INSIDER TRADING SO BAD?

This is the title of a piece by mathematician John Allen Paulos which engages with that other ubiquitous assumption of conspiracy. Indeed, he provocatively argues—on mathematical grounds—that people engaging in stock market trades are in no way disadvantaged by insider trading.

Or, more accurately, some of the innocent traders are disadvantaged by the insider traders, while others are advantaged, with a net result of zero. But: 'As in many other areas of life, people are much quicker to see themselves as victims of bad guys than as beneficiaries of bad guys.'

www.math.temple.edu/~paulos/insider.html

FEEDBACK

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

Current Affairs As History

PATRICK MORGAN

A new draft syllabus for VCE Australian History in Victoria has been modified after protests from teachers. But why was it proposed in the first place? And is the present syllabus acceptable?

THE recent ‘history wars’ imbroglio revealed that progressives control the public bodies which set the agenda in history studies, a control confirmed by a new draft syllabus for VCE Australian History in Victoria. Instead of being chastened by the recent debate, they have come up with a draft syllabus even more extreme than in the past.

Why have the numbers doing history declined so much over the years? When my children studied Australian History in middle high school forms in the 1980s, the textbook set was *Changing Australians* by Sue Fabian. In this book, the author took fashionable causes (such as women, Aborigines and the environment), projected them back on to the past, and called the result ‘history’. Our children, though sympathetic to these three groups, found they learnt little from such a course, as everything was predictable and ideological—no facts inconvenient to the general tenor of the course were allowed to get in the way (‘[Aborigines], too, had fights and wars, but these seem to have been rare’). And when our children did other subjects such as literature, religion, politics and even geography, they found the syllabuses there too focused on the victim status of women, Aborigines and the environment. Having this pushed at them from all angles led to a mixture of boredom and resentment.

Over the years, the Form 12 VCE syllabus in Australian History has come to resemble the Sue

Fabian approach. It is now an ‘Imagining Australia’ course rather than a true history course. The 2003 course is divided up into the four half-century periods since European settlement, with the new holy trinity being women, Aborigines and multiculturalism.

In the section of the course from 1945 to the present, the student has to choose a topic that caused divisions and debate in society. This predetermines the issues, since Australia has been a coherent and stable society, whose mainstream interests are not reflected here, whereas minority interests such as multiculturalism get a prominent place in the sun. And look at the specific list of divisive issues nominated: ‘The Communist Party Dissolution Bill, Labor Party split, Whitlam dismissal, Gordon–Franklin blockade, the Mabo and Wik decisions and the Stolen Generations’. These are all icon issues of the Labor left. The Whitlam government loans scandal and the Hawke–Keating economic reforms are more important than the Gordon–Franklin blockade, but they can’t be mentioned as they run against left orthodoxy. The activities of the Liberal Party, which governed for 37 out of these 58 years, are elided.

The course is heavily weighted to political and ideological concerns at the expense of economic and social ones. In the section from 1850 to 1900, one might expect the prolonged land boom and great prosperity of that period, when wheat and wool were established as staple exports, would gain a

mention. Instead we get a negative or black armband interpretation: ‘colonial governments encouraged new agricultural settlements through selection programs, radically altering the natural environment through the exploitation of natural resources ... and European fauna introduced, which subsequently became feral’. This is an unbalanced statement—it wasn’t just a story of exploitation, it was also a great national success story on which our prosperity to today has been based.

The course suffers from the Sue Fabian fallacy of projecting today’s concerns on to the past in an ahistorical way. The 1901–1945 section of the courses directs the student to study how ‘feminism challenged traditional roles’ in that period. Feminism as a major strand in Australian life in the *first* half of the twentieth century?

The 1788–1850 section predictably begins with *terra nullius* and the claim that ‘this act of colonization denied the existence of people whose world view was different to that of the European settlers’. This is untrue, as early instructions on the way Aborigines were to be treated show. The eighteenth-century concept of *terra nullius* does not mean the land was unoccupied, but that fixed abode, growing crops and some form of socio-political organization were required to establish legal occupation under English property law at the time. Students, who are supposed to learn from history the way things were done in the past, which may differ from our ways, are here

being denied that opportunity. This approach incites the student to premature judgement and moral indignation, before the facts are established.

The new draft syllabus for 2004 is even more startling. It has omitted both the 1860–1888 period of great prosperity and expansion and the 1950–1965 Menzies period altogether. Leaving these out gives a distorted slant to Australia's history. The gap in chronology means that no topic can be pursued in a continuous way. Three-quarters of the course is now focused on the second, more recent century of European settlement—surely an imbalance. This is moving history towards current affairs. One whole section covers 1965–2000, with the 1990s singled out for detailed consideration. Tampa (2001) and the Iraq war (2003) are included. How can these live issues get priority over 1860–1888 in a history course? To consider the whole vexed immigration question from 1788 is exactly the sort of thing a history course should do, to give the student the context of recent events, but it's exactly the sort of thing that this course, with its lack of a coherent narrative structure and chronology, cannot do. The 1914–1950 section is based on threats to Australia which, like divisiveness, underemphasizes the consensus nature of social life. The Paul Kelly thesis in *The End of Certainty* on the Deakinite Settlement of White Australia, Industry Protection, Wage Administration, State Paternalism and Imperial Benevolence would have provided a more fruitful framework.

In an earlier draft, rejected after protests, the Menzies Government was denigrated and the Whitlam Government fulsomely praised. But the underlying ideology remains: Aborigines, the environment, feminism, multiculturalism are the wave of the future. And of course in the 1990s, as we all know, the backlash forces

of reaction are stamping down on Aborigines, women and immigrants, the new holy trinity. This 'true believers' nostalgia resurrects the discredited view that the Labor forces are those of initiative in Australian politics, and conservative forces those of reaction; it also encapsulates Manning Clark's equally discredited view that recent Australian history can be seen as a struggle between the life affirmers and the life deniers. The syllabus is bad enough, but it gives a green light to teachers in the classroom to take its interpretations to even more extreme lengths.

**When the leaders
of the history
profession can't
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affairs, we are
in a bad way**

A narrow range of issues is dictated to the student, who cannot approach the subject with an open mind. The VCE examinations are public exams, and shouldn't be the preserve of any one group. Our society is structured so that secondary and tertiary education is the pathway most must complete to succeed and go further in life, and the nation cannot afford this pathway to be contaminated in such a way.

Those who have caused the decline in history are now getting themselves appointed to running government inquiries into the problem—the arsonists are dress-

ing themselves up as the fire-brigade. Associate Professor Tony Taylor, who heads the National Centre for History Education, has just received a \$115,000 federal grant to look into history's problems. He believes that the immediacy of modern technology is making more people, including students, interested in history: 'What they are able to do now because of satellite feeds, they're able to watch history unfold in front of them ... And people want to know why it's happening'. He believes that teachers often err by not focusing on history that is unfolding: 'All of this is happening and then you go into school and someone comes in and starts boring you to tears about something really stupid that you are not really interested in'. The latter presumably is the past. Professor Taylor is guilty of 'presentism'. When the leaders of the history profession can't distinguish between history and current affairs, we are in a bad way. Those running the Australian history course have presided over a calamitous decline in numbers over the decades, so surely their credibility should be questioned. They appear to be out of touch. Might they not now be retired as failures and a new group of people brought in to resurrect the show?

There have been, thankfully, so many protests by teachers that some of the most objectionable parts of the new draft syllabus have been modified. But why would an expert history syllabus committee, which administers a public system with which all students must comply, have tried this on in the first place?

Patrick Morgan has published a regional history The Settling of Gippsland. He taught at Monash University for thirty years, and has recently been a Council member of the Australia Council, the Royal Historical Society of Victoria and the National Archives of Australia.

I P A

Compiled by IPA staff, columnists and consultants ...

HOBBY FARMING

Data from the OECD show that full-time farmers in its member countries get the equivalent of \$11,000 a year in cash or price support. New Zealand subsidizes to the tune of \$1,000 per farmer. The European Union by contrast hands to each of its farmers the equivalent of \$17,000 a year. In the US, the rate is \$16,000. Few can beat Norway, which pays about \$45,000.

THE ABC OF BIAS

Melbourne ABC radio jock Jon Faine reported in *The Age* that almost all the 200 journalists attending a recent media conference vastly preferred the al-Jazeera—the Arab-language cable TV news service—coverage of the recent Iraq war to that of the US media. Jon not only concurs with his fellow scribes, but recommends that the Bush Administration subsidize al-Jazeera to insure its ‘balanced approach’, gets more air play. As for balance, Faisal Bodi, a senior editor for al-Jazeera’s Website, wrote earlier this year in *The Guardian*: ‘Of all the major global networks, al-Jazeera has been alone in proceeding from the premise that this war should be viewed as an illegal enterprise’. Although al-Jazeera may have been the only global network with this view, clearly many journalists and our ABC share its ideology.

SUE ...

Just-terminated California Governor Gray Davis announced last weekend that the state will sue the US Environmental Protection Agency over global warming. Nine other states and several eco-activist groups, including the Sierra Club and Greenpeace, are expected to join the lawsuit.

The basis of the suit is the EPA’s recent refusal to regulate greenhouse

gas emissions from cars. The EPA says it lacks the legal authority for such regulation because Congress has not declared that carbon dioxide—the greenhouse gas at the centre of the global warming controversy—is a pollutant or that it can be regulated for climate change purposes.

... AND COUNTER-SUE

The Competitive Enterprise Institute, a free-market think tank, filed a lawsuit last August against the White House Office of Science and Technology Policy for refusing to comply with federal law concerning two major government reports on global warming.

The two reports—the ‘National Assessment on Climate Change’ (2000) and the EPA’s ‘Climate Action Report 2002’ base their analyses of the potential impacts of global warming on computer models that CEI says are ‘incapable of providing reliable predictions.’

The federal Data Quality Act, enacted in October 1998, requires that scientific data disseminated by the government meet basic scientific standards for ‘objectivity’ and ‘utility.’

FILM STUDIES

Exam question spotted for Film Studies Theory at University of California Santa Barbara. ‘Contrary to psychoanalytic criticism, I assume that film viewing is composed mostly of non-conscious, pre-conscious, and conscious activities. Indeed, we may define the viewer as a hypothetical entity who responds actively to cues within the film on the basis of automatic perceptual processes and on the basis of experience. Since historical

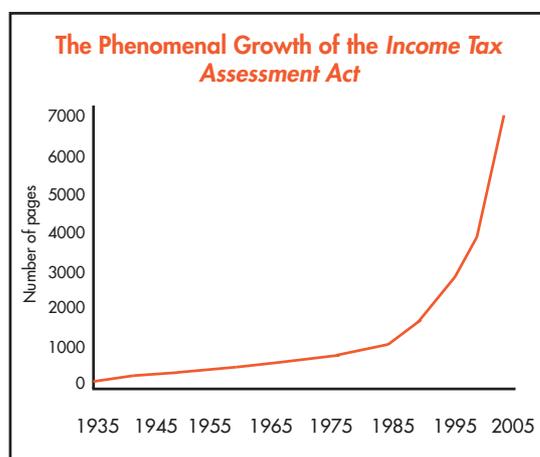
contexts make the protocols of these responses inter-subjective, we may analyze films without resorting to subjectivity.... What kind of pressure would Metz’s description of “the imaginary signifier” or Baudry’s account of the subject in the apparatus put on the ontology and epistemology of film implicit in the above two statements?’ One wonders how Steven Spielberg would respond.

REGULATORY

We all have examples of regulatory doublespeak, but this extract from the UK takes the trophy: ‘In the Nuts (Unground) (Other than Groundnuts) Order, the expression “nuts” shall have reference to such nuts, other than groundnuts, as would, but for this Amending Order, not qualify as nuts (Unground) (Other than Groundnuts) by reason of their being nuts (Unground)’.

TAX HIKE

The *Income Tax Assessment Act* is often taken as a regulatory barometer. When it was first introduced in 1936 it was 120 pages long and did the job. By 1997, it grew to 7,000 pages, some 60 times longer. From the graph, it can be estimated that the Act is heading for 830 billion pages by year 2100.



Book Reviews

Against the Technophobes

Craig S. Marxsen (University of Nebraska at Kearney) reviews

Bountiful Harvest: Technology, Food Safety, and the Environment

by Thomas R. DeGregori

(Cato Institute, Washington, DC, 2002)

Thomas R. DeGregori, an economist who specializes in the study of economic development, has travelled to Africa, Asia, Latin America, and the Caribbean more times than he can recall. His most recent books chop at the roots of obstructionist efforts of non-governmental organizations that seek to prevent modern development in poorer countries. Certain organizations resist, for example, the distribution of genetically modified corn to the starving and prevent the construction of hydroelectric dams where people desperately need electricity. DeGregori wars against an antitechnology movement that oppresses poor people he evidently cares about—people he has devoted his life to helping. Indeed, he seems driven by compulsions nobler than those of the organizations that deliberately obstruct development in poor countries just as they also sponsor antigrowth oppressions through our domestic regulatory system.

The devil-and-Dr. Faust view has pervaded the twentieth century, keeping modern technology under fire from media bias that sensationalizes every hint of technological risks or hidden harm. Organizations have found exploitation of fears of technology to be a fruitful source of donations, and industries promoting natural or organic products have found lucrative markets among ignorant people driven by

technophobia. DeGregori argues a contrary view of technology and notes some of the pitfalls in misguided efforts to back away from modern technology, especially from technology's capacity to provide bountiful food. He boasts of advancing a politically incorrect view that technology is not the seducing destroyer of humans but rather their defining and distinguishing virtue.

DeGregori begins by describing humans as creatures distinguished by their acquisition and maintenance of tools. Humans are inherently creative, and technology consists of art executed through complex tools requiring specialization, social organization, and systematic learning and transmission of knowledge. Technology manifests a unique expressiveness that otherwise does not exist in nature. Technology defines the core of human capability rather than a peripheral extension. It is more than the foundation of human sustenance; it distinguishes human perception. By the use of technology, we peruse the heavens above the Hubble telescope and the microcosm below an electron microscope. Through technology, we can see what we are and have been; we look not only around us, but also into our past and even into our own bodies by using modern non-invasive imaging methods. Human creativity of all kinds exploits technology, whether by recording music, transmitting written words, or creating motion pictures and television broadcasts. Modern technology does not alienate humans from themselves, but instead defines and manifests the natural human self. Civilization rests on domesticated plants and animals that could not have existed without human protection from the wild.

DeGregori focuses on misperceptions that technology is inherently destructive to the natural earth, advancing it toward a state of uninhabitability. Movies such as *A Civil*

Action interpret statistically meaningless cancer clusters as if a corporate underworld was secretly poisoning everyone. Reinforcing preposterous fears that background traces of manufactured chemicals are causing trends in declining sperm count, the media ignore plant-originating chemicals of far greater significance. The World Health Organization labels tamoxifen a human carcinogen rather than endorsing its remarkable life-preserving effectiveness. Allegations indict technology for insignificant risks, whereas the risks of not using technology go unheeded. DeGregori discusses conceivably humorous pitfalls of 'natural' and 'organic' foods, citing evidence that increased consumption of 'organic' foods has caused an increase in the incidence of food poisoning. Bacterial infections such as *Escherichia coli*—infections of the same kind that can originate from using manure to fertilize organic food naturally—claim many lives each year. Likewise, 'health' foods such as unpasteurized juices, raw sprouts, and the like promote the re-emergence of food-borne-pathogen problems previously thought eradicated. Even the vegetarian diet is hardly natural for humans; a balanced vegetarian diet is possible only because modern technology brings a voluminous variety of appropriate foods within our reach. Try fertilizing your lawn with manure: one thousand pounds provides the nitrogen available in a five-dollar bag of commercial fertilizer.

World crop yields would be, by some estimates, 70 per cent smaller in the absence of pesticide use. Even *Consumer Reports* (1998) testifies that organic foods cost 57 per cent more. Technophobes have succeeded in maintaining a prohibition on food irradiation in spite of its substantial, proven benefits. More significant, opposition to genetically modified foods has impeded the use of insect- and dis-

ease-resistant crop varieties that would help reduce the need for pesticides. The Luddites who oppose genetically modified plants perpetuate considerable hardship in poorer countries that might benefit especially from the improved food output and enhanced nutrition that come from bioengineering breakthroughs, including new salt-tolerant plants. Although the technology of genetically modified food products is probably among the safest of human achievements, opponents succeed politically by labelling them as 'Frankenfoods' or 'mutant grub'.

DeGregori is not a lone voice defending his commonsense position. The Hudson Institute's Dennis T. Avery reveals that groups including Greenpeace and Friends of the Earth are lobbying famine-stricken African countries such as Zambia to persuade governments to prevent distribution of genetically modified corn donated by the governments of some of the world's advanced industrial countries (*Daily Articles*, 10 October 2002, available at <http://www.hudson.org>). Avery laments that these environmental groups do not seem to care if their preferred policies are killing starving Africans. He notes also that donations for these environmental organizations are going up apparently as a result of such manoeuvres and that the organizations dismiss the resulting premature deaths of Africans as inevitable—an attitude that DeGregori emphasizes in *Bountiful Harvest*.

DeGregori stresses that otherwise benign political movements are not the only ones to exalt nature excessively. He touches on the prevalence of such behaviour among the Nazis in Germany. Feeling that they had a higher calling, they propounded bizarre doctrines of wildlife and animal protection that involved the degradation of people and sought to give the Germans a 'blood-and-soil-rooted-garden' uncontaminated by 'alien species'. Some of the leading Nazis, including Adolf Hitler himself, advocated and practised compulsive vegetarianism with a commitment to organic agriculture. Although DeGregori elaborates

some of the Nazis' back-to-nature traits, he stops short of linking Nazi mentality and practices such as shooting on sight human intruders who stray into vast wildlife protection areas in present-day Africa. (He elaborates on that theme in his subsequent book, *The Environment, Our Natural Resources, and Modern Technology* [Ames: Iowa State Press, 2002], pages 33–37.)

Fear of carcinogens has reawakened real terrors, such as malaria and cholera. Halting water chlorination in Peru in 1991 killed nearly seven thousand people from cholera. Pesticides have increased food production greatly and reduced the cost of feeding people. Corn would cost 61 per cent more and wheat 50 per cent more if we did not use any chemicals. Before the advent of modern pesticides, people used less-sophisticated poisons, such as arsenic. If today's chemicals cause cancer, they do so largely by increasing average human life spans so that a greater percentage of people get old enough to get cancer. DeGregori emphasizes that technology in the past century has brought great improvement in the lives of children. For political purposes, promoters of false fears about power-line radiation causing cancer and of inordinate sensitivity to insignificant pesticide residues recklessly exploit our love of children. DeGregori illustrates how children are particularly vulnerable to unwarranted impediments to technology because they are disproportionately technology's beneficiaries. Various misguided regulations for food production have disregarded explicitly the safety of American children and have caused great hardship for children in developing countries that export food. Modern pesticides are much more a cure for human misery and death than a cause of them—in fact, the mortal risk from properly used chemicals is virtually fictitious. Impeding the use of chemicals results in many lives actually lost, especially in poorer countries.

The number of undernourished people in the world continues to decline, while improved food supply continues to enhance human health and

longevity consistently. Food is cleaner today than it was in earlier times, and rising life expectancies challenge views regarding modern life as significantly more polluted than it once was. Science and technology, despite misuses by bad governments, overwhelmingly serve to increase the length and quality of human life at unprecedented rates by historical standards. Declining birthrates coupled with rising life expectancies and falling infant mortality mock the idea that modern technology is killing us. Moreover, the fraction of an average life spent with disability is evidently declining despite rising longevity. Infectious diseases rather than any sort of chemical pollution remain the substantial killer of children in developing countries. Although polio may have thrived from advances in public health and sanitation, this effect is hardly the case for most other infectious killers of humankind. Technology has sheltered us greatly from the harsher realities of the natural world; it remains the core of human potential for promoting the future good of humanity.

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I P A

Engaged or Enraged?

Kevin Donnelly reviews

The History Wars

by Stuart Macintyre & Anna Clark

(MUP, 274 pages, 2003)

Stuart Macintyre, in *The History Wars*, argues that historians, to be true to their discipline, must abide by the so-called 'rules' that govern its practice. Chief amongst these rules are that:

...the inquiry has to be conducted by the procedures of historical scholarship: the relevant evidence

has to be assembled, assessed and set in context, its interpretations justified. They make it possible for other historians to test the validity of the conclusions, to distinguish history that has warrant from accounts of the past that lack it. (p.11)

The fact that such an old-fashioned commitment to objectivity and truth runs counter to the host of nihilistic and subjective post-modern fads that have overtaken the Academy is not the point. The fact is that Macintyre sets the standard by which he should be judged and, on reading *The History Wars*, one has to conclude that he fails his own test.

The first criticism is that while Macintyre attacks the so-called 'History Warriors' for resorting to 'personal abuse' and, by implication, suggesting that he adopts a morally superior position, there is much in his book that is vindictive and abusive.

As a result of Peter Ryan's criticisms of Manning Clark, Macintyre is happy to admit that he described Ryan as being guilty of an act of 'personal cowardice' (p.65). The Prime Minister, John Howard, is sarcastically compared to Joh Bjelke-Petersen (p.16) and to Caligula (p.195) and Peter Howson is attacked for being vain and egotistical (p.147).

Indeed, those who dare to question the received orthodoxy represented by Macintyre's view of history (especially if they commit the sin of writing for the popular press or being associated with the IPA) are variously described as 'fundamentalists', acting as 'bullies', being 'intensely political' and obeying 'Rafferty's rules'.

The second weakness in Macintyre's portrayal of the history wars is that it is both superficial and lacking in balance. According to Macintyre, those 'insurgents' who advocate a view of Australian history different to his own, since the demise of the Keating Government and the start of the Howard ascendancy, have received official patronage.

Whether being appointed to the ABC, the National Museum or writ-

ing school curricula, in the 'them and us' world of simplified political debate much loved by Macintyre, he bemoans the fact that the 'good guys' appear to have lost and that the reactionary History Warriors have won the day.

Thus, figures such as Michael Kroger, Ron Brunton and Liberal activists such as myself are attacked for being appointed to positions of influence, while Macintyre conveniently ignores to tell his readers that, over the course of the Howard years, he has also taken the King's shilling.

Not only has Macintyre, a past member of the Communist Party, been appointed and re-appointed to the Howard Government's civics and citizenship curriculum project entitled *Discovering Democracy*, but other friends of the ALP, such as Susan Pascoe and Ken Boston, have helped produce politically sensitive materials directed at the 'hearts and minds' of Australia's schoolchildren.

That Macintyre's view of the history wars lacks proper balance is most evident in his scarcely disguised adoration of the Keating years and the role of Don Watson as court historian. The Keating 'Big Picture' is praised as embracing 'diversity and tolerance with an egalitarian generosity' (p.3).

Prime Minister Howard, on the other hand, is attacked for practising 'wedge politics', pandering to 'public opinion and careful political management' (p.2) and committing the grievous sin of forsaking reconciliation, multiculturalism, the republic and the environment.

Forgotten is the fact that the Australian people have voted on a number of occasions and that no amount of analysis from distraught and unsettled leftist academics can change the fact that the Left's social and cultural agenda was found wanting.

A third criticism of *The History Wars* is that it appears somewhat dated and Macintyre fails to register or understand fully how the history wars have been fought out in the Australian education system.

Those familiar with the culture wars in the USA will know that the debate reached its climax in the early to middle 1990s. As noted by Macintyre, books such as Dinish D'Souza's *Illiberal Education* and Allan Bloom's *The Closing of the American Mind* portrayed the way the Academy was besieged by so-called 'theory' associated with neo-Marxism, deconstruction and the post-modern.

The more liberal/humanist approach to subjects like history was condemned as 'eurocentric, patriarchal and bourgeois' and the belief that education could be impartial or disinterested was attacked as simply a method by which the ruling class reproduced itself.

Within Australia, writers such as Geoffrey Partington and Alan Barcan also spent much of the 1990s outlining how the Left was taking the 'long march through institutions' in its attempt to create the brave new world of the politically correct.

That the PC movement, to use Ross Fitzgerald's phrase, 'was suppressing research, hijacking free speech and being enforced in a dangerously virulent way' was also noted in Pierre Ryckman's 1996 Boyer lecture when he stated:

A true university is (and has always been) anchored in values. Deprived of this holding ground, it can only drift at the caprice of all the winds and currents of fashion and, in the end, is doomed to founder in the shallows of farce and incoherence.

Not only does Macintyre, in his somewhat nostalgic defence of history—one where 'Historians reach judgements by consideration of the issues, examination of the evidence, weighing of the arguments' (p. 11)—show a surprising ignorance of the impact of theory, but he also seems to be blissfully unaware of what has happened in his own university department.

With courses such as 'The Body: History, Sex and Gender', 'Towards the 21st Century' and 'Gender, Globalisation and Development' (in-

cluding tourism and sexual politics), it appears that Melbourne University has long since moved on from a study of history as it might normally be defined.

That Macintyre is a late arrival in the debates about the culture wars is most evident by his failure to understand how, since the late 1970s, the curricula across Australia's schools has been affected by the thought police of the Left.

The one-time Education Minister in Victoria, Joan Kirner, was happy to admit in a Fabian conference in 1983 that the school system had to be transformed to make it 'part of the socialist struggle for equality, participation and social change, rather than an instrument of the capitalist system'.

Influential academics responsible for teacher education, such as Doug White, Dean Ashenden, Simon Marginson, Bob Connell and Alan Luke, made no secret of the fact that theirs was a political war to overthrow the status quo, based on the belief that:

Education has a fundamental connection with the idea of human emancipation, though it is constantly in danger of being captured for other interests. In a society disfigured by class exploitation, sexual and racial oppression, and in chronic danger of war and environmental destruction, the only education worth the name is one that forms people capable of taking part in their own liberation... (Connell *et al.*, 1982, page 208)

As part of Paul Keating's so-called Big Picture, his government sought to introduce a national curriculum for Australian schools. One of those responsible for the task was Bill Hannan, an avowed Marxist who freely admitted that the education system should be used to bring about the socialist utopia:

We should try to achieve equality throughout society... I believe that income, status, privileges and so forth should be levelled as quickly as we can... We don't have to wait for society to change

before education can change. Education is part of society. By changing it, we help to change society. (1985, page 61)

Those responsible for writing the new courses, where history disappeared to be replaced by the hybrid 'Studies of Society and Environment (SOSE)', made little attempt to disguise the fact that theirs was an intensely political agenda.

The national SOSE statement argues that any curriculum must embrace the values of 'democratic process', 'social justice' and 'ecological sustainability'. As expected, such values are interpreted in the light of what is politically correct and students are urged to adopt the following perspectives: Gender, Aboriginal and Torres Strait Islander, Multi-cultural, Global and Futures.

In relation to Australian history, the national curriculum document describes European settlement as an 'invasion' and belittles Australia's Anglo/Celtic tradition. On reading the document one is left with the impression that European settlement represents nothing but death, despair and destruction.

Indigenous culture, on the other hand, is presented in a heroic fashion that uncritically celebrates the customs and lifestyle of Aboriginal people, conveniently ignoring the patriarchal and violent aspects of Aboriginal culture.

A more recent example of the impact of the history wars can be found in the Queensland SOSE curriculum that was released in the year 2000. In line with a socially critical, post-modern view of education, students are taught:

- that 'knowledge is always tentative';
- that they should 'deconstruct dominant views of society' and 'critique the socially constructed elements of text';
- 'how privilege and marginalisation are created and sustained in society'; and
- how 'the consumer of a text is positioned and the possibility of who

may have been marginalised by authors'.

Whereas education was once based on the assumption that there are some absolutes (truth telling and being objective), in the brave new world of the Queensland curriculum, students are told that everything is 'tentative' and 'shifting' and that the purpose of education is to criticize mainstream society in terms of what has become the new trinity of 'gender, ethnicity and class'.

On the back page of *The History Wars* the reader is told that the book's authors present 'an unashamedly engaged account'. On finishing the book, one is left with a strong sense that 'enraged' is a better description.

Not only does Macintyre appear incapable of accepting that others, especially in the media and the public arena more generally, have the right to question the orthodoxy of the Left. There is also a strong impression that nothing enrages cloistered, tax-funded academics more than an independently minded public that refuses to think as it is told.

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REVIEW

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