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## REVIEW

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# From the Editor

MIKE NAHAN

## FOREIGN AID AND ECO-IMPERIALISM

Of all the tyrannies, a tyranny exercised for the good of its victims may be the most oppressive. It may be better to live under robber barons than under omnipotent moral busybodies. The robber baron may sometimes sleep, his cupidity may at some point be satiated; but those who torment us for our own good will torment us without end, for they do so with the approval of their own conscience.

C.S. Lewis

Hardly a day goes by without an image of a starving child being thrust at us by aid agencies seeking funds to save children and the world. But are they doing any good?

One thing is clear: their basic cause—large numbers of desperately poor people in poor countries with depleting environments—is real. While many countries have experienced rapid economic growth, a rising standard of living and greater protection of the environment over the last two decades, others have become mired in poverty, depression, oppression and environmental decay.

The cause has generated huge revenue flows, with income in the vicinity of \$75 billion per year, from governments and private sources in support of the global foreign aid industry. In Australia alone, it amounts to around \$2.2 billion; of which \$1.8 billion is from government and \$400 million from private individuals.

Despite this wealth and the just cause, the record of foreign aid is, to put it mildly, dismal. Australia's record is no better or worse than others nations, but is bad when judged by its own stated standards. (See Peter



Urban, 'Australian Aid Policy', *IPA Backgrounder*, Volume 15/4, 2003).

Of course, there have been successes: the green revolution, without which billions more people would have died of starvation; rural electrification, bringing light and power to millions; and roads and bridges such as the Australian-funded bridge over the Mekong River, helping to bring commerce and income to desperately poor regions. But for every success, there is a host of failures.

Foreign aid has been propelled by a steady series of theories and practices which, while sounding reasonable, are fatally flawed.

The latest fad is known as the 'capacity building' approach. The basic idea is that civil society groups or NGOs can deliver assistance better and cheaper than commercial and government providers. Moreover, they can help bolster civil society groups in the targeted countries to play a major role in building democracy, protecting human rights and the environment, and helping the poor.

Although the rationale sounds good, it, too, is radically flawed.

First, NGOs are by nature independent, values-based organizations that exist to pursue their own interests, not necessarily those of their funders.

Second, many Western NGOs do not share the values or interests of the people they are supposed to be helping in poor countries. Instead of trying to help the poor have access to markets and modernity like we enjoy, they seek to keep them as 'noble savages of the new age'. They push organic agriculture rather than biotechnology; solar cells rather than power stations; (their) fair trade rather than free trade; natural cures rather than modern medicine; bullock carts rather than cars; and common property rather than private property. They also push their extreme preferences for environmental preservation over human lives. In an important sense, they are the new missionaries. In so doing, they are perpetrating a new form of imperialism: using power and money, not ideas and democracy. (See Patrick Moore, 'Battle for Biotech Progress', pages 10–13; Roger Bate, 'The Ban on DDT is Killing Millions in the Third World', pages 14–15).

Third, the aims of the NGO approach to development have been couched in vague and emotional language, to the point where they become meaningless and their activities immeasurable.

Finally, the level of transparency and accountability of the sector and its programmes is poor in the extreme.

Now, as with the missionaries of the past, their motivation is not in question. They mean to do good. The road to Hell, however, is paved with good intentions. We must, therefore, judge do-gooders not by their intentions but by their works. The evidence presented here and elsewhere is that we—or at least the poor of the world—are on the road to Hell.

I P A

REVIEW

# The Capture of the Myer Foundation

GARY JOHNS AND DON D'CRUZ

**T**HE prestigious and much admired Myer Foundation (Myer) and Sidney Myer Fund granted almost \$7 million last financial year to a range of organizations. Organizations that help the needy, promote artistic and scientific endeavour, and, oh yes, 'play politics'.

In the last few years, Myer has funded political campaigns on sustainable development, the environment, refugees, decolonization, and land rights. By doing that, Myer is following a growing trend in philanthropy, which has been little debated, or known outside philanthropic circles and which, potentially, conflicts with a basic tenet of charity.

Traditionally, philanthropists used their own money to directly help people help themselves. This is why governments give tax subsidies to wealthy individuals to engage in philanthropy.

But a new trend has emerged in philanthropy where philanthropists see their role not in directly helping people, but in paying others to lobby governments.

This newer philanthropic approach reflects a desire to tackle the 'root causes of problems' rather than simply deal with the symptoms. Many of the NGOs which they now fund also embrace the approach. There is nothing necessarily wrong with this approach, provided philanthropists and NGOs properly identify the problems, and are sure about the solutions.

The Sidney Myer Fund's *2020: A Vision for Aged Care in Australia* is a good example of how things should

be done. Before embarking on a campaign to improve aged care, it undertook extensive research, from objective sources, to identify the problems and possible solutions, and subject them to wide debate.

When this approach is handled poorly, however, it becomes inherently political. Many of the Myer Foundation's environmental and social justice grants are very good examples of this. In these cases, the Foundation appears to have simply jumped on board existing political campaigns. In the process, perhaps unwittingly, Myer has embraced a raft of assumptions underlying the apparently benign intentions of human rights, environmental sustainability, and indigenous separatism.

Fading from view, so it would seem, is the belief in liberal representative democracy, science, and free enterprise. In so doing, Myer often undermines the very system that helped create its wealth and the system that has proven essential to solving many of the problems which Myer seeks to address.

There is no suggestion that the trustees are not doing their job, but make no mistake, there is a battle for the 'soul' of Myer philanthropy and philanthropy in general—a battle that the political Left appears to be winning.

The Myer approach is not unique, indeed it is increasingly the norm. We have focused here on the Myer Foundation because of its reputation for leadership in the field, its size and, importantly, its high degree of transparency which allows for full scrutiny.

## THE ORIGINS OF MYER PHILANTHROPY<sup>1</sup>

Sidney Myer died in 1934 and was, as Michael Liffman described, one of Melbourne's 'leading and best-loved' citizens. More than 100,000 mourners witnessed his funeral procession, a scene unlikely to be replicated by any public figure today, let alone a leading businessperson. Myer was known for treating his considerable workforce well, but his enduring reputation came substantially from his public acts of civic philanthropy.

His first major gift, worth £50,000 to the University of Melbourne, indicated Myer's respect for learning and culture, and a belief that the remedy for poverty lay in education for all. Famously, on Christmas Day, 1930, with the full impact of the Depression starting to be felt, Sidney Myer invited 10,000 destitute citizens to join him for Christmas dinner in Melbourne's Exhibition Building. With free public transport provided, 11,500 attended. Film of this extraordinary event survives and was recently broadcast on the ABC 'Family Dynasties' series.

Myer family philanthropy originated in the will of Sidney Myer who founded the Myer retailing business. On his death, he left one tenth of his estate for the benefit of the community in which he made his fortune. The Myer Foundation was established in 1959 and initially endowed by Sidney Myer's sons, the late Kenneth Myer, and Baillieu Myer.

## THE BIG SHIFT

The shift from philanthropy to politics has been gradual. In 1999, a two-year review and strategic planning ex- ▶

ercise gave it added momentum. It resulted in five new areas of focus for the Myer Foundation: The Arts and Humanities, Beyond Australia, Growing Philanthropy, Social Justice, and Water and the Environment. There was also the formal unification of grant-making with the Sidney Myer Fund, though this fund seems to have escaped the activists. 'Experts in the field' joined each committee, previously filled only by family members. There are other areas within the funds that maintain a sense of proportion, especially the Growing Philanthropy project, the Asialink Centre, and Cranlana programme.

The change started in two areas in particular. The Welfare, Public Policy and Education Committee changed its name to Social Justice to 'reflect the new strategic focus in line with the approach embraced across all areas of the Foundation's activities'. The Science, Technology and Environment Committee changed its name to Water and the Environment in a move from the broader arena of the environment to an issue 'central to Australia's long term future: the management of water resources and the recognition that water quality and quantity are critical indicators of ecological health'.

## WATER AND ENVIRONMENT COMMITTEE

Philip Myer writes, 'My term as Convenor of the Science Committee (which folded into the Water and Environment Committee) has shown me how much we can achieve as philanthropists, because *we are not aligned with interest groups* (emphasis added) and we can take our own action where there is a need for an approach for the common good.' Not aligned with interest groups?! How does that square with funding political campaigns by environmental activists? The Water and the Environment committee contain activists Barry Traill from The Wilderness Society and Tim Fisher from the Australian Conservation Foundation.

How does Myer know that their work is for the common good? Where is the research to prove the need for

these political campaigns? There is very little focus on research in its grants, instead the overwhelming focus is on getting government to change things in a specific predetermined direction.

Indeed, Philip Myer again:

Some of these grants have been made to direct action groups ... to build their organisational capacity to advocate more sustainable land use practices in the landscape ... these projects have involved sophisticated nationwide co-ordinated campaigns designed to *change policy at a political level* (emphasis added).

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## ***Make no mistake, there is a battle royal for the 'soul' of Myer philanthropy ... and the political Left appears to be winning***

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Outside of the funding of political parties for elections, these expenditures must be among the largest for political campaigns in the country. For example,

The Snowy River:

\$22,000 to Colong Foundation for Wilderness (NSW).

\$15,000 to Total Environment Centre Inc. (NSW).

\$16,023 to Environment Victoria Inc. (VIC).

\$10,000 to Snowy River Alliance/ Environmental Defenders Office Gift Fund.

*Controlling land clearing:*

\$110,000 to Queensland Conservation Council (QLD).

*Australia's Oceans Campaign:*

\$150,000 to Australian Marine Conservation Society Inc. (QLD)

(First of three payments)

*Stopping cotton in west Kimberley:*

\$38,000 to Environs Kimberley Inc.

(WA) (Second of three payments).

The grant to stop cotton from being grown in the Kimberley is particularly bizarre. The purpose of the grant is to protect local wetlands. The only place that cotton growing is being considered, however, is on the Ord irrigation scheme. The scheme was developed over 20 years ago and, as such, the swamps have already been drained, the irrigation channel dug and the reservoir is full.

## FUNDING ANTI-MINING CAMPAIGNS

The grant of \$35,500 for the Oxfam Community Aid Abroad (OCAA) Mining Ombudsman is another grant that should set off alarm bells. OCAA's Mining Ombudsman has targeted just about every large mining venture with Australian participants in the Asia-Pacific region, accusing them of exploiting people and raping the environment. OCAA portrays itself as standing up for the poor and marginalized through their links with the community. A perusal of the Mining Ombudsman's annual reports, however, reveals that OCAA's links with groups and knowledge of the issues 'on-the-ground' is weak. Their methodology, which aims to protect more than 50 separate human rights, is ludicrous.

Their claims against the firms in question are unsubstantiated and have contributed to the destruction of jobs and wealth in areas in which both are extremely scarce. The irony is that the Myer's family wealth was started by selling merchandise to the miners in the goldfields of Victoria.

This is not the first time that Myer money has been used to oppose Australian mining companies. The Myer-funded Asialink Centre funded a Community Services International Residency in 1999-2000<sup>2</sup> for an OCAA operative, who, while in the Philippines courtesy of Asialink, promptly went about organizing a campaign against a proposed Western Mining Corporation mine.

In a similar vein to the OCAA Mining Ombudsman, the Foundation granted \$25,000 to Aid/Watch for 'the commercialisation of aid: Monitoring Australia's Aid Program and Policies.' Aid/Watch is a group housed in the same building as the Mineral Policy Institute (an anti-mining NGO) in Sydney with which it shares numerous linkages.

Also of concern is a \$12,000 grant for its 'Filling the Gaps in Forest Conservation Project' to Friends of the Earth Melbourne. This NGO is possibly the most radical of the environmental NGOs who were intimately involved in organizing the less-than-peaceful anti-globalization demonstrations in Melbourne at the time of the World Economic Forum.

The grant of \$15,000 to Climate Action Network Australia (CANA) (NSW) for *Climate Change and Water Awareness* is intriguing. For example, last year, CANA launched the Australian Climate Justice Program. Acting on CANA's behalf, the law firm Maurice Blackburn Cashman notified the directors of selected Australian companies of the financial risks that climate change presents to their companies, and of their legal obligations to deal with those risks appropriately.

The notification has been delivered to companies that CANA has identified as major emitters and major facilitators of greenhouse gas emissions. This is the latest in a series of actions around the world that signal the rise of climate change legal initiatives as a means to deal with major 'greenhouse perpetrators'.

Dr Peter Cashman, General Counsel of Maurice Blackburn Cashman, which is a law firm specializing in class action and product liability, stated

What we're seeing is an emerging area of climate litigation. As the impacts of climate change worsen, the number of potential plaintiffs, and the range of legal actions available to those plaintiffs, will undoubtedly increase.<sup>3</sup>

There are many other funds flowing to environmental activists, some to researchers to investigate the claims

and the solutions, but a great deal is going to campaigns where the need and the solution are assumed.

Myer may be aware of a submission to the Board of Taxation on the Charities Bill 2003 by, among others, recipients of Myer grants—in particular, the Australian Conservation Foundation, Australian Marine Conservation Society, Friends of the Earth, Nature Conservation Council of NSW Inc and the Queensland Conservation Council. These groups are concerned at the (proposed) law's restriction on a charity's ability to advocate for or against changes in the law or public policy.<sup>4</sup> The bill would prohibit charities from being solely or primarily political lobbyists. If put into practice, the organizations mentioned above may lose their charity status, as lobbying is arguably their principal function.

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## ***The real problems arise with the belief that the answers lie in the ideologies of sustainability, liberation, rights and identity***

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If lobbying by charities as a principal purpose is to be proscribed by law, should philanthropic organizations that fund such activities, also be proscribed?

### **SOCIAL JUSTICE COMMITTEE**

The Social Justice committee, assisted by Julie Edwards, Program Director from Jesuit Social Services, and Tim Costello, the new head of World Vision, who made a contribution at a planning meeting, has decided to pursue a policy not unlike the one introduced into the ALP platform a quarter of a century ago. The Foundation

will support those initiatives that:

- Explore how and why people are disadvantaged.
- Assist disadvantaged people to have an effective voice ...
- Provide mechanisms that redress inequities and the infringement of rights.
- Explore ways young people can make an impact on ... self-harm, addiction and suicide.
- Foster reconciliation with Aboriginal Australians ...

Philanthropy has come a long way since the days of feeding thousands of people Christmas dinner. It is indeed sensible to explore how and why people are disadvantaged. The real problems arise with the belief that the answers lie in the ideologies of sustainability, liberation, rights, and identity. This belief seeks to capture the benefits and at the same time discredit the very strengths of the system that has lifted so many from poverty, and stands the best chance of 'liberating' all.

The shift to the brave new world of activism seemed to have been anticipated, or indeed stimulated, by the views of Charles R. Lane, the new Chief Executive Officer of the Foundation. For example, he, like so many others, was a disciple of the Council for Aboriginal Reconciliation, and especially the call for the Prime Minister to apologize for past injustices to Aborigines.

He editorializes in the 1999–2000 *Annual Report*:

The inevitable tension surrounding these events was exacerbated by the Prime Minister's refusal to say 'sorry', the imposition of mandatory sentencing for minor offences in Western Australia and the Northern Territory that fell heavily on young indigenous offenders, and the test case brought by two members of the so called 'Stolen Generations'. Unfortunately, as yet fundamental change has not been achieved in any of these instances; the matter of an apology lingers on and is now complicated by calls by some for a treaty, the test case was lost in court, and mandatory

sentencing is still being imposed. A number of grants have been made to assist indigenous Australians advance their interests (emphasis added), and this heralds a new focus of the Foundation.

How naïve these views now appear as Reconciliation stocks have crashed, to be replaced by the harsh reality, often best understood by those philanthropists who first made their wealth, that political ideologies have a habit of satisfying only the promoters and leaving the poor even further from their salvation. Myer could help in the many good programmes, which involve helping Aborigines to make the transition to employment, their real long-term interest.

### NAIVETY REIGNS

The Myer investment in Aboriginal issues is large indeed. Some has a practical bent, designed to increase the chances of Aborigines finding dignity through employment. There are programmes that have a universal application and ignore the ideology of separate development based on race. For example, Scouts Australia was granted \$16,000 to help gain corporate and philanthropic support for introducing scouting to six Aboriginal and Torres Straits Islander communities. Much in the arts funding is defensible, although it is to be hoped that when the Myer family granted monies for a play 'detailing the experiences on the Royal Commission into Black Deaths in Custody', they were aware of the findings of the Commission. In all 99 cases considered by the Commission, there was no foul play, and the chance of death in custody for an Aborigine was the same as for a non-Aborigine.

The Council for Aboriginal Reconciliation in the ACT was granted \$5,000 towards *Corroboree 2000* at Sydney Opera House where thousands walked across the Sydney Harbour Bridge in support of reconciliation. Similarly, Australians for Reconciliation Victoria was granted \$5,000 for its *Walk for Reconciliation*. These spontaneous gestures of solidarity do not come cheap. Sending delegates to con-

ferences is also popular. For example, La Trobe University's Ngarn-Gi-Bagora Indigenous Centre was successful in being granted \$2,838 for a student to attend the *World Indigenous Peoples Conference 2002*. The Foundation for Young Australians was granted \$5,000 to enable an individual to attend the *UN World Conference against Racism*. It will be recalled that this conference was famous for its shocking displays of anti-Semitism by Arab delegates and the European Left.

More bizarre was the grant of \$37,000 to the Kimberley Land Council to send a delegation of indigenous Australian leaders to England and Ireland 'to raise awareness of Australian Aboriginal issues in the United Kingdom'. There were meetings with HM The Queen arranged by Sir William Deane, members of the British Government, corporate leaders, community groups, academics, and students to stimulate support for Aboriginal rights. Just in case the well-educated and seasoned campaigners, Pat Dodson and Peter Yu, did not know why they were there, Myer paid Professor Henry

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Reynolds \$1,000 for a paper 'on the historical context of British responsibilities in relation to the treatment of Aboriginal Australians' as a reference for the leaders. It would have been cheaper to buy two copies of Reynolds' book on Aboriginal sovereignty.

The Public Interest Advocacy Centre of NSW (PIAC) was granted \$450 to enable a senior PIAC worker to make a submission on a Reparations Tribunal to the Senate Legal and Constitutional Reforms Committee Inquiry into the Stolen Generation. It must have worked, because it was then granted \$30,000 for a *Reparations Tribunal Consultation Project*. The major parties have ruled out a reparations tribunal on the basis that historical reparations are not only notoriously difficult to prove and of dubious moral value, they actually prevent people from moving on with their lives.

Australians for Native Title and Reconciliation Inc. in NSW were granted \$6,000 towards educational materials for an education campaign, and Australians for Native Title and Reconciliation (Vic) Inc. were granted \$25,000 for the employment of a part-time Program Coordinator, and \$24,000 for the aptly named, *Fanning the Flames of Reconciliation: Treaty Consultation Project*. The recipient of these last two was the former Democrat Senator Sid Spindler. Myer may have been unaware that the Commonwealth had established a Native Title Tribunal to facilitate and pay for native title claims.

### HUMAN RIGHTS AS POLITICS

The human rights agenda is used as some sort of 'moral trump card whose function is to bring political disputes to closure.'<sup>5</sup> In fact, it does no such thing. Instead, it seeks to weight the law, and public debate in such a way as to give one side of the argument an overweening importance. For example, it wants to weight the claims of asylum seekers more highly than the right of citizens to decide who should be able to join them. Myer has stepped into this controversial arena in a major way.

Quite strange was the grant of \$20,000 to Australian Lawyers For Human Rights Inc. for a feasibility study for a national human rights non-governmental organization. Perhaps Myer forgot the \$10,000 granted to the Catholic Commission For Justice, Development And Peace for the *Austra-*

lian Human Rights Register. In the introduction to the Register for 2002–2003 the grant applicant, Marc Purcell, writes:

The Government and Opposition, with a few notable exceptions, within the current Federal parliament, are amongst the most ignorant and indifferent in half a century with regard to human rights. The forcible turning away of asylum seekers by the Navy at gunpoint with Tampa ... the invasion of Iraq by the 'Coalition of the Willing' have represented significant undermining of respect for human rights ... The emphasis by State, Territory and Federal governments on running large budget surpluses at the expense of the advancement of the economic and social rights of the community. Many social services continue to be under-funded, including support for the unemployed, housing, health, and education.<sup>6</sup>

Perhaps unaware that the Australian government funds every asylum seeker—under the Immigration Advice and Application Assistance Scheme—to pursue their rights, Myer has obviously taken the political view that this is insufficient and further, that Australia should not control its intake of asylum seekers through the UNHCR, but by people-smugglers. Consequently, it funded a large number of refugee advocacy groups.

For example, the Centre for Advocacy Support and Education for Refugees Inc. (WA), was granted \$30,000 for a *Temporary Protection Visa Project*. Other grants included \$10,500 Hazara Australian Community Association of Victoria; \$23,700 to Centre for Citizenship and Human Rights Faculty, Deakin University; \$15,000 to the Federation of Community Legal Centres Victoria for legal skills training at the *Inclusive Activism Conference 2002*; \$25,000 to the Refugee Council of Australia Inc. (Vic) for policy and advocacy; \$30,000 to the South Australians for Justice for Refugees Inc. for a project facilitator; \$20,000 to Asylum Seekers Centre Inc. (NSW) and

\$35,000 to Community Education (NSW) for a project titled, *Fearing Going Home*; \$50,000 to Australians for Just Refugee Programs Inc. (NSW) for National Coordination; \$8,000 to Mudgee Rural Australians for Refugees; and \$20,000 to Justice for Asylum Seeker Alliance (VIC) for

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## **The institutional capture of many of America's leading philanthropic foundations by the Left ... is really quite breathtaking**

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*Partnership: Oxfam Community Aid Abroad Towards A National Network- ing Website.*

A close examination of the Myer Foundation's annual reports reveals that there are not many individuals or groups involved in the debate on illegal asylum seekers that are not receiving money from the Myer Foundation. Illegal asylum seekers seem to be less of a cause and more of an occupation for many activists with remarkably little money actually having been spent on illegal asylum seekers directly.

Highly political is the grant of \$20,000 to Stuart Rees at the University of Sydney's Centre for Peace & Conflict Studies for *Towards the West Papuan Project*. The project is to support the cause of independence for West Papua, in other words, regime change in Indonesia. The Centre for Peace & Conflict Studies recently caused a storm of controversy when it awarded a peace prize to Palestinian activist Hanan Ashrawi. More recently, the foundation has given the Australian West Papua Association, in partnership with Friends of the Earth, about \$5,000 for the *Sounds of the*

*Morning Star: The Black Paradise Tour of Australia*, a tour designed to generate support in Australia for independence in West Papua.

Only a little subtler is the \$50,000 in grants to Diplomacy Training Program (DTP) Ltd. (UNSW) for a number of programmes, in particular a training course run jointly with the Pacific Concerns Resource Centre (PCRC) in Suva, Fiji, for 25 members of non-government organizations. The PCRC is the secretariat for the Nuclear Free and Independent Pacific movement, and has programmes on sustainable human development, environment, demilitarization, decolonization, and land rights and sovereignty for indigenous peoples. It also campaigns for regime change in Indonesia (West Papua), against mining in the Pacific region and the Howard Government's refugee policy.

### **CAPTURE OF FOUNDATIONS OVERSEAS**

In the United States, the home of philanthropy, there are numerous examples of money from the charitable foundations created by some of the world's greatest entrepreneurs being spent, not on good works, but on activists pursuing dubious projects. The foundations that fall into this category include names such as Ford, Rockefeller, Carnegie, Pew and McArthur. For example, the Ford Foundation tried to offer funding to the anti-globalization Left's version of Davos, the World Social Forum in Mumbai, having funded previous gatherings in Porto Alegre in Brazil. Ironically, the organizers knocked it back because of the foundation's origins<sup>7</sup> and took money from Oxfam instead.<sup>8</sup>

The institutional capture of many of America's leading philanthropic foundations by the Left and their re-routing of this vast amount of money from traditional charities to fund their own political activities is really quite breathtaking. Many of these case studies have been compiled by the Washington-based Capital Research Center, which has an extensive archive.<sup>9</sup> In addition, the Website *activistcash.com*, ►

run by the Center for Consumer Freedom, has an extensive database of how these fortunes have become a financial drip for the Left.

While the individual circumstances of these foundations differ, there are common threads with those of Myer. A key one is the rise of non-family executives who often assume control and slowly invite more 'experts' and board members from outside the family.

The Myer Foundation directors have promised that an evaluation of the new programmes will be forthcoming in the next 12 months. With Myer also indulging in grants for the ideologies of Corporate Social Responsibility and Ethical Investment, with grants of \$20,000 (the first of three payments) for the Australian Business Deans Council (QLD) for a National Annual Public Lecture on Corporate Social Responsibility, the prospects for a return to philanthropy seem bleak.

## NOTES

- 1 Material in this section is drawn from Michael Liffman, 1999. 'Sidney Myer: 1878–1934', *A Century of Myer Philanthropy: The First Chapter*. <http://www.myerfoundation.org.au> Unless otherwise indicated, all references may be found at this site.
- 2 <http://www.asialink.unimelb.edu.au/cpp/myer/profiles/bobm.html>
- 3 <http://www.climateaustralia.org/>
- 4 Arnold Bloch Liebler, Submission To Board of Taxation On *Charities Bill 2003* <http://www.qccqld.org.au/files/taxationsubmission.pdf>
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- 6 The Australian Human Rights Register 2002–2003, v. <http://www.melbourne.catholic.org.au/ccjdp/pdfHumanRightsRegister2003e.pdf>
- 7 <http://www.iht.com/articles/126087.html>
- 8 <http://www.guardian.co.uk/globalisation/story/0,7369,1125176,00.html>
- 9 See [www.capitalresearch.org](http://www.capitalresearch.org)

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**I P A**

# Farmers: Beware the Waterkeepers Alliance!

MIKE NAHAN AND DON D'CRUZ

**I**N ITS *Annual Report 2002–2003*, the Myer Foundation proudly announced a \$150,000 grant to establish Waterkeepers Australia as a joint initiative of the Myer Foundation, the Australian Conservation Foundation (ACF) and Environment Victoria:

Drawing on the experience of the Waterkeeper Alliance in the United States, it is designed to provide a mechanism for communities to become more informed and effective legal advocates for local waters—a dimension that is largely missing from the water debate in Australia. Sir William Deane AC has agreed to become its inaugural patron. It is hoped that he will be joined by Robert Kennedy Jnr, who is President of the Waterkeeper Alliance (USA) to help Waterkeepers Australia in 2004.

This should send shivers down the back of Australian farmers. But why?

While the publicity blurb for the Waterkeepers Alliance (USA) describes itself innocuously as a 'community watch programme for the nation's water ways', in reality it is a franchise operation, created in large part, and now controlled, by Robert Kennedy Jnr to mobilize class action suits against modern agriculture. One can only conclude that the ACF, Myer Foundation and Environment Victoria partnership will be trying to do the same thing here.

The adventures of Robert Kennedy and his Waterkeepers Alliance have filled American tabloids for years. And in the Kennedy tradition, it is a gripping but disturbing story. ActivistCash,

a project of the US Center for Consumer Freedom ([www.activistcash.com](http://www.activistcash.com)) gives a detailed account.

The Waterkeepers Alliance is organized very much in the mould of McDonalds—the global hamburger chain. The Alliance owns a set of registered brand names including, 'Riverkeeper', 'Lakekeeper', 'Baykeeper' and 'Coastkeeper'. It licenses the use of these brands to local activist groups under the condition that the licensees follow the Alliance programmes and support the Alliance's national campaigns. To date, there are 100 Waterkeeper franchises operating in the US, and the Alliance is actively looking to expand overseas (see [www.waterkeepers.org](http://www.waterkeepers.org)).

Robert Kennedy Jnr's involvement in Waterkeepers and environmentalism started in 1984, when he was convicted of possession of heroin. To avoid prison, he agreed to do 800 hours of community service and chose to work with the Hudson River Foundation—a small lobby group in New York State. Given the need to develop a new career, Kennedy accepted a position as 'chief prosecuting attorney' for the Hudson River Foundation upon the completion of his community service. Over the years, Kennedy immersed himself in the environmental movement, specializing in the mobilization of trial lawyers against selected targets. Along with Robert Boyle, founder of the Hudson River Foundation, he also developed the brand name and franchising operations of the Waterkeepers Alliance.

Things took a disturbing turn at the Alliance in 2000, when Kennedy

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effectively took over ownership. In June of that year he appointed, without the board's knowledge or approval, a Mr William Wegner to the position of staff scientist for the Alliance. Mr Wegner had only recently been released from prison on convictions relating to a long career as a smuggler of endangered Australian birds!

When informed of Wegner's appointment and Kennedy's refusal to rescind the appointment, Mr Boyle, the Chairman and seven other board members resigned *en masse*. Waterkeepers franchise holders were outraged, but had limited ability to seek redress, because, in the meantime, Mr Kennedy had stacked the Alliance's board with his supporters. He had himself elected President and now, in effect, owns the Alliance.

According to ActivistCash, Kennedy then pursued a number of 'innovative' funding deals. One entailed 15 large national law firms committing \$50,000 each to fund legal action against large pig-farmers, the understanding being that the investors would get a cut of the action if the cases were successful. Kennedy has estimated the potential 'damages' against the pork industry at \$US9–13 billion. In addition to the deep pockets of trial lawyers, the Waterkeepers Alliance flourished with the support of foundations and individual, wealthy donors.

ActivistCash claims that Kennedy's action plan has been to make reckless claims in the media about pig producers polluting rivers, and to threaten to drag pig farmers to court to generate sympathetic media coverage. The Waterkeepers legal machine has filed suits in North Carolina, Missouri, and Florida, under RICO statutes (Racketeer Influenced and Corrupt Organizations) normally used to combat organized crime. So why pursue farmers on racketeering rather than environmental grounds? It's simple. RICO provides for triple damages and better publicity. And environmental claims need clear evidence.

Their legal efforts, to date, have been spectacularly unsuccessful, al-

though they have cost farmers a fortune. In March 2001, their first round of lawsuits was thrown out of court by a North Carolina judge who ruled that the plaintiffs had 'failed to state a single claim warranting a trial, much less a financial award'. Still, Kennedy insisted that his legal team would prevail. 'We have lawyers with the deepest pockets', he told the Associated Press on 18 April 2001, 'and they've agreed to fight the industry to the end. We're going to go after all of them.'

Kennedy and his mates resubmitted their lawsuit, only to have it rejected again, by a US District Judge. Undeterred, they amended their case

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## ***The last thing Australia needs is the ACF importing and orchestrating a litigious body such as Waterkeepers***

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yet again. This time, Chief US District Judge Elizabeth Kovachevich let Kennedy and company know that her patience was running thin: 'After detailing the reasons why Plaintiffs did not have a claim under RICO ... Plaintiffs again brought a RICO claim, against this court's advice.' Judge Kovachevich also wrote that Kennedy's lawsuit 'failed to state anything at all, except conclusory allegations that have no support'. ActivistCash believes Kennedy plans to keep suing until he finds a judge who will see things his way—at that point, his hope is that large-scale corporate pork producers won't be able to absorb multi-billion-dollar judgments against them.

Why have Kennedy and the Alliance focused on large pig-farmers? Well, the pig industry is just the start;

he is after *all* large farming operations. Moreover, his concern is not simply or even primarily about the environment, but rather a desire to return to an idealized agricultural community of the past—of small, sustainable family farms.

If the Alliance were really interested in reforming the pig industry's effluent problems, it would not focus on the large farmers. The large pig operators already operate under a special EPA regulatory regime and have, in the main, invested in treatment plants. Indeed, one of Kennedy's main legal targets, Carroll Farms, was the *first* livestock operation in the United States to receive the prestigious ISO 14001 environmental certification. The pollution problem with the pig industry lies, to a large extent, with concentrations of small farmers in poor communities who cannot afford to invest in treatment facilities.

This raises the question as to why the Myer Foundation and the ACF would want to bring to Australia a coalition of 'lazy wealth', glitzy, litigious lawyers and deep-Greens that are determined to destroy large-scale farms. The optimistic response would be that the Board of the Myer Foundation has simply followed the line of its Water and Environment Advisory Committee.

That the Water and Environment Advisory Committee of the Myer Foundation would support a legal assault on modern agriculture should come as no surprise. The two external (non-family) members of the Advisory Committee are well known environmental activists: Mr Tim Fisher of the Australian Conservation Foundation, and Mr Barry Traill of the Wilderness Society. Both the ACF and the Wilderness Society have a long history of campaigning against corporations, resource-based industries and modern agriculture.

The ACF, being a founding partner in Waterkeepers Australia, also stands to gain from the influence, money and publicity that come from the venture. Moreover, legal action is a natural extension of ACF strategy. ►

# Battle for Biotech Progress

PATRICK MOORE

More importantly, the proposal also puts the spotlight on many other organizations that allegedly operate for the benefit of farmers, and which have developed 'stakeholder relationships' with the ACF. The National Farmers' Federation itself has entered into a partnership with the ACF on water and salinity. And the ACF uses this relationship heavily in its fundraising campaigns.

As Water Campaigner for the ACF, Tim Fisher has ensconced himself as a member of a raft of boards and committees, including: Murray-Darling Ministerial Council's Community Advisory Committee; Land and Water Australia (a director); an advisory board for Pratt Water; Murray-Darling 'Living Murray' process; Community Reference Panel Native Vegetation Program Committee; Watersmart (Victoria) Strategy Committee; National Action Plan for Salinity and Water Quality NRM Reference Group; Land and Water—Australia's River Contaminants Program, Social and Institutional Research Program Management Committee, Board Audit Committee; Future Landscapes Program Management Committee (chair); Riparian Lands Committee (chair); and the Myer Foundation's Water and Environment Committee.

One has to wonder why the ACF, which seeks the demise of modern agriculture and which appears to want to facilitate class-action suits against farmers through the Waterkeepers Alliance, has been appointed (and paid in most cases by taxpayers) as a stakeholder to the farming community. Indeed, just why the ACF should have such a pervasive and perverse influence across a range of institutions needs a clear response.

The last thing Australia needs is the ACF importing and orchestrating a litigious body such as Waterkeepers.

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IPAA

**I** WAS raised in the tiny fishing and logging village of Winter Harbour on the north-west tip of Vancouver Island, where salmon spawned in the streams of the adjoining Pacific rainforest. In school I discovered ecology, and realized that through science I could gain insight into the natural beauties I had known as a child. In the late 1960s, I was transformed into a radical environmental activist. A rag-tag group of activists and I sailed a leaky old halibut boat across the North Pacific to block the last hydrogen bomb tests under President Nixon. In the process I co-founded Greenpeace.

By the mid-1980s my interest was in 'sustainable development' that would take environmental ideas and incorporate them into the traditional social and economic values that govern public policy and our daily behaviour. Every morning, 6 billion people wake up with real needs for food, energy and materials. The challenge is to provide for those needs in ways that reduce negative impacts on the environment while also being socially acceptable, and technically and economically feasible. Compromise and co-operation among environmentalists, the government, industry and academia are essential for sustainability.

Not all my former colleagues saw things that way, however. Many environmentalists rejected consensus politics and sustainable development in favour of continued confrontation, ever-increasing extremism, and left-wing politics. At the beginning of the modern envi-

ronmental movement, Ayn Rand published *Return of the Primitive*, which contained an essay by Peter Schwartz titled 'The Anti-Industrial Revolution.' In it, he warned that the new movement's agenda was anti-science, anti-technology, and anti-human. At the time, he didn't get a lot of attention from the mainstream media or the public. Environmentalists were often able to produce arguments that sounded reasonable, while doing good deeds such as saving whales and making the air and water cleaner.

But now the chickens have come home to roost. The environmentalists' campaign against biotechnology in general, and genetic engineering in particular, has clearly exposed their intellectual and moral bankruptcy. By adopting a zero-tolerance policy toward a technology with so many potential benefits for Mankind and the environment, they have lived up to Schwartz's predictions. They have alienated themselves from scientists, intellectuals, and internationalists. It seems inevitable that the media and the public will, in time, see the insanity of their position. As my friend Klaus Ammann likes to hope, 'maybe biotech will be the Waterloo for Greenpeace and their allies.' Then again, maybe that's just wishful thinking.

On 15 October 2001, I found myself sitting in my office in Vancouver after Greenpeace activists in Paris successfully prevented me from speaking via video-conference to 400 delegates of the European Seed Association. The Greenpeacers chained themselves to the seats in the Cine Cite Bercy au-

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ditorium and threatened to shout down the speakers. The venue was hastily shifted elsewhere, but the videoconferencing equipment couldn't be set up at the new location, leading to the cancellation of my keynote presentation.

The issue, in this case, was the application of biotechnology to agriculture and genetic modification. The conference in Paris was a meeting of delegates from seed companies, biotechnology companies, and government agencies involved in regulation throughout Europe. Surely these are topics covered by the rules of free speech.

Had those rules not been violated, I would have told the assembled that the accusations of 'Frankenstein food' and 'killer tomatoes' are as much a fantasy as the Hollywood movies they are borrowed from. I would have argued that, if adding a daffodil gene to rice in order to produce a genetically modified strain of rice can prevent half a million children from going blind each year, then we should move forward carefully to develop it. I would have told them that Greenpeace policy on genetics lacks any respect for logic or science.

In 2001, the European Commission released the results of 81 scientific studies on genetically modified organisms conducted by over 400 research teams at a cost of US \$65 million. The studies, which covered all areas of concern, have 'not shown any new risks to human health or the environment, beyond the usual uncertainties of conventional plant breeding. Indeed, the use of more precise technology and the greater regulatory scrutiny probably make them even safer than conventional plants and foods.' Clearly my former Greenpeace colleagues are either not reading the morning paper or simply don't care about the truth. And they choose to silence by force those of us who do care about it.

The campaign of fear now waged against genetic modification is based largely on fantasy and a complete

lack of respect for science and logic. In the balance, it is clear that the real benefits of genetic modification far outweigh the hypothetical and sometimes contrived risks claimed by its detractors.

The programmes of genetic research and development now under way in labs and field stations around the world are entirely about benefiting society and the environment. Their purpose is to improve nutrition, to reduce the use of synthetic chemicals, to increase the productivity of our farmlands and forests, and to improve human health.

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**Many environmentalists rejected consensus politics and sustainable development in favour of continued confrontation, ever-increasing extremism, and left-wing politics**

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Those who have adopted a zero-tolerance attitude towards genetic modification threaten to deny these many benefits by playing on fear of the unknown and fear of change.

The case of 'Golden Rice' provides a clear illustration of this. Hundreds of millions of people in Asia and Africa suffer from Vitamin A deficiency. Among them, half a million children lose their eyesight each year, and millions more suffer from lesser symptoms. Golden Rice has the potential to greatly reduce the suffering, because it contains the gene that makes daffodils yellow, infusing the rice with beta-carotene,

the precursor to Vitamin A. Ingo Potrykus, the Swiss co-inventor of Golden Rice, has said that a commercial variety is now available for planting, but that it will be at least five years before Golden Rice will be able to work its way through the byzantine regulatory system that has been set up as a result of the activists' campaign of misinformation and speculation. So the risk of not allowing farmers in Africa and Asia to grow Golden Rice is that another 2.5 million children will probably go blind.

What is the risk of allowing this humanitarian intervention to be planted? What possible risk could there be from a daffodil gene in a rice paddy? Yet Greenpeace activists threaten to rip the GM rice out of the fields if farmers dare to plant it. They have done everything they can to discredit the scientists and the technology, claiming that it would take nine kilos of rice per day to deliver sufficient Vitamin A. Potrykus has demonstrated that only 100 grams of Golden Rice would provide 50 per cent of the daily need.

Golden Rice is not the only example of civilization being held hostage by activists. Since its introduction to Chinese agriculture in 1996, GM cotton has grown to occupy one-third of the total area planted in what is northern China's most important cash crop. This particular variety, called Bt cotton, has been modified to resist the cotton bollworm, its most destructive pest worldwide.

On 3 June 2002, Greenpeace issued a media release announcing the publication of a report on the 'adverse environmental impacts of Bt cotton in China.' In typical Greenpeace hyperbole, we were advised that 'farmers growing this crop are now finding themselves engulfed in Bt-resistant superbugs, emerging secondary pests, diminishing natural enemies, destabilized insect ecology,' and that farmers are 'forced to continue the use of chemical pesticides.'

Let's examine these allegations one at a time:

- **Bt-Resistant Superbugs:** There is not a single example or shred of evidence in the Greenpeace report of actual bollworm resistance to Bt cotton in the field. There is evidence from lab studies in which bollworms were force-fed Bt cotton leaves, but any scientist knows that this kind of experiment will eventually result in selection for resistance. Greenpeace, however, is claiming selection for resistance has actually happened to farmers in the field. According to Professors Shirong Jia and Yufa Peng of the Chinese National GMO Biosafety Committee, 'no resistance of cotton bollworm to Bt has been discovered yet after five years of Bt cotton planting. Resistant insect strains have been obtained in laboratories but not in field conditions.' So much for the superbugs.
- **Emerging Secondary Pests:** Greenpeace points out that there are more aphids, spiders, and other secondary insect pests in fields of Bt cotton than in conventional cotton. This is called an 'adverse' impact in their report. The fact is, because Bt cotton requires much less chemical pesticide than conventional cotton, these other insects can survive better in Bt cotton fields. For the scientifically literate, this reduction of impact on non-target insects is actually considered one of the environmental benefits of GM crops. How Greenpeace figures this is 'adverse' is beyond comprehension.
- **Diminishing Natural Enemies:** The Greenpeace media release states that there are fewer of the bollworm's natural predators and parasites in Bt cotton fields compared to conventional cotton, and calls this an 'adverse impact.' Again, a careful read of the report comes up with no evidence for this claim. And again, according to Professors Jia and Peng, 'as of to-

day, there are no adverse impacts reported on natural parasitic enemies in the Bt cotton fields.' And after all, isn't it a bit obvious that if using Bt cotton reduces bollworm populations, that bollworm parasite populations will also be reduced? Will Greenpeace now embark on an international campaign to 'save the bollworm parasites'?

- **Destabilized Insect Ecology:** This one is a hoot. To speak of 'insect ecology' in a monoculture cotton field that was sprayed with chemicals up to 17 times a year before the introduction of Bt cotton is ridiculous. The main impact of Bt cotton has been to reduce chemical pesticide use and therefore to reduce impacts on non-target species.

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***The risk of not allowing farmers in Africa and Asia to grow Golden Rice is that another 2.5 million children will probably go blind.... Yet Greenpeace activists threaten to rip the GM rice out of the fields ....***

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- **Farmers Forced to Continue Using Chemical Pesticides:** This claim gets the Most Misleading and Dishonest Award. No, Bt resistance does not provide 100 per cent protection. Because secondary pests sometimes need to be controlled, farmers using Bt cot-

ton usually use some pesticides during the growing cycle. Professors Jia and Peng sum it up this way: 'The greatest environmental impact of Bt cotton was ... a significant reduction (70–80 per cent) of the chemical pesticide use. It is known that pesticides used in cotton production in China are estimated to be 25 per cent of the total amount of pesticides used in all the crops. By using Bt cotton in 2000 in Shandong province alone, the reduction of pesticide use was 1,500 tons. It not only reduced the environmental pollution, but also reduced the rate of harmful accidents to humans and animals caused by the overuse of pesticides.'

The Greenpeace report is a classic example of the use of agenda-based 'science' to support misinformation and distortion of the truth. Once again, Greenpeace demonstrates that its zero-tolerance policy on genetic modification can only be supported by distortions and false interpretations of data—in other words, junk science.

A hunger strike led by Greenpeace finally ended in Manila on 22 May 2003 after 29 days. Activists were protesting the introduction of Bt corn into the southern Philippines. In order to whip up media attention, activists have spread scare stories that GM corn 'would result in millions of dead bodies, sick children, cancer clusters and deformities.' Thankfully, the government did not give in to these fools and stood by its decision, based on three years of consultation and field trials, to allow farmers to plant Bt corn. Already there are indications of higher yield and improved incomes to farmers who chose to use the Bt corn.

For six years, anti-biotech activists managed to prevent the introduction of GM crops in India. This was largely the work of Vandana Shiva, the Oxford-educated daughter of a wealthy Indian family, who has campaigned relentlessly to 'protect' poor farmers from the ravages

of multinational seed companies. In 2002, she was given the Hero of the Planet award by *Time* magazine for 'defending traditional agricultural practices.'

Read: poverty and ignorance. It looked like Shiva would win the GM debate until 2001, when unknown persons illegally planted 25,000 acres of Bt cotton in Gujarat. The cotton bollworm infestation was particularly bad that year, and there was soon a 25,000 acre plot of beautiful green cotton in a sea of brown. The local authorities were notified and decided that the illegal cotton must be burned. This was too much for the farmers, who could now clearly see the benefits of the Bt variety. In a classic march to city hall with pitchforks in hand, the farmers protested and won the day. Bt cotton was approved for planting in March 2002. One hopes the poverty-stricken cotton farmers of India will become wealthier and deprive Vandana Shiva of her parasitical practice.

Until recently, the situation in Brazil was far from promising. A panel of three judges managed to block approval of any GM crops there. Meanwhile, the soybean farmers in the south of the country have been quietly smuggling GM soybean seeds across the border from Argentina, where they are legal. The fact that Brazil was officially GM-free has allowed European countries to import Brazilian soybeans despite the EU moratorium on the import of GM crops. But recently things have changed.

With the election of President Luiz Inacio 'Lula' da Silva of the Workers Party in 2002, the Green elements within the party pressed the government to enforce the ban on genetically modified organisms. There was something ironic about a 'workers party' enforcing a policy that will damage farmers who have come to enjoy the benefits of biotechnology. In the end, the Brazilian farmers rebelled like those in India. In 2003, the government relented and allowed GM soybeans to

be planted. The soybean farmers of southern Brazil have become prosperous, bringing benefits to the environment and their local communities.

Surely there is some way to break through the misinformation and hysteria and provide a more balanced picture to the public. Surely if reasonable people saw the choice between the risk of a daffodil gene in a

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rice plant versus the certainty of millions of blind children, they would descend on Greenpeace offices around the world and demand to have their money back. How is it that these charlatans continue to stymie progress on so many fronts when their arguments are nothing more than wild, scary speculation?

The main reason for the failure to win the debate decisively is the failure of supporters of GM technology to act decisively. The activists are playing hardball while the biotech side soft-pedals the health and environmental benefits of this new technology. Biotech companies and their associations use soft images and calm language, apparently to lull the public into making pleasant as-

sociations with GM products. How can that strategy possibly hope to counter the Frankenfood fears and superweed scares drummed up by Greenpeace and so many others?

Just from a brief scan of the Monsanto, Syngenta, and Council for Biotechnology Websites, it is clear that these companies and organizations are trying to project positive, clean, and calming thoughts. This is all well and good, but it is no way to turn the tide. Stronger medicine is needed. Imagine an advertising campaign that showed graphic images of blind children in Africa, explained Vitamin A deficiency, introduced Golden Rice, and demonstrated how Greenpeace's actions are preventing the delivery of this cure. Imagine another ad that showed impoverished Indian cotton farmers, explained Bt cotton, and presented the statistics for increased yield, reduced pesticide use, and better lives for farmers—followed by the clear statement that activists are to blame for the delayed adoption of the technology.

How about an ad that graphically portrays the soil erosion and stream siltation caused by conventional farming versus the soil conservation made possible by using GM soybeans? And another one that shows workers applying pesticides without protection in a developing country versus the greatly reduced applications possible with Bt corn and cotton? What if all these ads were hosted by a well-known and trusted personality? Wouldn't this change public perspectives? The biotechnology sector needs to ramp up its communications programme, and to get a lot more aggressive in explaining the issues to the public through the media. Nothing less will turn the tide in the battle for the minds, and hearts, of people around the world.

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**TIP A**

# The Ban on DDT is Killing Millions in the Third World

ROGER BATE

**W**HILE the world understandably focuses on AIDS in Africa, malaria continues to devastate the children of that blighted continent. Dr Wenceslaus Kilama, a Tanzanian malaria specialist and head of the Malaria Vaccine Initiative, alarmingly explains that every 30 seconds a child in Africa dies from the disease. 'That's like loading up seven Boeing 747s with children and crashing them into the ground every day ... a September 11<sup>th</sup> every 36 hours', he says.

But South Africa has reduced its malaria burden by using a combination of the widely despised insecticide DDT and a new therapeutic drug called Coartem. According to Donald Roberts, Professor of Tropical Diseases at the Uniformed Services University of the Health Sciences in Maryland, 'the insecticide DDT is still the best method to control mosquito-borne dangers like malaria around the tropical impoverished parts of the world'. Unfortunately, no aid or health agencies are learning from the South African experience because of concerns about being seen to endorse DDT. But is DDT really deadly?

## DDT: THE FIRST EXAMPLE OF ECO-IMPERIALISM

'The 1972 banning of DDT in the United States was based more on politics than on any scientific evidence', says Dr Roberts. After reviewing all the evidence, the judge presiding over the scientific hearings on DDT ruled that DDT should not be banned, yet he was overruled by William Ruckelshaus, the then Environmen-

tal Protection Agency head in a move to flex his political muscles. DDT does bio-accumulate in the environment, but environmental problems only arise when it's used in massive doses for farming, not when used for disease control. DDT dissipates in the environment slowly but consistently. Furthermore, even after 60 years of human exposure 'there has never been a replicated study published in a peer-reviewed journal showing harm to human health from DDT', says malaria expert, Dr Amir Attaran.

So the US ban on DDT was the first and most extreme example of what has become known as eco-imperialism. According to Greenpeace co-founder, Patrick Moore

The environmental movement has lost its objectivity, morality and humanity ... The pain and suffering it inflicts on families in developing countries can no longer be tolerated.

'Over the past few decades the green movement lost its way', says Moore. It culminated with the fall of the Berlin Wall in 1989 when 'an influx of peace activists and Marxist ideologues into the green movement destroyed the remnants of a science-based agenda', he sadly concludes.

From 1989 onwards, the Greens ignored solutions to the problems they had identified, and became more concerned about maintaining problems, so that they could push policy 'solutions' that furthered their leftist agenda. For example, their *de facto* demand that nuclear waste never be buried, because it would be toxic for thousands of years, meant it was often shunted around from one location to another, increasing risk. Their point

was far less about nuclear power than about maintaining a debate on whether the West should keep nuclear weapons. The Greens oppose turtle farming and aquaculture, which reduce the burden on wild turtle and fish stocks. Their policy is that we should never eat turtles and only catch a sustainable level of fish from the wild. They ignore the fact that this would only be possible if we all eat massively less, and that only the rich would be able to eat fish as the price would skyrocket.

Niger Innes of the Congress of Racial Equality says he wants to stop the 'callous eco-manslaughter'. Somewhat tongue-in-cheek, but making an important point, Mr Innes says that the average European cow gets a \$250 a year subsidy, while over a billion people survive on less than \$200 a year. By reducing markets for their goods, Western farm subsidies cause as much hardship in poor countries as do restrictions on pesticides.

Dr CS Prakash, professor of plant genetics at Tuskegee University, explains how genetic modifications of plants could reduce the number of children blinded by vitamin A deficiency. Currently, 500,000 children go blind and 'golden rice' could help this problem disappear, but the Greens oppose the technology. 'By orchestrating unfounded scare stories that biotech crops are unsafe or untested, the greens put huge road blocks on the development of plant genetic engineering that could bring economic prosperity to the rural poor', concludes Dr Prakash.

Paul Driessen, author of *Eco-Imperialism: Green Power, Black Death* (Free Enterprise Press) hopes, like Mr Innes,

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that eco-imperialism becomes a household word. Mr Driessen says 'It's time to hold these groups accountable and compel organizations, foundations, courts and policy makers to understand the consequences of the policies they are imposing on our Earth's poorest citizens'.

It has to be hoped that the efforts of Mr Driessen and Mr Innes bear fruit. The moral bankruptcy of the modern environmental movement must be exposed and the battle to use DDT has become the flagship project.

### **DDT SUCCESS**

So while DDT comes under constant attacks, it continues to be useful. But spraying DDT on inside walls of houses is only one of a number of tools available to fight malaria. There are alternative insecticides, and insecticide-treated bed nets (ITNs) can be effective. Bio-environmental controls, such as the removal of mosquito breeding pools can also help. In addition, both prophylactic drugs to prevent malaria and therapeutic drugs to cure it should be a small part of any malaria control programme. All these approaches have their uses, but the key constraint is cost. The alternative insecticides are all at least twice as expensive as DDT. It is prohibitively expensive for a whole African family to use bed nets, and drug therapy is even more expensive

For countries that spend less than ten dollars per person per year on health (that is, most of Africa) cost is the major consideration. Given the increasing risk of malaria across the African continent—presently more than one million deaths and 300 million cases a year—it is understandable that a few countries, such as Zambia and South Africa, still use DDT for malaria control. But international political pressure against DDT deployment is undermining its use. There is even a United Nations treaty, The Stockholm Convention on Persistent Organic Pollutants, which restricts DDT production, trade and use, making it more expensive. This forces poor countries to use more costly and fre-

quently less effective alternatives, which compromises domestic disease control programmes for the sake of an international environmentalist agenda. Worse still, aid agencies, especially the US Agency for International Development, have pressured countries not to use DDT, implicitly tying non-malarial aid to non-DDT use in malaria control.

South Africa is the wealthiest country in Africa and its malaria control programme is entirely funded from the national treasury. Its health budget is closer to \$200 per person per year (about 20 times the African average). Therefore, it is not subject to the whims of international aid agencies. However, when joining the international community, with its first free

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## **Environmental ideology ought to have no place in the determination of malaria control strategies**

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elections in 1994, it was sensitive to international pressures. Given how important tourism is to the country, environmental concerns were thought to be very important to its image. In response to pressure from Green groups, South Africa stopped using DDT in 1996 and switched to a more environmentally-friendly insecticide. At the time, South Africa had a few thousand cases and about 50 deaths a year (far lower than any other sub-Saharan country).

By 2000, malaria cases had climbed to over 80,000 and deaths approached 500 a year. The South African Health Department switched back to DDT and also introduced a new therapeutic drug Coartem, as a first-line treatment. Existing drugs, Chloroquine (CQ) and Sulpha-

doxine-Pyrimethamine (SP), were exhibiting resistance problems, but Coartem, a leading Artemisinin Combination Therapy (ACT) was more expensive. The new strategy was spectacularly successful, reducing malaria cases and deaths by a remarkable 85 per cent within 18 months—resuming DDT spraying had controlled the case load to such an extent that all malaria patients could be treated with Coartem.

Success stories are rare in Africa and one would think that South Africa's lesson would be emulated elsewhere. But the World Health Organisation, USAID, and the Global Fund for AIDS Tuberculosis and Malaria (40 per cent of its budget comes from US taxpayers) are paying no heed. All three refuse to condone the use of DDT (probably due to ideological opposition to insecticides in general and DDT in particular), or actively promote the use of Coartem or other ACTs (probably due to inertia). They promote bed nets which, although effective, only cover a small number of people. They also deliver cheap drugs such as CQ and SP, which allow them to treat many patients but which only work 25 per cent of the time in some countries. Drug resistance is not merely a nuisance, it is deadly. As a result, children in aid-dependent countries such as Mozambique and Tanzania die in far greater numbers than they should.

Environmental ideology ought to have no place in the determination of malaria control strategies. Developing countries need to be able to use whatever technologies are appropriate to their levels of development. The anti-DDT eco-imperialism actively pursued by the WHO, Global Fund and USAID shuts off a number of development options for these countries, keeping them poor and unhealthy.

*Dr Roger Bate is a visiting fellow at the American Enterprise Institute and Director of Africa Fighting Malaria ([www.fightingmalaria.org](http://www.fightingmalaria.org)) an NGO in Johannesburg. His co-authored study on the South African malaria success story is published later this month by the Cato Institute.*

**I P A**

# The Taboo Food— Genetically Modified Anything

JENNIFER MAROHASY

**I**N HIS address to the Commonwealth Club in San Francisco last year, Michael Crichton (notable American writer and author of *Jurassic Park*) suggested that Environmentalism is a new religion and largely a ‘remapping of traditional Judeo-Christian beliefs and myths’. Crichton described organic food as Environmentalism’s ‘communion’, ‘that pesticide-free wafer that the right people with the right beliefs, imbibe’.

Organic food might also be seen as equivalent to the Jewish kosher and Moslem halal—that is, food prepared according to a correct tradition. And while Jews and Moslems have their taboo food in pork, for Environmentalists the taboo food is anything genetically modified (GM).

In Sydney, in September last year, the big names of the Australian food scene attended the launch of Greenpeace’s True Food Guide, where Margaret Fulton declared that she hoped to keep Australia free from GM food and thus our food, ‘safe to eat for my children, grandchildren and great grandchildren’.

Dr Jim Peacock, President of the Australian Academy of Science, has repeatedly made the point that, ‘Although I can’t give you an absolute guarantee that there will never be any damage to anybody, I can say that these foods are as safe as any other food on the market ... In six years (since the introduction of GM food), with billions of meals having been eaten, there’s not a single case of trouble’. But as Crichton explains, ‘One of the defining features of religion is that your beliefs are not

troubled by facts, because they have nothing to do with facts’.

While Greenpeace and Margaret Fulton advocate that Australian consumers reject GM food, and most Australian State Governments have introduced moratoriums to prevent the planting of GM food crops,<sup>1</sup> globally the area planted to GM crops is increasing. In 2003, 67.7 million hectares were planted to GM, representing an increase of 15 per cent on 2002. In 2002, GM planting accounted for 20 per cent of the total world area planted to the four main GM crops—soybeans, maize, cotton and canola. Over the last few years, uptake of the technology has been rapid in North and South America, but anti-GM campaigning has slowed or blocked plantings in Europe, most of Africa and parts of Asia.

While I respect Margaret Fulton’s desire not to eat GM food—as I respect the rights of my Moslem friends not to eat pork—the anti-GM campaigners do not appear to accept my right to choose GM.

I might choose to eat GM because I can see real environmental benefits from the technology—particularly in terms of reduced insecticide and herbicide use. For example, growing genetically modified Bt cotton—that has in-built resistance to cotton’s major pest *Helicoverpa*—has resulted in an average 56 per cent reduction in pesticide use since the GM variety was first planted in Australia in 1996.

The Australian Federal Government recently approved the planting of GM canola on the basis that it is no more harmful to human health or the environment than con-

ventional canola varieties. Over the next few months, the Victorian and NSW Governments must decide if they will let the newly approved (by the Federal Government) GM canola varieties be planted in farm-scale trials.

Recognizing the importance of these decisions and, in particular, to ‘prevent the genetic contamination of Australia’, Greenpeace sponsored a lecture tour by the former UK Environment Minister, Michael Meacher, to Australia from 8 to 12 February.

We are at a crossroads in Australia. We can go the way of countries such as Canada, the US and Argentina and accept GM food crops. Alternatively, we can accept the Greenpeace way and, like Europe, essentially reject the use of the technology for food production. The implications are significant for the environment and particularly for the long-term international competitiveness of Australian agriculture.

No new GM foods have been approved in the EU since 1997. Theoretically, GM foods in the EU are labelled as such, however ‘food produced using GM organisms but not containing GM material’ and ‘food from animals fed GM animal feeds’ are exempt from being labelled GM. Europe imports approximately 6 million tonnes of soybean from the US each year, of which approximately 80 per cent is GM. This GM product is crushed, and the soybean oil that is chemically identical to non-GM product is sold as vegetable oil for human consumption, while the remaining soybean-meal is typically fed to animals in feedlots.

A Bayer CropScience application to grow the same GM canola in Europe that was recently approved by the Australian Federal Government has been pending in Brussels since 1996—the same year GM canola was first grown commercially in Canada. On 2 February this year, the Belgian government, on behalf of the European Union (EU), rejected the application.

Interestingly, however, the Europeans have approved the importation of GM canola seed for consumption; that is, they will eat GM, but not grow GM. Furthermore, the documentation supporting the European decision to reject GM canola indicated that the herbicide currently used to control weeds in conventional canola in Australia will be phased out in Europe by April 2005 because of environmental concerns.

It was reported in the Australian media that GM canola was rejected by the Europeans because its planting will result in 'greater environmental harm' and is 'more damaging to wildlife' than conventionally-grown varieties. I read the final report and found that the issue was 'a loss of biodiversity' as demonstrated in farm-scale evaluation trials in the UK. The reduced biodiversity was directly attributable to 'better weed control'. In fact, there was a '3-fold lower weed biomass and a 5-fold lower (weed) seed rain' compared with conventionally managed canola. GM canola was being rejected for the very reason it had been developed—better weed control.

The history of crop cultivation in Europe dates back 2,000 years. Many crop weeds are now considered native and valued by conservationists as habitat for insects that are fodder for farmland birds. The same weeds are a production cost.

If the UK trials had shown the GM canola system did not give improved weed control, then no doubt the technology would have been rejected on the basis that it failed in its key objective. But the trials showed that cultivation of GM

canola provided superior weed control. GM canola was rejected because 'loss of biodiversity' means fewer weeds. Clearly GM is in a no-win situation in Europe.

European agriculture is heavily subsidized and is increasingly as much about the provision of 'environmental services' as it is about food production.

If our State Governments reject GM canola, we will be denying Australian canola growers the production efficiencies our cotton growers enjoy in new GM varieties and we will be putting them at a competi-

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## **GM canola was rejected in Europe for the very reason it had been developed—better weed control**

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tive disadvantage relative to, for example, Canadian canola growers. A University of Melbourne study suggested that GM canola is worth \$135 million per year to Australian farmers. The study identified the adoption of GM canola as giving farmers additional options for controlling problem weeds and earlier sowing.

A key message in Crichton's speech is that we need to 'abandon the religion of environmentalism, and return to the science of environmentalism'. A critical issue largely overlooked by Crichton, however, is the extent to which the religion of environmentalism uses the authority that science can give to an idea to justify and legitimize belief.

The day after the Europeans rejected Bayer's application to plant GM canola, Greenpeace accused Australia's GM regulator of ignoring the 'only comprehensive ecological

study ever undertaken into GM canola' which showed 'commercial planting of GM would have impacts on biodiversity that could not be controlled'. Greenpeace was correct to imply that the scientific method supported its position. Indeed, the UK farm trials were scientific in that they tested the null hypothesis that the GM canola cultivation system is equivalent to the conventional cultivation system. The results showed that the GM cultivation system gave significantly better weed control—in other words, the cultivation systems are not equivalent. However, to use this information to then determine that GM canola is 'harmful to the environment' is nonsense and ignores the environmental advantages of improved weed control—in particular, through reducing the area of cultivation needed to produce the same quantity of food. If we are to eat, we need to cultivate—but let us do it as efficiently as possible. Thanks to modern high-yielding agriculture, we now have full bellies and leisure time and can admire nature from a distance.

Untangling science from environmental fundamentalism is not going to be easy. But, to press Margaret Fulton's appeal made at the launch of Greenpeace's True Food Guide in Sydney, we owe it to our children and grandchildren to do just that. Indeed, to quote Crichton, 'If we allow science to become politicized, then we are lost. We will enter the Internet version of the dark ages, an era of shifting fears and wild prejudices.'

### **NOTE**

- 1 Cotton is exempt from the moratorium on the grounds that cotton is not a food plant because it is grown primarily for fibre. However, approximately 1 million tonnes of vegetable oil is produced from crushed cotton seed in Australia each year.

*Dr Jennifer Marohasy is the Director of the IPA's Environmental Unit.*

**IP A**

# Defending the Public Interest: The Role of the Professions

BRIAN TRAINOR

**T** WAS not so long ago that the welfare of the poor was seen as a special province of the professions. In recent decades, however, the role of the professions in contributing to the welfare of the poor seems to have declined somewhat and is now widely regarded by professionals more as a matter of conscience or private choice than as a requirement of professional life as such. I wish to suggest that this decline is linked to, and reinforced by, a parallel decline in recent decades of the role of the professions as ‘bearers of the common good’ into everyday life. The professions were once expected to be ‘reconcilers of public values’ in key realms of social life, but the fact that they are no longer expected to perform this role has produced undesirable public consequences, especially in the lives of the poor. To show the kind of desirable role that the legal profession once played, I will look at the case of divorce. To show the crucial, beneficial role that the medical profession currently performs—and that it should continue to perform in the public interest—I will look at the case of voluntary euthanasia.

In 1972, Max Rheinstein (*Marriage Stability, Divorce and the Law*), one of the most admired and influential writers on marriage and divorce laws, surprised his colleagues by speaking favourably of the kind of divorce laws that operated in most Western jurisdictions in the 1950s and 1960s. Aware that many at the time were concerned about the discrepancy between ‘law on the books’ and ‘law in action’, he justified this discrepancy by pointing out that

there was a kind of ‘democratic compromise’ in place; conservatives at the time, he pointed out, were reassured by the strictness of the divorce laws on the books, whilst liberals were pleased at the ease with which divorce could be secured in practice. The great advantage of this ‘democratic compromise’, he believed, was

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that it had ‘preserved the peace in respect of an explosive issue’. (*Ibid.*, page 245)

What the law, and the legal practice of lawyers and judges, was able to achieve at the time was a balance, and an effective practical reconciliation, between conflicting public values and concerns, between more specifically (i) the ‘liberal value’ of freedom for spouses to exit from intolerable marriages and (ii) the ‘conservative value’ of stable family life and the well-being of children. The law at that time, and the way in which it was ‘professionally practiced’, served to enfold, so to speak, the ongoing tension between these values within the wider public interest; in so doing, the legal profession

managed to assign each value its proper place and function in public life. Lawyers and judges, then, were the ‘frontline forces’ who ensured this practical reconciliation of values; lawyers represented the ‘relevance claim’ of one of these values (family stability or individual liberty) in the interests of their divorce-seeking or divorce-resisting clients, and judges made difficult judgment calls concerning which public value should be uppermost in the judicial mind in each particular divorce case. Thus judges at the time, through a careful examination of the details of each divorce case, served as ‘reconcilers of public values’. What the law and professional practice did *not* do at that time was to allow one major public value to permanently triumph *at the expense* of the other.

The abandonment of the ‘democratic compromise’, with the introduction of no-fault divorce, has had profoundly undesirable consequences—the high divorce rate, the poverty experienced by divorced women and their children (part of the ‘feminization of poverty’), the anguish of divorced men deprived of effective access to their children and the sadness of children themselves, who want and need, more than anything else, to be reared by both of their divorcing parents. The rich, of course, can be cushioned to some extent against the adverse consequences of divorce, or at least its economic if not its emotional consequences. In the case of the poor and vulnerable, there is very little protection against the full economic impact of divorce—the need to support two households, severely reduced income,

children having to leave the family home to settle in cheaper accommodation. All of this adds to the pain and trauma of the whole divorce experience for the less well-off.

Could, one wonders, we (our families, our communities) have been spared a lot of this pain if judges had continued to be professional arbitrators in complex divorce cases, as they were in most Western jurisdictions in the 1950s and 1960s? At that time, of course, divorce was not a right, but was only permitted on certain specified grounds, such as adultery. As soon as it was made a *right* through the introduction of no-fault divorce laws, however, the conservative concern for marriage and family stability virtually ceased to have any expression in law and, thereafter, judges largely ceased to be 'representatives of the public interest' in difficult individual divorce cases. Likewise, as soon as divorce became a right, it was no longer necessary to publicly justify each divorce; judges could no longer use their powers of discretion to act as 'frontline reconcilers of important public values' (individual freedom on the one hand versus family/community stability on the other) but were reduced to the role of merely administering the law. Since those seeking divorce no longer had to provide any sort of justification for the dissolution of their marriage, the courts in turn were no longer required to adjudicate on *claims* to be allowed to divorce, but were required instead to merely supervise the process whereby the right to divorce (the 'absolutised' value of freedom to divorce) could be routinely administered.

Just as the 'right to divorce' effectively eliminated the vitally important role played by the legal profession in the public interest, so too the 'right to die' advocated by supporters of voluntary euthanasia would have the same kind of effect on the health professions. There is an important and revealing parallel to be drawn between the situation facing the legal profession in the early

1970s, just prior to the widespread introduction of no-fault divorce and the situation currently facing the medical profession with regard to euthanasia. Once again, we find a strong tension in the public mind between the 'relevance claims' of two major public values, on this occasion between the value of preserving human life and the value of relieving human suffering. We also find that this tension is reflected in the minds of frontline health professionals (those dealing with dying patients) in a manner reminiscent of the way in which, as we have seen, judges and lawyers once professionally resolved

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**What the law and professional practice did not do was to allow one major public value to permanently triumph at the expense of the other**

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a similarly serious tension in the public mind over divorce.

Once again, two key values are at stake; they need to be held in balance (Rheinstein's 'democratic compromise') by medical practitioners and they each need to be acted upon as and when deemed to be professionally appropriate. Once again, too, the consequences are liable to be disastrous if one value triumphs permanently at the expense of the other or if, through the introduction of legal voluntary euthanasia, one value is given *sole* legal expression and force in a manner that silences the 'voice' of the other.

At this point, readers sympathetic towards voluntary euthanasia may object that, in the case of 'mercy killing', the voice of the principle 'Life ought to be preserved; intentional killing is wrong' should be silenced, for in this realm it has no proper place or application; surely, it is claimed, an act of mercy killing committed by a doctor on a dying patient is simply too different from a callous act of murder (of a healthy person) to be included in the same class of acts (intentional acts to kill or murder). However, it is important to understand here precisely what is being proposed and what, as a result, is at stake. There is, of course, a very important difference between these two acts, but if it is important not to lose sight of the manner in which they are different, it is equally important to properly acknowledge the respect in which they are the same, for they are *wholly identical* as acts of intentional killing. The element of identity is not dissolved by the difference; indeed, the two acts are different (that is, different from one another) *as* acts of intentional killing. The danger in saying that 'mercy killing is not really killing' is that, especially if we say it often enough, we may remove or severely diminish the aura of illegality and criminality that *should* attend every single act of intentional killing.

It could indeed be argued that in Holland it has virtually disappeared altogether with the full legalization of euthanasia (April 2001) and the institution of what would appear to be a 'right to die'. Before April 2001, it could at least be said that there was a weak residual form of the democratic compromise operating in Holland. Under parliamentary guidelines established in 1993, voluntary euthanasia, though still technically illegal, was nevertheless deemed to be permissible only under certain specified conditions; it was not a patient's 'right', for each 'euthanasia claim' had to be assessed on its merits by the medical profession, just as 'divorce claims' used to

be considered on their merits by the legal profession. Though under the new legislation strict conditions apply, at least in principle, still an important threshold has nevertheless been crossed in Holland with the full legalization of voluntary euthanasia, for the law is widely seen as conferring a *right* to die on Dutch citizens which virtually eliminates the mediating role that *should* be played by the Dutch medical profession.

Just as, with the introduction of no-fault divorce, the legal profession largely ceased to operate as arbiters of the claims of different values in particular cases, and thereafter became mere administrators of the law or executors of the client's right to divorce, so too with the full legalization of voluntary euthanasia, medical practitioners would likewise cease to be public, professional arbiters of the competing claims of 'rival' values in particular cases, and become mere instruments or 'professional administrators' of the patient's right to die. Likewise, just as the legalization of no-fault divorce meant that the value of stable and secure family life disappeared as a legally acknowledged and effective *public* value, one that was universally acknowledged and reinforced in law, so too the legalization of voluntary euthanasia would mean that the value of preserving all human life and acknowledging its dignity until the moment of natural death would cease to be a legally acknowledged and effective public value, universally shared by all members of the political community and enshrined in law. In both cases, key public values would be reduced to *private* values entertained by particular individuals and become a matter of 'private choice' towards which the law is indifferent.

At the present time, in most Western countries, it is health professionals who are ultimately vested with the responsibility for deciding the quantity of a pain-relieving drug to be administered to a dying patient. In many cases, they decide to

administer a quantity which, whilst relieving the patients suffering, may have the effect (hence the principle of 'double effect') of ending the patient's life. In each such case, medical practitioners will attempt to weigh in the balance the importance of preserving human life, the patient's chances of recovery, the need to allow a 'natural' death with dignity, the distress of the patient and of the patient's relatives and friends, and many other factors. The responsibility is an awesome one and, for that precise reason, it should

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continue to be assumed by those professionally equipped to shoulder the burden and professionally 'positioned' (that is, having a degree of emotional distance and professional objectivity) in relation to such life-and-death situations.

The consequences of relieving health professionals of this responsibility by legalizing voluntary euthanasia are entirely obvious and highly undesirable. As in the case of divorce, everyone would lose, but the poor would lose most. Everyone would lose in so far as every dying elderly person capable of doing so

would have to decide not just whether or not their own pain had become too much to bear, but whether or not the emotional, physical and financial burden was becoming too much for relatives and friends to bear. In cases where the dying elderly are not in a position to give formal consent to their own death, those legally vested with the right to make this decision on their behalf can never be sure that they acted out of the right motives. The legalization of euthanasia puts almost 'humanly impossible' demands on the dying and their relatives. However, once again, it is the poor who suffer most. In a jurisdiction where voluntary euthanasia is legalized, dying patients in general may feel personally responsible for the financial burden being placed on relatives and friends but, obviously, this will be a matter of greater concern for the poor than for the rich. Where voluntary euthanasia is illegal, the timing and extent of medical intervention in the lives of dying patients is more a matter of 'professional judgment' than of 'personal choice' and this means that the health professions are able to protect the poor and vulnerable from pressures of this kind.

The professions, then, have an important role to play in ensuring that one important public value does not triumph at the expense of another, that the tensions generated by diverse values and beliefs do not degenerate into disruptive divisions, and that all of us, but especially the poor, are protected from the inhumane consequences of legally 'absolutised' rights (the right to divorce and the right to die) and legally 'disempowered' public values (a deeply felt concern for family well being and the preservation of human life).

*Dr Brian Trainor was a lecturer in Humanities and Social Sciences at the University of South Australia. He is author of the book Gender, the Marriage Contract and the State (World Heritage Press, 1998).*

**I P A**

# The ABC is Doing Something Right

ANDREW MCINTYRE

**W**ITH the common perception that our ABC is full of urban elitist, anti-market greens who care too much about the environment—the romantic view rather than the realist view—one programme on ABC Radio National has broken ground by telling it like it is, and it stands out brilliantly.

The story started with a chance encounter at a dinner party between the ABC Radio Presenter of *Bush Telegraph*, Sarah Macdonald, and Stu Higgins, a cotton farmer out Dalby way in southern Queensland. She had the temerity to suggest that he was ‘an environmental vandal’. Sick of predictable city-slicker responses, he offered her a serious challenge. He would give Radio National listeners one of his five-acre paddocks to grow cotton themselves. They could make all the necessary decisions and grow cotton their way, either by phone or through the ABC Website, all expenses paid.

A unique experiment, ‘*Grow Your Own*’, was born. The farmer had effectively donated land, chemicals, fertilizers, machinery and labour. He maintained control, but would do everything the listeners asked. All he wanted was a greater understanding between farmers and urban people; to create a connection between what people wear and where their clothes come from.

Alicia Brown, who worked on *Bush Telegraph* and subsequently produced a *Background Briefing* programme on the whole project was quite frank: ‘To grow cotton, one of Australia’s most controversial crops, you have to grapple with all the big

issues: genetic modification, pesticides and water’. *Background Briefing*, to its credit, recounted exactly what happened and, in so doing, exploded the myths that farming is simple and that farmers make environmentally irresponsible decisions.

The strength of the project—which ran for ten months and involved thousands of listeners—was that it forced listeners to face the same dilemmas, hard decisions, and financial realities as real-life cotton farmers.

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To ensure a level playing field, Stu Higgins used a comparable paddock for himself. ‘My paddock will be watered from the same head ditch; it will be within a metre of your field, from the “Grow Your Own” field.’ Stu knew he would do things differently, but he offered to be available to explain exactly what he did and why.

The listeners’ first choice was what fertilizer to use. Rather than chemicals, they chose natural manure. Stu Higgins commented, ‘We

disagreed from the outset ... I went with the synthetic fertilizers. I used a urea blend, so I could control the nutrients the plants need ... I’d like to be green and go manure. Unfortunately I can’t control what comes out of a cow.’ *Background Briefing* confirmed that ‘manure simply doesn’t have enough nitrogen to replenish the soil and get the best yield.’

And Alicia Brown also added a dilemma for going organic. ‘It takes ... years in fact, for a farmer to switch to organic methods. And during that time, he doesn’t bring in any income ... No-one wants to pay what it cost to produce. Organic farming can’t get the yields to keep up with consumer demand.’

The next choice for ABC listeners was to determine what type of cotton to plant. Stu Higgins explained: ‘There are four types of plants a farmer can choose: conventional cotton, which was first discovered four-and-a-half thousand years ago. The other three are genetically modified.’

Predictably, most listeners would have none of the GM, and phoned in to voice their feelings. Curiously, voting went through the roof, but there was an interesting division. Almost everyone who voted by phone wanted to grow conventional, natural cotton. But those who voted online, through the Website, wanted to grow a genetically modified variety. Conventional cotton won.

According to Stu, ‘Out of the 1,200 growers in Australia, 95 per cent plant a third of their farms with GM Ingard cotton, and I’m one of them. I believe most cotton farmers choose GM cotton for lifestyle reasons and to reduce pesticide use.’

In terms of the impact on the environment, or the farm, University of Western Sydney Professor of Agriculture Peter Cornish, was clear. 'I'd say that cotton is perhaps the best case for genetically modified crops. If there's to be a classic case, it's cotton, because it has so reduced the use of pesticide.'

Water was yet another difficult choice for listeners. As Stu put it, 'The dams were empty, the creek was dry, all I had was two bores. The farm was in the grip of drought.' The listeners still had to choose between their allocated water from the bore, cut back on their water use by 40 per cent, or they could wait for rain. On this critical issue there were heated exchanges of opinion but, in the end, the ABC listeners voted to use their entire water allocation, even though voter response was low overall on this issue. It seems the listeners were faced with the possibility of not getting a crop at all. *Background Briefing* expressed the mood: 'Maybe after going to the trouble of deciding how to fertilize and what kind of cotton variety to grow, the listeners just didn't want their efforts to go to waste due to a lack of water.' The reality was, no water, no cotton. Interestingly, the experienced farmer Stu, whilst also using the full allocation for his paddock to maintain fair comparison, actually cut back his water allocation by 40 per cent for the rest of the farm.

From here on in, a curious thing started to happen. The listeners' idealism began to drop away. What would they do about insects and weeds? Well, they voted for the same 'middle of the road' choice as their cotton farmer landlord. They voted to use a tractor to plough most of the weeds out, but put a bit of herbicide on as well. And they sprayed for insects.

Nevertheless, although 95 per cent of all farmers, including Stu, take out hail insurance against devastating losses, the listeners chose not to. As Stu put it, 'Cotton farmers only get paid once a year. A hailstorm can strip my income to the ground in a

matter of minutes.' The urban dwellers seemed a little indifferent to this real possibility as, ultimately, it would not effect them. So to make the listeners worry a little more, a decision was made that any profits from their cotton would go directly to a charity of their choice. Alicia observed, 'Now that someone was going to make money out of the crop, listeners started to compromise a bit more on their environmental ideals in order to get a higher yield.' So, when it came to using, or not using, synthetic hormones to get the cotton bolls to open at the same time for harvesting, listeners didn't hesitate.

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What were the final results? ABC listeners had used 730 litres of irrigation water to grow each T-shirt, and Stu had used marginally more to grow his T-shirt. However, the listeners grew only 12 bales of premium cotton, or about 12,000 top quality T-shirts worth of cotton on their five acres, whereas Stu had grown just over 20 bales, or 21,000 T-shirts. Even though the listeners grew considerably less than Stu, they still produced what amounts to double the world average per hectare.

Further analysis made in the programme by human ecologist David Dumaresq suggested 'there is an environmental price to pay for everything we buy. Whether an apple, driving to the shops or flushing our toilets, all have an "environmental load".'

The farmer producing the primary ingredient creates a very small environmental load compared to the transport, manufacture and delivery. Says Dumaresq: 'if we measure it by ... external energy applied, only about 20 per cent of the total environmental load of any particular foodstuff is likely to have been carried at the farm level, about maybe 1 per cent to 3 per cent is carried at the retail level, and the major load is actually carried by everything that happens in between. The transportation, processing, packaging, preserving, repackaging ...'

ABC listeners had grown 12 bales of cotton using organic fertilizer and minimal chemicals and all the profits were going to be donated to charity. Would there be a cotton merchant or retailer willing to give consideration for the organic fertilizer, the GM-free effort and charitable cause? As it turned out, through many twists, turns and tentatives, nothing could be done. It was all too costly, even when they were offered free spinning in Melbourne. This was surprising even to Stu. 'I just can't believe that it's cheaper to send bulk cotton to Brisbane, load it on a ship, sail it to Asia, have it turned into T-shirts, then sent back by boat to Australia, than it is to send a few bales by truck to Melbourne, to be spun for free and then turned into T-shirts in Sydney.'

The ABC is to be congratulated on an innovative and fascinating programme that illustrated the complexities of farming and explored the interaction between productivity, efficiency and the environment.

**NOTE**

This article is derived from the ABC programme *Background Briefing*, 'Grow Your Own—Summer Series'. The complete transcript can be found at: <http://www.abc.net.au/rn/talks/bbing/stories/s1010016.htm>

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

**I P A**

**REVIEW**

# The New Protectionists

MIKE NAHAN

**D**URING the 1990s, information and communication technology (ICT) workers were optimists, seeing unbounded opportunity for all in the new, global, high-tech world. Manufacturing workers, on the other hand, often covered behind crumbling tariff walls, awaiting the onslaught of the yellow peril.

Now it would seem that the mood has reversed. Australian manufacturers are currently relishing the Free Trade Agreement (FTA) with the US which will see the virtual elimination of all trade barriers between the two countries on manufactured goods. At the same time, IT workers and other service providers are now desperately seeking protection from erstwhile unthreatening India.

The change in perspective has understandably been most pronounced in the US, where the loss of IT and other service jobs to off-shore operations—known as ‘off-shoring’—has become a major political issue on a par with the ‘rust-belt’ rhetoric of the 1990s.

The press in the US is littered daily with claims about millions of high paying, high-tech jobs flowing overseas. Forrester Research, a leading ICT research firm, has, for example, forecast that 3.3 million US services jobs and \$136.4 billion in wages will have moved offshore by 2015.

Fear of off-shoring, mainly of ICT jobs, has led five US States to propose legislation to prohibit or severely restrict government departments from contracting with firms that contract out services to low-wage developing countries.

While there is no doubt that off-shoring of ICT and business processing services is a significant and

growing phenomenon, there is also no doubt that the threat it poses is both greatly exaggerated and distorted

A recent detailed study of off-shoring trends by the Institute of International Economics in the US found that:

- the vast majority of the jobs lost in the post-bubble US economy in occupational categories threatened by off-shore outsourcing has occurred in the manufacturing sector;
- most job losses have been in high-paying management positions;
- most of the jobs under threat pay less than the US average wage, suggesting that many of them may face medium-term elimination through technological change, regardless of whether they are out-sourced to off-shore locations or not;
- while some IT occupations have declined, the declines are concentrated in low-skilled occupations. Indeed, high-paying ICT occupations have generally expanded since 1999.

Of course, off-shoring is not new. It is a central part of globalization and trade liberalization and is happening in every sector.

When the market was booming, American ICT workers had nothing to fear from small and familiar Ireland. Indeed, they recognized the gains from outsourcing, and supported trade liberalization. But now India, with its vast army of highly trained, compliant and cheap workers, is perceived as a real threat in a tighter market, particularly as India's workers are often paid a fifth of their US counterparts while meeting the same, or superior, levels of quality control.

So far, the US ICT industry has been forthright in its support for off-shoring and further trade liberalization. In part, it's the culture of the industry and its global structure. US ICT firms also still dominate the global sale of software and the hardware upon which the offshore service suppliers rely. Thus they can be confident that growth in off-shoring will translate into demand for domestic goods and services. Off-shore has also become an intrinsic part of the operations of most large US firms, with 230 of the *Fortune* 500 importing services from India alone.

A similar process is under way in the Australian ICT sector. Judging from the responses to date, and because of the structure of the ICT industry and strength of the union movement, the rise of protectionism is likely to be greater in Australia than in the US.

The Australian ICT service sector has been supportive of trade liberalization, not out of principle, but rather for the perceived benefits for export business. In 2001, for example, Australian firms benefited to the tune of US\$400 million from the off-shoring of ICT services, largely from the US.

At the same time as the Australian ICT industry has been a supporter of ‘free trade’, it has sought, and received, a raft of protectionist measures such as preference in government purchasing, export development grants, and R&D grants. Indeed, the industry has been heavily pampered by governments at State and Federal levels. Thus, while the local ICT people may voice support for free trade, many are mercantilist to the hilt.

For much of the last two decades, the common perception has been that

Australia has a comparative advantage in trade in services. Accordingly, successive Australian Governments have pushed for reductions in barriers to such trade. Ironically, successive Australian Governments have also identified India as a prime potential market for Australian service exports (Australia currently having a surplus in trade in services with India).

Under the US–Australia free trade agreement, optimism continues within the trade in services sector. While the FTA was being finalized, however, the off-shoring debate flared up, with news that IBM had decided to contract out work with Telstra to its operations in India. The response from politicians, the ICT industry, media and unions belied their vocal support for freer trade.

The facts are that Telstra's contractor of many years, IBM Australia, has decided to shift 500 software development jobs to India. It did so to save costs, to access higher skills and to provide a greater range of services to its client. IBM Australia benefits from the transaction by the renewal of its contract. Telstra shareholders, including taxpayers, benefit from the ability of Telstra to match its major competitor, Optus, which has off-shored similar services, and to generate profit. Telecommunication consumers benefit from lower costs and higher quality services. Some Australian ICT contractors benefit from the use of some of the savings to create new domestic jobs and from cheaper telecommunication facilities.

There are other benefits from this decision. It will generate wealth and jobs for Indians, in a far more effective manner than the \$20 million in foreign aid that Australia provides to that country annually. It will help develop a powerful constituency within India to free up its markets for services as well as goods—and Australia stands to benefit greatly from a more open India. It will also help develop links between Australian firms and Indian firms. And one thing is clear in any case: the Indian ICT in-

dustry will become a world force, with or without Australian involvement.

Despite these benefits, politicians, with the exception of Commonwealth Industry Minister, Ian MacFarlane, loudly criticized IBM's decision. The Federal Treasurer Peter Costello advised Telstra to 'look at the issue carefully'. The Labor Party proposed banning government departments, presumably including Telstra, from contracting off-shore. And the Democrats went further and proposed banning firms which out-

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***The Australian ICT service sector has been supportive of trade liberalization, not out of principle, but rather from the perceived benefits for export business***

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source to low-cost countries from gaining government contracts.

ICT industry lobby groups jumped on the issue. The Australian Computer Society claimed that this was the 'mother of all issues', threatened to conduct a brand mail campaign against firms that off-shored and called on the government to protect the industry through government procurement.

Australian Information Industry of Australia argued for the government to develop an industry plan in response to global off-shoring 'in the same way as other industry sectors such as textiles, clothing and footwear had done'.

At the same time, both organizations welcomed the FTA with the US.

The unions predictably condemned IBM's decision and have proposed legislation along the lines of the Democrats (as in the US) to ban off-shoring firms from securing government contacts.

While the debate about trade in services is in many ways identical to that of trade in goods, the former has some aspects to it which make it both more difficult and more important to advance.

First, many service sectors have, until now, not been subject to foreign competition—at least not directly. Thus, the idea is new, and the new is often threatening. Second, the service sector accounts for most of the existing, and virtually all new, jobs in Australia. Thus the number of people affected by trade in services will potentially be much larger than for trade in goods. Third, service providers are generally more affluent and articulate than farmers and manufacturers. Fourth, the union movement has identified trade in services, particularly ICT services, as fertile ground for its own renewal. Little wonder that the union movement was the chief propagator of the recent Telstra off-shoring scare.

Fifth, politicians have spent decades promoting the ICT sector as a safe haven from off-shore competition. Moreover, with few exceptions, politicians are latently protectionist, seeking to use the power of the state to provide special favours and protection from the 'outside'. This is particularly the case when it affects them and their own constituencies, which in turn are largely composed of service providers.

Finally, unlike the US, Australia does not have a large vocal set of global IT firms which will benefit from and support off-shoring. Telstra is the local leader, and it is hamstrung by government ownership.

Accordingly, ICT services are likely to be the next battle ground for free trade.

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

**IPA**

# Education Agenda

KEVIN DONNELLY

## Our Schools PC? Look at the Evidence

Judging by the hostile and often hysterical reaction to the Prime Minister's comments earlier this year about why parents are choosing non-government schools over government schools, one could be forgiven for thinking that it must have been a very scathing attack.

In fact, the Prime Minister's comments were mild and perfectly justifiable. On being asked by a newspaper reporter to comment on the reasons for the growth in non-government school enrolments, the Prime Minister said:

People are looking increasingly to send their kids to independent schools for a combination of reasons. For some of them, it's to do with the values-driven thing; they feel that government schools have become too politically correct and too values-neutral.

Instead of being out of step with what parents think, the PM's comments mirror unease about the way the Left has used schools to drive its politically correct, ideological view of education. A 1998 federally funded survey sponsored by DEETYA showed that 60 per cent of parents expressed 'concern that teachers are either not well-enough trained or professional enough to teach this program [civics] without bias'.

A second, more recent, survey carried out for the National Council of Independent Schools' Associations, concluded that parents choose non-government schools because such schools are more likely than government schools to inculcate val-

ues—such as respect for authority and discipline—that best reflect what happens in the home.

Evidence that education had long since forsaken any attempt to be objective and impartial is easy to find. Since the heady days of Woodstock, Viet Nam moratoriums and flower power, left-wing teacher educators, teacher unions and compliant bureaucracies have conspired to use education to attack the *status quo*.

Take the teacher unions' response to Australia's involvement in the war in Iraq. Not only did unions across Australia vehemently argue against our troops being involved, but teachers were told that they should 'take action in your workplace and community' and 'support students who take an anti-war stance'.

In line with what is PC, the union also argued that the only response to aggression and hostility is 'the avoidance of conflict and resolution of problems by peaceful means'. Tell that to the tens of thousands of Kurds and Iraqis brutally murdered and tortured by the Hussein regime.

The reality, since the late 1970s, is that teacher unions such as the Australian Education Union (AEU) have been captured by the Left. Not only is the education union a member of the Australian Council of Trade Unions, but year after year it campaigns to elect State and Federal Labor governments.

Anyone familiar with that Union's 1988 and 1993 curriculum policies will know that it has long viewed Australian society as inequitable and socially unjust. Education, in the words of the Marxist theorist Althusser, is part of the 'ideological state apparatus' and those advocating change, in line with the teachings of Antonio Gramsci, must 'take

the long march through the institutions'. As noted by Joan Kirner, one-time Victorian Premier and Education Minister, education has to be reshaped 'so that it is part of the socialist struggle for equality, participation and social change, rather than an instrument of the capitalist system'.

That the AEU embraces a politically correct view of the world can be seen by its views on assessment. Most Australians love to see their teams win and students love to compete. Not so the AEU; its 1993 policy rejects any form of assessment that is competitive, used to rank students or based on set year-level standards of achievement. Apparently, failing students is bad for their self-esteem and it is wrong to rank students, as some are seen to be better than others.

The result? Unlike those countries that perform best in international maths and science tests, where students are regularly tested, Australian students face their first high-stakes competitive examination at the end of secondary school. No wonder that a Federal Government survey of Australian academics found that over half agreed that first-year standards had fallen over the last five to ten years.

It is also no wonder that parents express frustration and disquiet about the way in which assessment is carried out in schools. To quote from a DEST-funded research project entitled *Reporting on Student and School Achievement*:

... parents really want a 'fair and honest' assessment of how their children are progressing. They do not want to find out in later years that a child has 'a problem because he didn't have the fundamentals.' Parents believe

that advice can be 'honest' without being negative. Many considered that written reports are too often 'politically correct' at the expense of 'honesty'.

Given the absence of competitive, graded assessment, students are not the only ones saved from the embarrassment of being told that they may have failed. Teacher unions are also fierce critics of giving parents any information that might allow them to rank schools or identify under-performing teachers. As stated by Ken Boston, one-time NSW Director General of Education: 'there is a conspiracy of silence ... and a determination to avoid making public any information which might indicate that one school is more effective than another.'

While English and American schools are publicly ranked in terms of how well they perform, Australian schools hide behind a wall of secrecy. The result is that under-performing schools continue unchallenged and poorly performing teachers continue to teach without any serious penalty or attempt to improve their performance. As noted by the NSW Auditor-General in the report entitled *Managing Teacher Performance*, the current approach to assessing teacher performance is inconsistent, poorly managed and incapable of properly rewarding those teachers who excel.

The AEU's 1995 and 2001 policies on the rights of gays, lesbians, bisexual and transgender people also display a decidedly PC approach. Not only does the union argue that such groups have the right to teach sex education in schools, but the AEU also states that what is taught must 'be positive in its approach' and 'enhance understanding and acceptance' of such groups. Ignored are those parents who might prefer that their children are raised to see heterosexuality as the norm and who argue that it is in the home that such sensitive matters should be addressed.

A second reason why many parents prefer non-government schools is that government schools are being

forced to adopt state-sponsored curricula that are ideologically driven and politically correct. The way in which history, geography and literature are now taught offer clear examples.

Instead of celebrating what we have achieved as a nation, students are taught about the European 'invasion' and that traditional approaches to history ignore so-called disadvantaged groups in favour of dead white European males, otherwise known as DWEMS.

Instead of recognizing the benefits of Australia's Anglo/Celtic, Western tradition, students are taught that all cultures are of equal worth. Multiculturalism is championed with-

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**A second reason why many parents prefer non-government schools is that government schools are being forced to adopt state-sponsored curricula that are ideologically driven and politically correct**

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out question and students are taught to value diversity without any understanding that cultural relativism, in the end, leads to violence as the final arbiter.

Instead of acknowledging the benefits of open markets and the way science and advances in food technology have saved millions, students are taught about species extinction, the destruction of the ozone layer and global warming.

Some years ago, Bill Hannan, the bureaucrat responsible for the then Keating national curriculum, was

quoted as saying that such an approach represented 'a subject for satire' and 'a case of political correctness gone wild'. On reading the current Queensland SOSE curriculum, it appears that little has changed.

In tune with postmodern theory, students are told that 'knowledge is always tentative', that they should 'deconstruct dominant views of society' and 'critique the socially constructed elements of text'. Forgotten is the moral and aesthetic value of education. The purpose of education, instead of celebrating things positive, is to show 'how privilege and marginalisation are created and sustained in society' and 'how the consumer of a text ... may have been marginalised by authors'.

English teaching is also a victim of the PC movement. Not only do we now have literacy tests, such as the PISA test sponsored by the OECD, that fail to correct students for faulty grammar, punctuation and spelling, but conservative approaches to literature are condemned as 'patriarchal, bourgeois and ethnocentric'.

As argued by Anne Cranny-Francis, a lecturer at the University of Wollongong, studying literature is no longer about learning to read with sensitivity and discrimination. Instead, future English teachers are told that they must teach students to deconstruct texts to identify how such texts 'construct and enact dominant discourses' that act to marginalize and disempower so-called disadvantaged groups.

Given the pervasive influence of the PC movement it is no wonder that many parents are voting with their feet and either seeking out those schools, such as low-fee paying Christian schools, better aligned with their values, or joining the movement to home schooling.

*Dr Kevin Donnelly, Chief of Staff to Federal Employment and Workplace Relations Minister Kevin Andrews and a former Director of the Melbourne-based consultancy group, Education Strategies, is completing a book on Australian education (forthcoming, The Menzies Research Centre).*

**I P A**

**REVIEW**

# 'A Casual Discussion'

IPA WORK REFORM UNIT

**I**T HAS been argued that the rise in the use of casuals in the workforce is damaging the economy because of diminished loyalty and inadequate skills training. Further, the argument suggests that the use of casuals creates high feelings of insecurity in the community, damaging social cohesion and family life.

In response, others argue that casualization contributes to a flexible, vibrant and internationally responsive economy, resulting in a reduction in unemployment. Further, that most people who work as casuals enjoy and want that form of work and that the rise of casuals is in large part driven by worker demand and their need for family-flexible working arrangements.

Over the last few years, this 'casual' debate has become intense, exciting interest amongst academics, human resource managers, industrial relations and other management groups who have to make decisions on the mix of workforce arrangements used in firms. Recently, the debate has entered the mainstream of party political discussion, becoming one of the defining differences in political positioning. The pressure is on for legislators to 'do' or 'not do' something.

Should legislators leave labour regulations on casuals in *status quo* mode? Should they alter regulations to restrict casualization? Are the industrial relations commissions being too interventionist and activist in making casualization harder? Should the commissions be given clearer instructions on casuals? Decisions in these areas will have significant impacts on the nature of the Australian economy, how firms operate, the structure of society and the work-mix options available to all families.



To aid the debate, the Work Reform Unit of the IPA invited contributions to 'A Casual Discussion' from six people who have made public contributions to the debate and who present a cross-section of the diverse views available. In six succinct articles, the contributors provide a balanced overview of the debate.

The contributors are:

- *Richard Marles* Assistant Secretary, Australian Council of Trade Unions.
- *Peter Anderson* Director, Workplace Policy, Australian Chamber of Commerce and Industry.
- *Kayoko Tsumori* Research Analyst, Centre for Independent Studies.
- *Craig Emerson* The Australian Federal Labor Party spokesperson on workplace relations.
- *Jonathan Hamberger* Employment Advocate.
- *Ken Phillips* Co-ordinator of the IPA Work Reform Unit.

The full articles can be located on the IPA Website at (<http://www.ipa.org.au/Units/Workreform/workreformcasual.html>)

## WHAT ARE THE STATISTICS?

Although still hugely significant, it is startling to discover the extent to which 'full time' employment no longer pervades every aspect of work. Work profiles now show that a wide diversity of arrangements constitute

the norm. Not only are casual employees a significant part of the workforce, but independent contractors constitute one in five workers.

And what of independent contractors? Where do they fit into the debate? For self-employed people, the only permanency they have is in their income—which is dependent on their own attributes and skills conjoined with the success of the overall economy. The self-employed are, in effect, 'casuals' who are at one and the same time the 'employer' and the employee but they employ themselves.

In this diverse world of work, the question is: is the diversity a problem to be fixed, or a benefit to be enjoyed, or something in-between?

## THEY SAY!

### *Richard Marles*

- In the brave new world of work in Australia, the biggest concern for working people is security or more accurately the lack of it. Gone are the days of a job for life in one company.
- The key question is whether this growth has occurred as a result of employer-driven desires or worker preference.
- Workers pay the price of this insecurity, but so too do other parts of the economy, for permanent employment provides access to credit for homes and cars in a way that casual employment simply does not.

### *Peter Anderson*

- The world of work has changed significantly over the past generation. Employment regulation needs to be flexible to allow businesses to respond to clients, consumers and competitors. Employ- ▶

ees are more skilled, more mobile, and one size does not fit all. Preferences over how, where and when to work differ markedly.

- We have now moved beyond some of those old assumptions that were based on the male-dominated, Monday-to-Friday full-time job. In 2004, casual work has its own legitimacy to employers and employees who choose it.

#### *Kayoko Tsumori*

- Casual employment appears to have grown ... due in part to the needs of many working-age individuals for more flexible arrangements than those offered by permanent employment.
- Survey findings indicate that casual employees are just as satisfied with various aspects of their jobs as permanent employees, including pay.
- The real problem with the casuals campaign is that, if successful, it would end up increasing unemployment. The prospect of having to convert casual positions to permanent positions after six months is a disincentive to hiring.

#### *Craig Emerson*

- Continuing productivity growth will be mission impossible if businesses fail to invest in the skills of their employees. Yet employers have little incentive to invest in training casual workers who are likely to leave if they find more secure jobs.
- Casual employment denies workers basic working conditions like sick pay, holiday pay and overtime loadings. Casual employees find it very difficult to obtain mortgages and other bank loans.
- Labor believes that casual full-time and part-time work needs to be more clearly defined.

#### *Jonathan Hamberger*

- Whilst many employers have embraced the use of casual labour, this appears to have occurred without due consideration being paid to the long-term implications of a significant reliance on casual employees.
- Businesses having to cope with a regular 'churning' of casual employees invariably suffer financially; most obviously with regard

to increased recruitment and training costs, but also in terms of productivity. Customer service standards are likely to deteriorate where levels of experience and knowledge is constantly 'churned'.

#### *Ken Phillips*

- The proposals to give casuals holiday and other entitlements, reflects a long-held view that any work that is not full-time and not permanent is somehow illegitimate. This is a view that ignores simple mathematics, appears out of step with community expectations and seeks to impose one model of business operations onto business
- There is a strong view amongst industrial relations and human resource academics, some managers, unions and some industry associations that the only socially legitimate form of work is full-time, permanent employment.

The full Casual Discussion can be located on the IPA Website at (<http://www.ipa.org.au/Units/Workreform/workreformcasual.html>) **IPA**

### What Do the Statistics Show?

Type of engagement	Number of people	Percentage of workforce
Full-time Employees: 'Employees with leave entitlements (holidays, sick leave, etc.)' Includes part-time and full-time employees	4,939,700	59%
Casual Employees: 'Considered job to be casual and did not receive leave entitlements'	1,486,900	18%
Casual employees (?): 'Did not consider job to be casual but did not receive leave entitlements.'	299,500	3%
Independent contractors (self-employed): 'Owner managers of unincorporated enterprises.'	1,078,800	13%
Independent contractors (self-employed): 'Owner managers of incorporated enterprises.'	590,900	7%

Source: Australian Bureau of Statistics. Forms of employment survey No 6359.0, released February 2000.

Note: An analysis of these figures was undertaken by Alan Moran of the IPA titled 'Just How Many Are There?: Employees, Independent Contractors?' and is available at (<http://www.ipa.org.au/pubs/workreform/numbers.html>)

# ALP–Union Link Corrupts Political Process

JOHN ROSKAM

**A**T THE Labor Party's National Conference held in January this year, the party agreed that a future federal ALP government would favour 'union friendly' firms when awarding government contracts. A few days after this decision, the Australian Electoral Commission released details of the funding of political parties. Of course, trade unions were a key source of funding for the Labor Party.

According to the Minister for Workplace Relations, Kevin Andrews, unions donated nearly \$5 million to the ALP in 2002–03, and since 1995–96 have donated around \$40 million. For the Minister, the ALP was 'a wholly owned subsidiary of Australia's big union bosses'. The Commission's data also showed that, as a result of a lease between the ALP as landlord and the Australian National Audit Office—entered into under the Keating Government at massively above-market rates—the ALP gained over \$1 million directly from the Australian taxpayer.

By contrast, figures for the Liberal Party's fundraising showed that one particular company, Manildra, gave the Coalition approximately \$300,000. Manildra was a company affected by government decisions about the use of ethanol. Manildra also gave \$50,000 to the ALP, which the ALP later returned. But what dominated the media the day after the Australian Electoral Commission's information was released? The headline in *The Australian* read, 'The Coalition fills up on ethanol'. In *The Australian Financial Review*: 'Manildra fills the coalition's tank'.

Donations from Manildra accounted for less than one per cent of

the Coalition's fundraising, while the total of the trade unions' donations to the Labor Party was ten times bigger than that of Manildra's to the Coalition. But none of the headlines said 'ALP policy payback for union donations'. Those double standards demonstrate the depths to which Australian democracy has descended. The fact that the Labor Party tolerates the provision of discriminatory preferences to its largest donors is accepted without complaint. But when a corporation decides to donate to the Liberal Party, the story is turned into a major controversy.

## DOUBLE STANDARDS

A healthy and vigorous democratic system relies on strong competition between political parties, and the parties need financial resources to run their day-to-day operations, as well as to campaign. This was the justification for the introduction of taxpayer funding of political parties by the Hawke Government. The success of a political party, however, is not dependent on its absolute level of resources but on its resources *relative* to its competitors.

The party with the biggest advertising budget (which is what the bulk of donations are spent on) has a clear advantage, and the success of Australian democracy is being jeopardized because one party (the ALP) has access to greater resources than its main competitor (the Liberal Party). Last financial year, Labor raised \$35.5 million against the Liberals' \$34 million. This advantage to the ALP represents a long-term trend. At the national level, in 2001–02, Labor raised \$25 million compared to \$20 million for the Lib-

erals. In 2000–01, a financial year in which there was no federal election, the ALP raised \$6 million, which was double that of the Liberals.

Labor does, and has always relied on, the trade unions, not only financially but also for human resources, especially at elections. On the other hand, the Liberals can no longer rely on their traditional funding base from corporations. Increasingly, companies are deciding either not to make political donations at all, or if they do, to make sure they are providing funds in roughly equal proportions to both parties.

The decision of companies not to support this country's political process is short-sighted and self-defeating. Often it is the result of the timidity of directors in the face of a feared backlash from company 'stakeholders'. The irony is that the 'stakeholders' that the directors are attempting to placate are usually hostile to the company and antagonistic to the notion of the market economy which allows the company to operate in the first place.

## 'SPECIAL INTERESTS' POLITICS

Despite the faults of the American political system, its participants are well-funded, and public policy debate is energetic. Corporations and individuals feel a responsibility to sustain the quality and quantity of politics in the United States, and they do this by making donations on a scale that is quite alien to anything known in Australia.

Beyond political parties and candidates for public office, the American system of 'special interests' is also well-funded. 'Special interests' are much maligned, but the right of

those 'special interests' to lobby, to represent their case and to support parties and candidates is an essential element of a representative democracy. Decisions by governments have the capacity to impact on individuals' lives and on the operations of business in ways unforeseen by legislators, and lobbying and industry representation can improve the quality of law-making.

Much of the criticism of 'special interests', both here and in the United States, is misdirected. 'Special interests', by definition, are self-interested and nothing should prevent them from making their self-interested arguments to government. In this context, the role for government is to adjudicate between the self-interest of one group against that of another, and against the community as a whole. When 'special interests' claim a victory against the interest of the community as a whole, it is not the 'special interest' that should be criticized, but the government for making such a decision.

### **TRADE UNIONS AS A 'SPECIAL INTEREST'**

The biggest and most powerful 'special interest' group in Australia is the trade union movement. Its influence is a product of the fact that one of the country's two largest political parties is committed to the advancement of its interests, and of the hundred years of Australian political history over which time both Liberal and Labor governments enshrined a privileged place for unions.

There is hardly an aspect of life in this country that has not been shaped by the union movement. Everything from the hours we can go shopping for groceries to the hospital we can attend for a hip replacement has been affected in one way or another by unions. Many of the central policy planks of the newly-born Federation in 1901, including industry protection and centralized wage fixation, were put in place to protect the status of trade unions. Over its history, the ALP has sought, at every oppor-

tunity, to advantage the organizations to which it owes its existence. This is hardly surprising. In government, Labor has done this directly, by giving preference to unionists, and indirectly through its economic policies, of which the 'Accord' of the 1980s was just one example.

Australia's very first national Labor Government under John Watson lost office in 1904 when the Protectionists and Freetraders combined to defeat a proposal to give preference to unionists under industrial awards. After the First World War, the ALP was divided over whether returned servicemen should get preference in employment over unionists, and the

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## **The decision of companies not to support this country's political process is short-sighted and self-defeating**

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same issue arose after the Second World War. The decision, therefore, of Labor's National Conference to support the idea that 'union friendly' firms should be favoured in the awarding of government contracts is not new, and because it is not new, it has gone practically unnoticed.

### **UNION PREFERENCE AND THE RULE OF LAW**

That a future Labor Government would positively discriminate in favour of companies that were 'union friendly' is obnoxious. Were the Liberal Party to propose a measure whereby government contracts were more likely to be awarded to companies that were 'worker choice friendly', the outrage would be widespread. What the ALP is proposing

to do thus represents a disturbing trend in Australia. It is a trend whereby companies and organizations are required to comply with both legislation and with obligations and requirements which have not been passed by Parliament, and which are not subject to parliamentary scrutiny.

The ability for the executive of government to exercise arbitrary discretion basically amounts to the usurpation of Parliament—but, then again, the ALP has never been a party to take the Westminster tradition too seriously.

If Labor proposed to achieve these aims through legislation, such legislation would still be abhorrent, but at least it would be subject to the parliamentary process. Preference to 'union friendly firms' is of such significance that it is not legitimate to regard it as simply a run-of-the-mill contractual condition. Our system of government is based on the rule of law, and one of the fundamental principles of the rule of law is that individuals are required to obey the law, no less and no more. The idea that governments can impose non-legislative obligations contradicts the rule of law.

Unfortunately, what the ALP proposes to do is just part of a long list of deviations from the rule of law in Australia. Another example is the exploitation of the principle that laws should be unambiguous and able to be understood. The *Financial Services Reform Act*, passed by the Commonwealth Parliament in 2002, requires that superannuation funds and fund managers report on the extent to which they take account of 'labour standards'. This provision was inserted at the instigation of the ALP. What does this mean? No-one knows, and yet it is now a law that must be complied with.

The favours that a Labor Government will provide for its trade union partners are dangerous to democracy and to the rule of law in this country.

*John Roskam is a Research Fellow of the IPA.*

**IPA**

**REVIEW**

## Summaries and excerpts from interesting reports

### INFORMATION TECHNOLOGY BOOSTED PRODUCTIVITY IN SERVICES

US productivity has continued to grow strongly. New research suggests that productivity growth in service sectors of the economy has outpaced manufacturing, and that information technology is responsible for much of the growth.

Productivity is the measure of workers' output for a given value of inputs. Its growth is responsible for most economic progress:

- From 1948 to 1973, productivity grew at close to 3 per cent annually, doubling the living standard in that period.
- Then came the dark age of productivity growth: from 1974 to 1994, it averaged only 1.4 per cent a year.
- From 1995 to 2000, we had something of a productivity renaissance, with growth climbing to more than 2.5 per cent a year.

When the economy slowed in 2000, many economists expected productivity growth to fall back under 2 per cent. But it soared to 9.5 per cent in the third quarter of 2003, slowing to 2.7 per cent for the last three months of the year.

Recently, Brookings Institution economists Jack E. Triplett and Barry P. Bosworth concluded that most of the post-1996 growth in productivity has come in services. Their unpublished figures show that:

- From 1995 to 2001 labour productivity in services grew at a 2.6 per cent rate, outpacing the 2.3 per cent rate for goods-producing sectors.
- Some 24 out of the 29 service industries they studied exhibited growth in labour productivity after 1995, and 17 experienced accelerated growth.

Information technology has become so powerful and so cheap that productivity enhancements spread through the economy—even to small and medium-size service enterprises. It is a lot easier now for sellers to track inventory, monitor operations, communicate with customers, and react to shifts in demand. Today any family-run video store or restaurant can buy a smart cash register that not only tracks purchases but also monitors inventories.

*Source:* Hal Varian (University of California at Berkeley), 'Information Technology May Have Cured Low Service-Sector Productivity,' Economic Scene, *New York Times*, 12 February 2004.

### CHINA'S COMMUNISTS PROPOSE PRIVATE-PROPERTY AMENDMENT

The year's most significant news may have come not from the Middle East but from China. After months of internal debate, leaders of China's communist party have submitted to the National People's Congress a constitutional amendment aimed at protecting private property. Yes, you read correctly.

According to the Associated Press, 'The proposed property amendment says that "private property obtained legally shall not be violated," the official Xinhua News Agency reported. It said that would put private property "on an equal footing with public property."'

If the amendment is adopted and enforced, China's entrepreneurs would be the first beneficiaries. Private firms would be able to obtain

loans more easily from government banks, which have viewed loans to private firms as too legally risky to make. Enabling private firms to obtain more capital could enhance their power relative to state-run companies. This in turn could hasten the political liberalization of a country that has known despotism far longer than it has known freedom.

Optimism for a politically free China, however, should be tempered with a healthy dose of skepticism. China's censorship of a translated edition of Hillary Clinton's book—expunging the portions critical of the People's Republic—and its crackdown on unofficial worship—are just two recent examples that betray its leaders' deep-seated hostility toward the marketplace for ideas.

The constitutional protection of private property may be an important step toward the rule of law and significant, lasting freedom—or not.

What we are entitled to say is that few observers of the Soviet Union had predicted the collapse of communist rule in that country until it actually happened. If China were to follow suit, the momentous change would be surprising but not unprecedented.

*Source:* 'China Amending Constitution to Protect Property, Giving Entrepreneurs Added Status,' by Joe McDonald, Associated Press (*San Francisco Chronicle*, 22 December 2003)

*Website Source:* <http://www.sfgate.com/cgi-bin/article.cgi?file=/news/archive/2003/12/22/international1349EST0557.DTL>

IP A

**FEELING ENERGETIC?**

How do you know what you know?

I suspect that the answer to this question is at the root of why there are such huge divergences of opinion on nearly everything:

- we were created on the sixth day by a loving God or we came about because of the success of our ancestors in surviving, adapting and reproducing over several billion years;
- the so-called 'free market' is really a cabal of exploitative capitalists who oppress for their own benefit the workers and the inhabitants of the Third World or the free market is perhaps the least imperfect institution developed for the betterment of humanity;
- Bush invaded Iraq as part of his quest on behalf of the oil industry or he saw it as a necessary part of the process of securing the American people from terrorism;
- our energy needs, and those of developing countries, can be met with renewable sources or the figures just don't add up.

Choosing well between these dichotomies would necessarily involve study—a great deal of it. Yet most people remain ignorant of the details that would resolve these issues.

That ignorance is, for the most part, rational. Studying the intricacies of Darwinian selection and theology, learning both trade and Marxist theory, understanding the difference between a megawatt and a megawatt hour, requires an expenditure of time that most people would sensibly prefer to devote to something more

useful to them: interacting with family and friends, earning a living, filling in their quarterly Business Activity Statements.

There are, however, shortcuts to deciding these questions. These involve trust. If you believe that the officers of Greenpeace are trustworthy, you will accept their dire prognostications on the future. If you think that business leaders and economists are honest and knowledgeable, you are likely to support the free market.

In matters where the answer boils down to science, the problems are amplified because of a pervasive lack of scientific and mathematical understanding throughout society. A survey of members of the International Association of University Presidents recently disclosed that the top 17 works they would recommend to undergraduates to 'read and study in order to engage in the intellectual discourse, commerce, and public duties of the 21st century?' included two religious books, three classics of ancient history, and several fine literary works, but not a single book of science. No Darwin, no Dawkins, no Feynman. Nothing on chemistry or mathematics. Not a thing on scientific method. Certainly nothing on statistics.

[globaleducation.edu/papers/greatbookssurvey.shtml](http://globaleducation.edu/papers/greatbookssurvey.shtml)

Yet what are the most exciting—and vexing—things happening in these opening years of the 21st Century? Certainly these include epidemiology (statistics), the environment (physics, statistics, chemistry), genetics (biology, mathematics). Let us look at just

one area: energy production. Governments around the world, including Australia, are mandating environmentally 'friendly' energy sources such as windmills. But will these do any good?

When it comes down to it, this isn't a matter of faith, or trust, but hard-nosed engineering and physics.



**WIND POWER?**

Perth suffered an energy shortage last week, causing the banning of air-conditioner use on days hitting 40 degrees. Could wind power be the solution? No—for many reasons. It is intermittent, so it can neither contribute part of the 'base load' (the underlying, regular power supply), nor can it be relied upon for peak demand because the wind may well not blow when required. It requires 85 times the land of an equivalent coal-fired plant. It is expensive, and the huge turbine blades kill birds.

[www.heartland.org/Article.cfm?artId=911](http://www.heartland.org/Article.cfm?artId=911)

For more technical treatment from a pro-nuclear, anti-windmill, perspective, Dr Howard Hayden, Emeritus Professor of Physics, University of Connecticut, runs a Website called 'The Energy Ad-



While the authors are somewhat ambivalent, the remarks on 'Nuclear Free' zones alone make it worth reading:

there remain several problems with the [Nuclear Free Zone] concept ... you are not 'nuclear free'—Your own body contains radioactive chemicals including potassium-40, carbon-14 and, yes, traces of uranium. Together they zap your body with about 20,000 particles of radiation every second.

There's also an excellent discussion on the Lucas Heights reactor. Amongst other things, it suggests that the worst case nuclear disaster possible at Lucas Heights, with the worst possible weather conditions, to someone hanging around the plant for twelve hours, would result in a radiation exposure equivalent to receiving half a dozen medical X-Rays.

to be environmentalists and provide subsidies to sugar farmers at the same time. It has always struck me as rather odd that one would want to use valuable farm land to produce not food but fuel. I'm not the only one, though. While the Friends of the Earth would rarely get a congratulatory mention in these pages, their analysis of the environmental problems of the use of ethanol in fuel is as good as any. Go to:

[www.foe.org/powerpolitics/8.26.pdf](http://www.foe.org/powerpolitics/8.26.pdf)

### SPINNING ENVIRONMENTS

Many sharp scientific eyes are represented in Weblogs. And quite a few of these take on scientific issues with gusto and a sharpened keyboard.

One long-time bane of environmentalists is Emeritus Professor Philip Stott, who now runs EnviroSpin Watch. This has lately focused on genetically engineered crops and wind farms, but frequently takes on many other aspects of junk science that appear in the media. Interestingly, the anti-wind farm focus in Great Britain seems to be from rural folk who object to their landscapes being blighted by hundreds of windmills. Go to:

[www.greenspin.blogspot.com](http://www.greenspin.blogspot.com)

vocate'. He points out, for example, that the very best windmills operate at an efficiency of around 50 per cent and can only produce their rated power in a fairly narrow range of wind speeds (if the wind is blowing too hard, they have to shut down). Go to:

[www.energyadvocate.com](http://www.energyadvocate.com)

### UNDERSTANDING FISSION

A clean alternative to both fossil fuels and wind power is, of course, nuclear energy. But how much do you know about nuclear energy? What's the difference between fission and fusion?

The Nerdling can help here. Actually, this Website is about all kinds of scientific and mathematical stuff that would appeal to, well, nerds. And despite the lack of an .au on the end, this is an Australian site. Most of its content is in Acrobat format 'zines, the most recent of which (Special Issue 2) is all about nuclear stuff. For a quick overview of the science of nuclear energy and what it means in practice, you could do worse than download this one (caution: 5 megabytes!) from:

[nerdling.net](http://nerdling.net)



### DRUNK ON POWER

Ethanol has been in the press lately. It is a nice subject for politicians because, by requiring the mixing of a certain proportion of ethanol into regular motor vehicle fuel, they can both pretend

### 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](mailto:scdawson@hifi-writer.com).

# Letter from London

JOHN NURICK

## Distrust Everywhere, Almost ...

Lord Hutton's report was published towards the end of January. It resoundingly cleared Tony Blair and the rest of the government of accusations that they 'sexed up' the dossier on Iraq's weapons of mass destruction back in September 2002, and also of any blame for the suicide of the weapons expert Dr David Kelly.

The immediate effect—the polls soon showed—was to make even more people distrust the government. Such is the Austro-Hungarian cynicism to which Mr Blair and his spin-doctors have brought us. Lord Hutton—a judge—argued that since no one involved could have foreseen that Dr Kelly would kill himself, no one was to be blamed for his death. Less reasonably, he decided that the many changes the government requested to drafts of the dossier, to make it seem stronger and less tentative, did not amount to 'sexing up'.

Another facet of this cynicism appeared a couple of weeks later. As you may know, the government has been throwing money at the National Health Service in the hope that the service will improve enough to win it some votes at the next election.

These spending increases at first seemed to have no effect except to reduce productivity, as staff and hospitals began to make up for years of overwork and under-maintenance. Money is also going into capital projects: the current investment programme is easily the biggest in the 55-year history of the NHS, but building sites don't treat patients.

It's only in the last few months that the spending has begun to



trickle through to patient care—and people so distrust the government that they believe things are actually still getting worse.

Many of the government's supporters share this distrust. There are 318 backbench Labour MPs (plus 90 ministers and whips). The same week as the Hutton report, 72 of them voted against the government and 18 abstained over a proposal to allow universities to set different tuition fees for different courses, instead of the current system where the fee is the same for every course in every university. Probably another 90 supported it only with reluctance.

The fees would be rolled into student loans to be repaid from the graduate's above-average earnings, and would be much less than the actual cost of providing the course. At best, the scheme would only produce a fraction of the extra money the universities need. But it brings a tiny bit of sense into higher education funding, and was therefore bitterly opposed by the sentimental Left and the soft Centre—with the unprincipled support of the Conservatives, who should have supported the government's scheme as at least a step in the right direction.

Because the vote was in the same week as the Hutton report, opposition to tuition fees got mixed up with opposition to the war in Iraq: most Labour MPs were, at best, reluctant supporters of war at the time, and feel betrayed by subsequent events in Iraq and the non-appearance of WMD. In the event, the government won by 5 votes; its 'official' majority in the Commons is 161.

Even the judges don't trust the government. Many believe it is trying to reduce their independence. One described the proposed Supreme Court as 'a great constitutional change ... adopted as a quick fix for personal squabbles in the cabinet.'

The one area in which people do trust this government is economic management. It's been in power almost seven years without a single economic crisis. Partly this is luck: Mrs Thatcher fixed the unions long ago, and Labour inherited a very favourable economic situation. But by the standards of British economic management, it's still an excellent performance.

Not everything is rosy. The current increases in public spending are tiny compared with what the Whitlam Government tried, but unless economic growth matches optimistic predictions, we are heading for what the OECD calls a 'sizeable structural deficit' in the medium term. Taxes are already high. The pension system is so confusing and liable to change that it discourages saving. Still, things could be—and have been—much worse.

*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.*

IPA

REVIEW

# What's A Job?

KEN PHILLIPS

## Media Monitoring

In years gone by, it was comparatively easy to understand what was happening in industrial relations. Unions would organize workers to engage in strikes, pickets and other industrial action to pressure the 'bosses' to improve wages and conditions. It was a form of orchestrated 'class war' in which everyone seemed to know their place and their role. The business of being a union was structured entirely around the maintenance of this class war.

But things have changed because of one basic fact: union membership in the private sector is now down to 18 per cent. More importantly, union membership and influence in most businesses is now so small (often non-existent) that unions have enormous difficulty starting, let alone maintaining, class war within individual companies.

The outcome is that the business of being a union is under severe stress. And to survive, some unions have undertaken far-reaching reconceptualization of their processes and campaign models. In applying these new models against targeted firms and industries, unions have changed the nature of the game in ways that firms do not understand. One of these new campaign models creates industrial leverage by attacking a company's brand name.

Recently, a media monitoring business was subject to such an attack. The campaign is the early phase of a union push to capture the media monitoring industry and it closely follows campaigns conducted against call centres and the

clothing industry. In this new industrial warfare, nothing is what it seems and it takes business some time to understand what is happening and to sort out how to respond.

The company in question, like others in the media monitoring business, engages people to read newspapers and magazines, listen to radio and watch television and to pull out material that names or affects the business of its subscriber clients. In the industry, transcripts of media reports are usually delivered to clients within hours (sometimes minutes) of a media report appearing. Some aspects of the business involve high-tech monitoring, but much entails people simply sitting and reading or listening. The low-tech aspects ideally suit people who want to work from home—including students, retirees, parents and others who want the lifestyle and income benefits of such work.

The trouble for unions is that industrial organization of people who work from home is almost impossible. Unions need employers to operate factory-like environments if the business of being a union is to survive. Hence the campaign against the media monitoring business, which the arts and entertainment union has complained is conducting 'sweatshop labour, like women making T-shirts in the Philippines'. It has asked the Victorian Government to take action.

The expected scenario is that the company's name will be subject to considerable attack on a wide variety of fronts. It will risk losing clients and its competitors will duck for cover (all the while claiming that they are well-behaved) or use the situation to gain increased market share at its expense. Eventually

a 'white knight' industry association will negotiate a 'peace' which, in effect, will deliver the union's agenda. A 'code of practice' will be established in conjunction with government, and legislation stipulating the price of media monitoring operations in minute detail will likely follow. The 'settlement,' operating outside industrial relations legislation, will effectively control vital aspects of how the industry is able to operate. The campaign loop will be closed. The industry will be captured.

How do we know this? Because this is what transpired in the clothing industry over ten years and, in part, in the call centre industry in just four years. It will probably happen much faster in the media monitoring industry.

These campaign and control mechanisms effectively destroy domestic outsourcing operations. But, paradoxically, there is no evidence that unions win more members as a result. Instead, domestic outsourcing stops. Companies shift their focus offshore and external outsourcing proceeds apace. Witness the trends with call centres and the collapse of domestic clothing manufacturing! The campaigns actually destroy local jobs.

In the electronic age, most media monitoring can be done in India, Malaysia, Hong Kong or wherever fluent English-speakers reside.

Industrial relations is no longer just about class warfare controlled through industrial relations legislation. There is an entirely new paradigm of aggressive war. And the process is just in its infancy!

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

**I P A**

Compiled by IPA staff, columnists and consultants ...

## WATER ON THE BRAIN

An American school student won first prize at the Greater Idaho Falls Science Fair. He was attempting to show how conditioned we have become to alarmists practising junk science and spreading fear of everything in our environment. In his project, he urged people to sign a petition demanding strict control or total elimination of the chemical 'Dihydrogen monoxide,' because it can cause severe burns in its gaseous state; it is a major component in acid rain; accidental inhalation can kill you; it contributes to erosion; it decreases effectiveness of automobile brakes; and has been found in tumours of terminal cancer patients. He asked 50 people to support the ban. Forty-three said 'yes', six were undecided, and only one knew that the chemical was ... water. The title of his prize winning project was 'How Gullible Are We?' The conclusion is obvious.

## BIRD PATÉ

In an ironic shift, some environmentalists are now opposing new permits for wind farms.

When the giant Altamont wind farm in California sprouted up two decades ago, the only major objections were aesthetic. No-one, apparently, thought about the birds.

Since they started, these giant windmills have chewed up an estimated 22,000 birds, including hundreds of golden eagles, red-tailed hawks, kestrels, and other raptors.

'Renewing these permits without addressing the cumulative impacts of wind energy on migratory birds, especially raptor species, will give a black eye to wind power,' said Michael Boyd, president of Californians for Renewable Energy. One extravagant claim has it that it killed more birds than the *Exxon Valdez*.

## BIRD TRUTH

Bird deaths are worse than that, however. According to environmentalists, the Altamont paradox merits continued research, but it is not an argument against wind power in general. In truth, motor cars are responsible for some 57 million bird deaths in the US every year, more than 97 million birds die by flying into plate glass every year, and about 1.5 million birds die from collisions with structures (such as towers, stacks, bridges and buildings) every year. Viewed in this context, the 183 bird deaths in the Altamont Pass over a two-year period is smaller than a poached quail egg. But can't you feel a solution coming on ... ecologically sustainable, bird-friendly grass huts that the Greenies secretly wish we would all go back toward?

## FATTY CRUISE

Tom Cruise is officially obese—that is, according to Uncle Sam's fat police. The US fat patrol use what is called the Body Mass Index (BMI) to deem whether people are slim, overweight, or obese. A BMI of 25 to 30 means you are overweight and a rating of over 30 makes you fat. At 1.7 metres and 91kg, Mr Cruise has a BMI of 31 and is therefore officially fat.

Fatty Cruise is in good company. Sylvester Stallone, Mel Gibson and the new Governor of California are also 'obese.'

How can Tom Cruise and the other hunks be classified as fat? It turns out that the BMI does not distinguish between fat and muscle. As the US Center for Disease Control and Prevention acknowledges: 'Overweight classification may or may not be due to increases in body fat. It may also be due to an increase in lean muscle.'

It's not just full-blown obesity that has been bungled by this numerical hocus-pocus. Thirty-nine million

Americans went to sleep one night in 1998 at a government-approved weight, and woke up 'overweight' the next morning, thanks to a change in the government's definition.

That group includes presently 'overweight' movie stars such as Will Smith and Pierce Brosnan, as well as Michael Jordan. Moreover, the standard that the US abandoned in 1998 at least had the virtue of distinguishing between men and women—something we now do not even attempt to do. Is this a weird new form of affirmative action or just fear of asking women their weight?

## ASIANS OVERWEIGHT TOO

Now the World Health Organization (WHO) wants to begin determining 'acceptable' BMI levels according to race and has lowered the threshold for Asians. If WHO gets its way, a perfectly healthy BMI of just 22 will make Jackie Chan a certified fatty overnight.

The faulty Body Mass Index doesn't serve health interests. It only serves the meddlesome interests of trial lawyers, food cops, fat taxes and obesity lawsuits.

## ITOLDYOU SO

There has been a general increase in global food production. One reason appears to be the higher levels of carbon di-oxide in the atmosphere, stimulating plant growth. Researchers think that as much as 10 per cent of the world's recent crop yield gains have been due to more of the dreaded greenhouse gas in the atmosphere. The truth is that no nation in the world is significantly constraining their CO<sub>2</sub> emissions. Even 13 of the 15 EU nations will apparently miss their Kyoto emissions targets. Just as well.

IPA

# Criminals Owe Debt to Victims, Not Society

WENDY McELROY

**M**OST people realize that the court and penal systems in North America are seriously broken and must be fixed. With the possible exception of China, the United States currently imprisons more of its population than any other nation: the US Bureau of Justice Statistics reports 2,033,331 imprisoned as of December 31, 2002.

And the tax burden for doing so is staggering. The answer to both problems may lie in one word: restitution.

Or two words—victim's rights.

Solutions to the expense and other social costs of imprisonment abound, including 'private' prisons and the repeal of victimless crimes.

Without dismissing those approaches, I would like to challenge a basic concept in the law. Namely, that criminals owe a debt to society. I believe an individual who commits a crime owes a debt—that is, restitution—to the individual who has been harmed.

For years, I've argued against the idea that categories of people commit crime—e.g. 'men' are rapists, 'men' commit domestic violence, 'whites' oppress minorities. Equally, I reject the idea that a category such as 'society' can be a victim in any legally meaningful sense. Categories do not swing fists, rape, and murder: individuals do. Categories are not battered, violated, and killed: individuals are. The real victims deserve to be the focus of law.

Repaying individuals for their injuries is associated with the civil courts, which traditionally handle private and non-violent matters such as contract disputes. Civil judgments

attempt to restore to individuals what they have lost or, at least, to provide whatever compensation is possible. Often, court costs can be assessed against those found 'guilty.'

Repaying society is associated with the criminal courts, which handle violence such as rape and murder. Criminal judgments do not attempt to compensate the individuals harmed except, perhaps, by providing the satisfaction of seeing someone punished. Indeed, as taxpayers, the victims themselves pay for that satisfaction by supporting an expensive judicial and prison system.

I believe both civil and criminal court systems should aim at compensating the victim.

What would a criminal system organized around restitution look like? No one knows. The current system has evolved, for better or worse, over centuries and circumstances. Any other system would do the same. But it is possible to sketch a working hypothesis that gets the discussion rolling.

A criminal court that focused on restitution would force those convicted to repay their victims not only for direct financial losses but also in compensation for emotional trauma. Criminals would bear the cost of court proceedings and of collecting any restitution that is not rendered voluntarily. If criminals did not have the means to pay a judgment or could not be trusted to do so over time, they could be monitored or confined to an institution for the sole purpose of working to earn that compensation and to pay the cost of confinement. The taxpayer would be taken out of the loop.

Objections immediately arise: for example, some categories of crime are so heinous that they do not seem to allow restitution. How can you compensate a victim of rape or murder?

The fact that there may be no perfect or adequate form of restitution is not an argument against providing whatever repayment is possible. A rapist cannot restore a victim's sense of safety but he or she can be made to pay such items as medical bills, the cost of counselling, and compensation for emotional trauma. A murderer cannot repay his debt to the dead but he can be forced to earn money to pay in perpetuity the expenses of a victim's family.

Another objection: what happens to the healthy desire for vengeance? That desire would have to be satisfied by the penalties imposed. The justified rage of victims cannot become the foundation of jurisprudence if courts are to preserve objectivity.

And what of the repeat and violent offender? A criminal who chooses repeatedly to rape (for example) is the Achilles heel of most systems of justice, including one based on restitution. But these extreme cases should not dictate how the overwhelming majority of offences are handled.

Justice built on restitution has at least three advantages over others: the victim is the beneficiary; the prison population is reduced; and, taxpayers do not literally pay for crimes they have not committed.

*Wendy McElroy is Research Fellow at The Independent Institute and editor of the Institute books, Freedom, Feminism and the State and Liberty for Women: Freedom and Feminism in the Twenty-first Century.*

**I P A**

# The 'R' Files

ALAN MORAN

## Renewable Energy Policy: Anatomy of a Solution in Search of a Problem

In September 2003, a committee headed by former Senator Grant Tambling issued a review to the Federal Government of the operation of the *Renewable Energy (Electricity) Act 2000*. That Act forces the electricity industry, and hence consumers, to pay higher prices by requiring designated high-cost but low carbon-dioxide-emitting forms of energy to comprise a share of consumption.

Energy conservation policies started with the now fully discredited notions that we are running out of resources, but they received a shot in the arm from greenhouse theories. Spooked by a chorus urging it to 'do something' on global warming, in 1997 the Howard Government introduced subsidies to 'greenhouse friendly' uncompetitive energy sources. In participating in the Kyoto jamboree, the Government had stared down those who wanted early action that would have involved dismantling Australia's low-cost, coal-based electricity industry. As a result, Australia had emerged from Kyoto with a more indulgent target than that of any other significant signatory. We needed only to limit our carbon dioxide emission levels to 108 per cent of 1990 levels by 2010, when other countries committed themselves to reducing their levels of emissions by that date.

Even so, Australia's industrial structure and geography meant that meeting the 108 per cent target would be particularly tough.



Australia's business-as-usual projections were that we would be at 23 per cent above 1990 levels by the target date. Green activists and others made soothing noises about how the technology was advancing in the clean green areas. In the light of this, many claimed that achieving the goal would be a piece of cake. In making such claims, Green activists were joined in their enthusiasm by a gaggle of vested interests. These included those keen to see subsidies for windmills and other uncompetitive power sources, as well as commodity traders anxious to add a new arrow to their quiver in the form of tradable carbon credits.

With a huge dollop of nifty political footwork, Australia has managed to persuade the international community that, by redefining our emissions, some 10 per cent of our emission reduction obligations had been (effortlessly) met. This, together with the effect of some energy-use cost impositions means that we can now claim to be only a couple of percentage points above the agreed 108 per cent level.

But even the modest inroads that we have made into our greenhouse gas emissions are coming at a cost. The most important element of this

is targeted at energy usage. In November 1997, the Prime Minister's response to the Kyoto conference on Australia's behalf included subsidies and regulations to force consumers to conserve on energy use. The most important of these was a requirement for sourcing, 'an additional 2 per cent of ... electricity from renewable or specified waste-product energy such as solar hot water heaters'.

This '2 per cent additional energy' was, perhaps intentionally, somewhat ambiguous. The additional 2 per cent might refer to 2 per cent above its business-as-usual level; this would take the renewable share of electricity from a prospective 8 per cent by 2010 (a decline from 10 per cent in 1997 as a result of the Green-mandated embargo on new hydro facilities) back to 10 per cent. Alternatively, it might mean taking the then 10 per cent share to 12 per cent (which would mean forcing the market to absorb a 4 per cent share of the exotic high cost renewables).

The first alternative would mean 4,600 gigawatt hours; the second 9,200 gigawatt hours. An inquiry process was established and persistent lobbying by Greens and other vested interests brought a 'compromise' Mandatory Renewable Energy Target (MRET) set at 9,500 gigawatt hours!

Contrary to the lobby's Panglossian protestations that this uptake of exotic energy forms will all pay for itself, there is no end in sight for the subsidies that were supposed to kick-start the process of creating a new self-sustaining energy sector. Direct government grants aside, support through requiring consumers to use a proportion of the designated greenhouse-

friendly energy brings a cost as high as \$40 per megawatt hour (\$40,000 per gigawatt hour). In practice, this cost has been kept down to around \$35 per megawatt hour, though the potential for harvesting the fabled 'low hanging fruit' to allow this is rapidly being exhausted. The national costs (excluding some additional imposts New South Wales and Queensland have introduced) will therefore range between \$330 million and \$380 million per annum by 2010.

In the run up to, and aftermath of, the Tambling Committee reporting, Greenpeace and the ACF both promoted what they call a 10 per cent renewable goal. In effect, this is a fivefold increase in the 2010 target set by the government, an increase they claim will bring:

- over 14,000 new jobs in manufacturing, construction and maintenance;
- new jobs and investment, primarily in rural and regional Australia;
- trade benefits from exporting clean technologies to the Asia Pacific region;
- stability and security of energy supply (unlike fossil fuels, renewables will never run out).

No serious analysts believe such fanciful claims, but they offer a propaganda veil behind which the Tambling Committee can claim to occupy the moderates' high ground.

This appears to have worked. Although the Tambling Committee thought that the MRET scheme was relatively expensive compared to other options, they recommended that it be maintained and extended for at least another 15 years, with double its 2010 gigawatts by 2020. Seduced by the much discredited 'infant industry' notions, they argued that such expansion would provide a domestic base to catapult a vigorous new industry into international markets. The committee, which included a former head of the Commonwealth Industry Department, should have

been fully aware of the fallacy of such force-fed industry development. In spite of textile, motor vehicle and a series of 'high tech' plans, no Australian subsidized infant industry has ever developed into maturity and self-sustainability. Australian sources have no discernible prospects for becoming global leaders in wind power, the key favoured renewable technology, even in the unlikely event that it were eventually to prove competitive.

The fact is that even if all nations adhered to the greenhouse goals they agreed to at Kyoto (and most, like Australia, are involved in some chiselling), the effects would only retard the climate modellers' estimates of the global warming by five years. It is inconceivable that the world will agree to even more draconian emission reductions than those adopted at Kyoto. Aside from the fact that Australia, together with the US and Russia, has refused to ratify the present treaty, future reductions must include measures by the fast-growing developing countries such as China and India—and those nations adamantly reject abatement measures.

Hence, if significant global warming is an outcome of increased carbon dioxide emissions—and skepticism about this abounds—it will be avoided by means other than international treaties. In this respect, technological developments will eventually displace coal, oil and gas, just as they displaced wood, whale oil and tannin. Wind, photovoltaics and other forms of energy presently being subsidized are most unlikely to be a significant part of this solution. Perhaps nuclear will, perhaps hydrogen will, but in any event, Australia should avoid slugging its consumers and damaging its industrial competitiveness with further emission reduction measures.

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

**I P A**

# Book Review

## The Fortunes of Economics

David Robertson reviews

### *Economics and its Enemies: Two Centuries of Anti-Economics*

by William Oliver Coleman

(Palgrave-Macmillan, London, 2002, hardback, 328 pages, A\$198)

In this excellent work of scholarship, the Tasmanian academic William Coleman reviews the attacks on economics that have persisted since its foundation and which continue unabated today. In the opening chapter, the author draws the battlelines between the accusers and the defendants, and describes the field of action. This patient and methodical introduction leads into a careful and balanced description of two centuries of conflict over economics.

This absorbing study provides not only detailed information and a telling commentary, it is also entertaining. Coleman organizes the many sources of criticism and condemnation directed at economics and economists, starting with Smith, Hume and the Physiocrats, and following the trail until economics reached maturity with Marshall and the Marginalist School. He makes a genuine assessment of both sides of the argument, explaining the confusions caused by economic texts as well as the malicious self-indulgence of the enemies of economics. Yet he is never condescending and restricts his judgements to the final chapter. His patience must have been sorely tested by such restraint.

The lesson is that the enemies of economics are drawn principally from political interests of one sort or another.

other. For the most part, these enemies defame rather than discredit any analysis or logical argument that weakens or undermines their rhetoric. Their goal is to destroy economics as an intellectual pursuit; to demolish its precepts rather than simply to criticize.

This is illustrated by the contradictory use of economics in the revolutions that ended the Age of Enlightenment. Economic reasoning based on self-interest and economic freedom brought by markets was first decried as anti-monarchist and disruptive of social order in the lead-up to the French Revolution. This was then condemned when the Republic was established because 'the citizens' saw self-interest as supporting hierarchy. When the monarchy was restored economics was again regarded as disruptive of law and order. Some would argue that this confusion about economics has remained with French politics until the present day!

Although Classical economists regarded themselves as apolitical, economics generated strong reactions in political circles. The Age of Revolution saw Napoleon establish aggressive nationalism, following the United States' more peaceful model. Nationalism elevated public policy and history/culture above abstract economic theory. The rise of the new Germany in 1870 coincided with the establishment of The German Historical School which introduced the inductive historical method into economics. Economics had to be part of national development. The protectionism advocated earlier by Hamilton and List was incorporated into industrial policy and mercantilism revived. This all-encompassing nationalism was to exact an enormous price from Europe in the next hundred years! The German Historical School is now part of history but, Coleman notes, its ghosts linger in so-called 'development economics'.

Politicians' concerns about economics and nationalism are nowhere better illustrated than in Coleman's chapter on economists in Totalitarian States. Stalin would not tolerate alter-

native opinions. First he bullied, then brutalised eminent Russian economists, before he eradicated them. This must have been a considered decision because he is reported to have had a large collection of economics books that he had annotated. This chapter is disturbing to read because memories of the Stalinist monster-state and Hitler's Third Reich are revived.

Coleman spends some time on the disaffection of 19th century churchmen with economics. The main concern was that, by arguing for self-interest and individual freedom, economics undermined social order and respect for national institutions—in particular, the status of the Church. This was part of a common cause against universal education and intellectual freedom that saw the Church speak out against progress in scientific advances as well as economics. The Romantic School (Coleridge, Wordsworth, Southey, *et al.*) were motivated to support the Church to protect the privileges they enjoyed under the established order. Coleman examines the Romantics at length. He notes that their objections to rational thought and social change have found renewed expression in contemporary environmentalism—who is to put a price tag on 'the priceless'? The Romantics and other professional scribes are treated gently until the final chapter, when Coleman exposes not only their general ignorance of the works of the economists they attacked, but also their own disturbed mental states, ill health and drug addictions.

It was Carlyle and Ruskin who most vigorously opposed 'the dismal science'. This catch phrase was devised by Carlyle (1849) when commenting on *The Nigger Question* (p156), where he referred to the economic damage arising from the emancipation of slaves. Ruskin was equally reactionary: 'Slavery is not a political institution at all but an inherent, natural and eternal inheritance of the human race'. These savage attacks arose because most economists supported the abolition of slavery. Reference to 'the dismal science' by modern 'public intel-

lectuals' shows how little they understand of economics, and how little research they do.

While Coleman declares the failure of anti-economics, on grounds of misrepresentation, distortion and unworthiness, he criticizes economics and economists too. Anti-economics is undermined by ignorance of economics, but it fails because economics frustrates political interests, affronts moral principles with self-interest and humiliates those demanding social status. Because anti-economics misdirects its fire, economics also loses. Coleman argues that if the criticisms had been better directed, economics would have to become more relevant, by reducing its erudition and being more comprehensible to its audience, which is the general public.

This leads me to some specific comments on this volume. First the commentary ends too soon. Economics has continued to be abused, criticized and rejected since the beginning of the 20th century, while the subject has been strengthened by intense internal disputes. Yet, except for the excellent, though disturbing, chapter on the totalitarian states, the coverage of this volume ceases around 1900. Since the dust jacket is adorned with an image of Keynes, one would expect more comment on this towering personality's contributions. Keynes receives only five passing references in the book.

Probably the publisher is to blame for the misleading graphic, as well as the price of the book, which takes it beyond the budget of most potential readers. This is unfortunate, because it is an amusing and readable history which makes a serious contribution to increasing understanding of long-standing conflicts, which are still repeated by present-day enemies of economics. I hope that William Oliver Coleman can be persuaded to take up his pen again to bring this story up to date—I am sure it will continue to unfold.

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**I P A**

**REVIEW**