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Over the last ten years it has been my good fortune to be Executive Director of the Institute of Public Affairs and publisher of the IPA Review. After this issue I will pass the magazine and the Institute over to able leadership of John Roskam.

During my period there have been many highlights. The largest was the triumph of economic liberalization. The IPA, arguably more than any other single institution, has been the champion of the economic reform of the last two and a half decades. Indeed it has led the debate on just about every issue, including tariff cuts and free trade, independent monetary policy, balanced budget and reduction in public debt, privatization, contracting out, deregulation of the electricity, air transport, rail, port, coastal shipping, telecommunication, wheat, barley, and milk industries. The IPA has always done the hard yards. It could never be accused of joining a race near the end. It always leads from the front. It has never shirked a debate.

This was never easy and came with few personal rewards except, of course, the major one of doing the right thing for fellow Australians. While we regularly read accolades for the leaders of the left as national treasures, in truth the many staff of the IPA have been the real national treasures, if we are to judge by their contribution to improving the quality of life and opportunities of the average Australian.

Most of the hard work preceded my time as director. I was fortunate to be in charge when the fruits of our labour became evident. Ten years ago the doomsayers of the left and right were in full voice predicting the ‘shutdown’ of the economy; an 80-20 society (eighty per cent unemployment and twenty per employed); inexorably rising poverty; the erosion of social capital and the rise of the authoritarian right or left. All as a result of the economic liberalization.

They were seriously wrong. Over the last decade the Australian economy has performed brilliantly – the second best in the OECD after Ireland. It has done so despite a rolling recession in our largest trading partner Japan, the Asian crisis, the bursting of the dotcom bubble, a sixty per cent appreciation in the dollar, and the worst drought in one hundred years. During this period, unemployment shrank to 5.1 per cent, the lowest in at least three decades, wages on average grew by 13 per cent in real terms, after declining in real terms over the Hawke/Keating era, net wealth measured in real per capita terms increased by 65 per cent, poverty declined, and the parties of extremes, One Nation and The Greens, have been shunned, at least by the electorate.

The benefit and success of the reform agenda is clear to all who are not blind by ideology or professional interests, even Paul Keating’s army of backyard galahs sing its praise. Its success is not just of the past, but the future. There is wide support for pushing the envelope of reform. The Howard Government’s victory in the Senate greatly increased the possibility of reform and has increased the rank of groups willing to speak up for it.

John Roskam’s challenge will be to help ensure that the support for reform is put to good ends. There is much to do. As I outline in *Federalism, Competition and the Way Forward*, page 22, there is a large outstanding agenda to reform our federal system. Indeed, driving value for money and competition into the public services is one of the great reform challenges. It is here that I hope to continue my contribution.

The Institute has never been just about economics, growth or free enterprise. Indeed it has always been as much about cultural matters. Long before I joined, the Institute entered the debate on a number of seminal cultural issues including defense of our constitution; school curriculum and what our children are being taught; universities and the decline in academic objectivity; the merger of art and propaganda; and defense of the Australian-US alliance.

Indeed it has been the cultural issues that we championed on my watch of which I am most proud. Our work on Aboriginal issues—led by Ron Brunton and Gary Johns—has proven to be some of Institute’s best. When we took up the issue in a major way (the IPA had long dabbled in the it) the Black Armband gang reigned.

**Mike Nahan**

**The challenges ahead**
Their view was that our national soul is stained by our genocidal past and must be atoned for. The solution to Aboriginal disadvantage according to them was to accentuate difference from the rest of Australia. That is, to emphasize racial rather than national identity; collectivism rather than individualism; dependency rather than personal responsibility; the distant past rather than today and the future. As Ron and Gary argued, living in a racially defined collective, under the control of distant government or dictatorial local elite, focused on the pre-modern past, and located in places with no economic base, was the cause, not a solution, to Aboriginal disadvantage. Land rights, a treaty, a sorry statement, and Aboriginal self government would do little unless Aboriginal communities joined the mainstream. Being part of the mainstream does not mean loss of cultural identity—just ask the Chinese, Jews, Italians and Greeks.

For our efforts we were labeled mean-spirited and racist. The Aboriginal leadership successfully lent on firms to withdraw support from the Institute. Yet we persisted. As Aboriginal disadvantage grew, others joined the critiques including, Roger Sandiland, Keith Windschuttle, the members of the Bennelong Society, the Aboriginal leaders Noel Pearson and Warren Mundine, and of course the Prime Minister John Howard and Senator Amanda Vanstone.

There is a seismic shift now underway in our approach to Aboriginal affairs. While there much to be done and it will takes decade to undo the failures of the past, Aboriginals are starting to be treated as Australians.

Of course the left did not sit back and take their systemic failures on the chin. Indeed they have been reinventing themselves here and abroad since the early 1980s. The new left, recognizing that it is no longer possible to socialize the commanding heights of the economy through the ballet box, have changed their rhetoric, values, institutions and tools. While the old left pursued naked socialism, the new left pursues environmentalism or human rightism. While the old left sought to liberate and bring modernity to the working class, the new left seeks to save the environment and the poor from modernity. While the old left worked through established institutions such as political parties and unions, the new left works through non-governmental organizations. While the old left sought power through the formal mechanism of representative democracy, the new left works through the means of participatory democracy.

Over the last five years, the IPA has sought to understand, explain and critique the tactics of the new left though our NGO Project. Gary Johns on page 30 provides an overview of the Project’s aims and arguments.

One of the great challenges to liberal movement, prosperity and constitution democracy is the concept of participatory democracy. While it has the seductive aim of ‘giving people a direct voice over decisions that affect them’, in reality it is being exploited by the left to give them undue voice. Very few people have the time, energy or desire to participate in the deliberative processes of collective decision making. Instead they delegate it to others—local members of Parliament, unions, business associations, self help groups or clubs. Traditionally the citizen has a say over who represents them and what that representative stands for. Under a participatory democracy model, which is rapidly gaining force, the nexus between citizen and his representative is weak to non-existent. Groups are being given the right of being representative, with little to no connection to those they claim to represent. For example, the consumer groups sitting on a raft of policy making bodies have no direct connections to consumers. Indeed, they are little more than small clubs of activists who hold views and values which would, if given the choice, be rejected by the bulk of consumers. The same holds for the environment, foreign aid, health, public transport, energy and telecommunications sectors. This does not only give undue power and influence to the unelectable, but is undermining the liberalization of the country by stealth. It is also something that few notice or understand.

Arguably the IPA’s biggest failures have been in the environment areas. While there have been successes, such as the greater use of market based instruments and property rights, there have been many failures. It is an area where many people who have supported our perspective on economics and cultural issues, reject our views on the environment. Indeed the environmental movement, which is in reality the leading edge of the new left, is rapidly become part of the establishment and socializing us by stealth.

But even here, there is hope. As discussed in the feature on nuclear power (pages 9-17), the environmental movement’s weaknesses are starting to be exposed. They have spent decades demonizing nuclear power despite it being the most environmentally friendly power source. They have also spent the last decade propagating the climate change scare and demanding the phase out of fossil fuel. This unashamed doublespeak exposes one incontrovertible fact—they are less an environmental movement, than just the old left dressed in a new suit.
For the first time in Australian history there are now more people who are self-employed than are members of a trade union, according to official new data released by the Australian Bureau of Statistics.

1.9 million Australians are self-employed compared to the 1.8 million who are trade union members. This demonstrates a dramatic transformation in the Australian economy because as recently as 1998 the union members outnumbered the self-employed by nearly 400,000. In the last few years as self-employment has increased membership of trade unions has declined.

From a total national workforce of approximately 9.6 million people, just under one in five are self-employed. Contrary to the popular idea that the self-employed are predominately in the trades and are male, nearly one-third of all self-employed are female.

More than 60% of the people who work in the agriculture, forestry and fishing sectors of the economy are self-employed. Other sectors in which there are a large proportion of self-employed are construction, where nearly half of all workers are self-employed, and property and business services, where 30% are self-employed.

45% of people classified by the ABS as ‘managers and administrators’ are self-employed, reflecting a trend towards the increased use by business of outsourcing and consulting services. The occupational group with the next highest percentage of self-employed were tradespeople with a self-employment rate of 30%, followed by advanced clerical and service workers of whom 29% were self-employed.

Perhaps a surprising finding was that 14% of all workers in the lowest skilled occupation group, ‘labourers’, were self-employed, demonstrating that the decision to become self-employed is not limited to only the highly skilled and highly educated.

This new information from the ABS is very significant for a number of reasons.

It is further evidence of the move that Australian workers are making towards self-reliance. Self-employment provides the flexibility, the responsibility, and the rewards that are often not found in the traditional employer/employee relationship. Between 1998 and 2004 the number of self-employed grew by nearly a quarter of a million people, or by approximately 14%. By contrast trade union membership fell over that time by around 200,000 or around 10%. An industrial relations transformation is taking place in this country as workers are opting to exercise choice over their working conditions.

The old notion of economic management whereby ‘big business, big unions, and big government’ decided what was for the good of the country is slowly being eroded. The nature of business is changing, and the dominance that unions had over national policy is being reduced. The extent to which the role of ‘big government’ has changed is yet to be determined.

Australia’s sustained economic growth over the last decade has been due in large measure to a workforce that has proved able to adapt quickly to the demands of change. This has occurred at least in part because of the growth in self-employment.

Naturally the decision of individuals to work for themselves challenges the power of those who have benefited from the control able to exercised through the traditional employment relationship. State Labor governments around the country, at the behest of the union movement, have attempted to prevent workers from taking advantage of the benefits of self-employment. It is remarkable that even while the ALP and trade unions do everything in their power to reverse the trend towards self-employment, the number of people working for themselves continues to grow. And there are no signs of this trend stopping.

John Roskam is a senior fellow at the IPA

Source: ABS, IPA
In defence of a liberal education

Kevin Donnelly

What is the purpose of education? Much of the education debate, especially during the recent federal election, has focused on issues such as accountability, academic standards and funding to government and non-government schools.

Since the election, the debate has been broadened to include concerns about Australia’s lack of skilled workers, especially in the traditional trades, and the need to strengthen Australia’s approaches to vocational education and training.

Thankfully, more recently, as a result of the federal government’s work in the area of values education, there is recognition that education must have a strong ethical base and that building character is as equally important as acquiring skills.

In the context of building character, of interest is the approach to values education taken in the recent publication National Framework for Values Education in Australian Schools (DEST, 2005). The document defines values education as:

Any explicit and/or implicit school-based activity which promotes student understanding and knowledge of values, and which develops the skills and dispositions of students so they can enact particular values as individuals and as members of the wider community.

Also included is a list of preferred values. These include: care and compassion, doing your best, fair go, freedom, honesty and trustworthiness, integrity, respect, responsibility and understanding, tolerance and inclusion.

While the definition of values education is uncontroversial, one concern is that it begs the question: what values?

An added concern is that while the values listed are reasonable, they represent a motherhood approach to defining the ethical role of education.

An alternative approach to the above can be found in what is described as a liberal education. Unlike values education, instead of simply advocating character traits such as being compassionate, being honest, doing your best and being inclusive, a liberal approach begins by defining the purpose of education.

Based on a liberal view of education, Brian Crittenden, one time head of education at La Trobe University, defines the purpose of education as involving:

… a systematic and sustained introduction to those public forms of meaning in which the standards of human excellence in the intellectual, moral and aesthetic domains are expressed and critically investigated.

The ideal of a liberal education goes back to the early Greek philosophers and is best summed up by Socrates’. admonition, recalled in Plato’s Apology, that education must deal with ‘truth and understanding and the perfection of the soul’.

Matthew Arnold makes a similar plea when he argues that education must inculcate what he terms ‘sweetness and light’ by basing education on the ‘best that has been thought and said’.

Second, the values associated with a liberal education are more clearly defined and more enduring than those in the national framework document. These include the ability to know right from wrong, true from false, the ability to discriminate and a willingness to admit error and to acknowledge that wisdom does not reside in oneself alone.

Associated with a liberal view of education is the recognition that education cannot be restricted to what is contemporary and utilitarian and that, such as Man’s imperfection, that the struggle for beauty and truth is an ongoing one that requires humility and hard work.

Unfortunately, much of the current approach to education is the opposite of a liberal education. Students are taught that how one interprets the world is both subjective and relative and that everyone is entitled to their opinion.

Not only is there no such thing as right or wrong, but learning is also restricted to what is entertaining and relevant. Whereas history once dealt with the grand narrative of the rise of Western civilisation, with the struggle for enlightenment and freedom from hunger and oppression, history is now about the local community.

In literature, instead of studying the classics that deal with emotions such as love, jealousy, anger, ambition and trust—that is, the emotions that define what it is to be human—students are fed a diet of poorly written, superficial texts dealing with social problems and self-centred, egotistical characters with little to admire.

Much is being written about the discipline problems in schools, the fact that students no longer respect teachers or parents and that many students lack resilience and fail to see any value in what they study.

One of the strengths of a liberal education is that it addresses such concerns. Not only are students given a strong ethical base, but they also experience the fulfilment that comes from mastering challenging subjects that have something enduring to say about the human condition.

Dr Kevin Donnelly is Director of Education Strategies and author of Why Our Schools are Failing.
The US response to the September 11 attacks has been nothing if not controversial. President Bush’s decision to designate detained Al-Qaeda suspects as ‘unlawful combatants’ evoked a chorus of dissent from proponents of international law. Yet amidst the host of press releases and opinion pieces condemning the illegality of Guantanamo Bay, it is difficult to find detailed legal expositions of the basis for these protests.

Most critics baldly assert a breach of the Geneva Conventions or, in some cases, the ‘spirit of the Geneva Conventions’. There is little legal analysis from most critiques of the Executive Order that established the detention regime. When this author rang one Australian legal professional body which had issued several media releases asserting such a breach, the responsible staff member was unaware of any legal analyses.

The vagueness of legal critiques flows not just from the inherent ambiguity of international law, but also from an under-appreciated fact: existing international law is simply incapable of application to the fight against international terrorism.

COMBATANTS AND CRIMINALS
The case against the detention regime was publicized in Australia using the examples of David Hicks and Mamdouh Habib, the two Australians detained under it. Hicks was captured on the battlefield in Afghanistan; Habib was arrested in Pakistan as a terrorist suspect. While the US does not distinguish between these ‘unlawful combatants’, the arguments against their detention were quite distinct.

In those cases analogous to Hicks, where terrorist suspects are captured in the context of military operations, critics assert that the Third Geneva Convention classifies them as ‘prisoners of war’ (POWs) and accords them defined rights as a result. If their classification is in doubt, critics argue that the Convention requires that detainees be entitled to a full court hearing to determine their status.

In cases analogous to Habib, where terrorist suspects are arrested in a non-combat environment, critics assert that they are not combatants but criminal suspects, entitled to due process and a speedy trial. If the law of armed conflict does not apply, the applicable international instruments are the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights (ICCPR)—the latter conferring the international law equivalent of habeas corpus.

THE GENEVA CONVENTIONS
Turning first to the Hicks class of detainees, the Australian Section of the International Commission of Jurists (ASICJ) asserts that Article 4 of the Third Geneva Convention applies to classify them as POWs. Article 4 lists the following relevant categories of POW:

- members of the armed forces of a Party to the conflict (including militias and volunteer corps that are parts of the armed forces, where the Party must be a party to the Convention or must accept and apply its provisions);
- members of other militias and members of volunteer corps which fulfil the four conditions of lawful belligerency, including wearing a fixed distinctive sign recognizable at a distance, and conducting their operations in accordance with the laws and customs of war; and
- members of regular armed forces who profess allegiance to a government or authority not recognised by the detaining power.

To qualify as ‘armed forces’ in the first and third categories, it is well-established that combatant units must observe the ‘four conditions of lawful belligerency’ mentioned in the second category, a definitional point regarded as implicit by the drafters of the Convention.

The ASICJ, true to the ‘Dennis De nuto’ approach adopted by most Guantánamo critics (it’s the vibe of the Convention, your Honour!), merely asserts that Hicks ‘clearly’ falls within ‘one or more’ of these categories. Which one? What is clear to the ASICJ is unsubstantiated bluster to anyone practised in the vagaries of international law.

Existing international law is simply incapable of application to the fight against international terrorism.

Getting Real: Reforming international law governing the detention of terrorist suspects

Alan Anderson
The secondary argument relies upon Article 5 of the Convention, which states that, in the case of any doubt, a detainee will be accorded the rights of a POW until his status is determined by a 'competent tribunal'. Under this argument, detainees need not even assert POW status to be entitled to full judicial review of their circumstances.

This interpretation of Article 5 fundamentally undermines the rationale of the Convention. By stipulating standards of conduct for lawful combatants, adherence to which entitles them to consequent rights, the Convention seeks to discourage precisely the misconduct in which Al-Qaeda and associated forces have intentionally engaged. While Article 5 provides an avenue for appeal in cases of genuine doubt, it is not intended to extend de facto protection to those who manifestly fail to meet the criteria.

Consider the practical implications of extending POW rights to terrorist suspects. The Convention stipulates that POWs need only provide their name, rank, serial number and date of birth, and may not be subjected to disadvantageous treatment of any kind to extract information. In captivity, they may not be separated from 'the armed forces with which they were serving' without consent. Effective interrogation would be impossible.

This is not an academic point. Information from Guantánamo interrogations detailed plans for attacks during the Athens Olympics and elsewhere.

Each POW is entitled, immediately upon capture, to write a letter to his family. Given that the secret capture of Al-Qaeda suspects frequently leads to other suspects, such a right would be wholly incompatible with the successful prosecution of the War on Terror.

Susiing disbelief to assume Hicks-class detainees qualify as POWs, another problem presents itself. Article 118 provides for release of POWs 'after the cessation of active hostilities'.

If the United States is at war with Al-Qaeda and its affiliates, POWs have a long time to wait. The US regards cessation as the point where 'there is no reasonable prospect of the resumption of hostilities [against Al-Qaeda]'. Even assuming that only hostilities in the Afghan region are relevant, there is no sign of an imminent cessation of low intensity conflict—contrary to the wishful thinking of some activists.

The ASICJ notes that Hicks would be repatriated to Australia, far from the conflict zone, and lamely asserts that his release would be 'entirely consistent with the spirit and purpose of the Convention'. Those concerned with non-

CRIMINAL ARRESTS
What about persons like Mamdouh Habib, detained as terrorist suspects in a non-combat environment? Their classification turns upon one's view of the War on Terror.

One view holds that the War on Terror is 'more a figure of speech than a legal term of art' and 'more accurately described as a non-State specific campaign against globally organised crime'. On this view, the whole apparatus of global Islamist jihad is nothing more than a glorified Capone organization, with the destruction of the Twin Towers and the strike on the Pentagon not an attack on the US, but merely a few thousand simultaneous homicides.

That such an absurd view could gain currency in legal circles is a symptom of the legal thought-process, in which every event is stuffed into the strait-jacket of precedent. Contrary to this view, September 11 was not merely a crime, but the most obvious Western manifestation of the new face of war, which military strategists have been discussing for well over a decade.

Again, consider the practical consequences of accepting the view of the international law clique.

The International Covenant on Civil and Political Rights requires an arrested person to be informed immediately of the charges against him, with a right to take proceedings before a court to determine the lawfulness of his detention without delay.

It sets out the requirements for trial of a person charged with a criminal offence. These embody the full gamut of evidential rights to which we are accustomed in the West, enabling the accused to examine the witnesses against him, to have legal counsel of his choice and to be tried without 'undue delay'.

Such rights are entirely inconsistent with an effective campaign against global terrorism. It is all very well to extend habeas corpus to an accused car thief in Manhattan, or even an alleged murderer in Sydney. It is quite another to extend it to an Al-

Prior restraint has no place in the criminal justice system... fighting Al-Qaeda under the criminal model would make the prevention of attacks virtually impossible.
Qaeda suspect detained by troops in the tribal badlands of the Afghan/Pakistani border and drag frontline soldiers back to the District Court in Washington each time they detain a suspect.

Counter-terrorism, by its very nature, involves the collection of intelligence by clandestine means. Revealing all evidence to the accused would mean revealing the identity of covert operatives and the capabilities of technological surveillance measures, undermining the capacity of the authorities to thwart terrorist plots. And courts have already heard allegations of legal counsel sympathetic to the terrorist cause relaying instructions from the accused to terrorist associates.

Al-Qa’eda is not an organized crime syndicate. Crime syndicates do not wage war against sovereign nations. Al-Qa’eda may be stateless, but it is not without state support. It represents the asymmetric future of warfare.

Prior restraint has no place in the criminal justice system. Therefore, fighting Al-Qa’eda under the criminal model would make the prevention of attacks virtually impossible. In the wake of September 11, no society would accept such fetters on its capacity for self-defence.

THE SEARCH FOR SOLUTIONS

Attempts to accommodate the War on Terror in the framework of existing international law are doomed to failure. As is often the case, real world developments have left the legal fraternity struggling to fit a square peg into a round hole. At its most inane, the fraternity asserts that abandoning counter-terrorism measures will actually reduce terrorism—a nice argument for Toorak dinner parties, but one which highlights to the public the unreality of the international law perspective.

The danger is that, by making themselves irrelevant to public debate, international lawyers and civil libertarians have ceded the battlefield entirely to government and its security services. Politicians, spies and policemen are risk-averse by nature; they know that a single successful attack will see them blamed for not doing more. The result, at Guantanamo Bay, is a system of indefinite detention, subject to limited review, the scope of which is still a matter before the courts.

A more liberal regime is surely appropriate if we are to achieve a legitimate balance between security interests and individual liberties.

Instead of vainly endeavouring to fit the square peg into the round hole, international lawyers should advocate a new hybrid regime, to be embodied in a new convention, reflecting the unique challenges posed by international terrorism.

Such a convention should recognize, in the words of US Supreme Court Justice Kennedy, that ‘where detainees are taken from a zone of hostilities, detention without proceedings or trial would be justified by military necessity for a matter of weeks; but as the period of detention stretches from months to years, the case for continued detention to meet military exigencies becomes weaker’. It must also recognize that the ‘zone of hostilities’ is now global.

The US Supreme Court has made a start on formulating such a scheme in domestic law, holding that detainees must have some opportunity to challenge their designation as an ‘unlawful combatant’ before a neutral decision-maker, but accepting that significant curtailment of the rules of evidence may be necessitated by national security considerations. Yet the court upheld the legitimacy of indefinite detention if the ‘unlawful combatant’ designation is affirmed.

A more liberal regime is surely appropriate if we are to achieve a legitimate balance between security interests and individual liberties.

Historically, the *Habeas Corpus Act* of 1679 gave authorities approximately three to six months to indict a detainee for a felony or high treason. Such a time frame might well be an appropriate deadline for indicting non-citizen terrorist suspects.

Suspects would be granted access to court-appointed counsel, who would be subject to appropriate security checks. While suspects would not necessarily be entitled to see all the evidence against them, government assertions of confidentiality would be assessed by the judge, with hearings relating to sensitive material taking place in the absence of the accused, but in the presence of counsel. Where necessary, hearsay evidence would be accepted from soldiers and intelligence agents on deployment.

Such a system would not, of course, satisfy legal purists. Those purists should appreciate that the rules they would like to impose, and for which they disingenuously assert support in existing international law, will never be accepted by governments or the public. Even favourable judicial rulings will merely lead to legislative reform. The stakes are simply too high.

Until international law changes to conform to the post-September 11 threat environment, it will remain an academic pursuit: a fine subject for debate in the Faculty room, but irrelevant to the conduct of the global War on Terror.

Alan Anderson is a Melbourne lawyer and journalist. A footnoted version of this article is available on the IPA website, www.ipa.org.au.
When I was a young boy, nuclear power was widely seen as the energy of the future—clean, cheap, flexible and abundant. Even though it was at the height of the Cold War and memories of the destructive power of the Hiroshima and Nagasaki bombs remained fresh in people’s minds, they were able to differentiate between the uses of the technology for war and peace. Indeed, the motto at the time was ‘atoms for peace’.

As a result, hundreds of nuclear power plants were built around the world, starting in the 1950s into the late 1980s. At its peak, nuclear power came to account for about 17 per cent of world electricity production. (It is now down to 16 per cent.)

Although no nuclear power plants were built in Australia, they were on the drawing board. As Premier of South Australia, Don Dunstan promoted nuclear power as a saviour of his State and the means of creating millions of jobs. At the other end of the political and cultural spectrum, Sir Charles Court purchased and zoned land just north of Perth for a nuclear power plant in WA.

Support for nuclear power began to unravel in the mid-to-late 1970s with the rise of the environmental movement. During that decade, the peace movement merged with a radicalized conservation movement, symbolized best perhaps by the rise of Greenpeace. Nuclear power represented everything that these groups feared and loathed—unrestrained growth; large corporations; large scale, centralized production; sophisticated technology and waste. Moreover, nuclear power proved to be a powerful fundraising and campaign tool. As a result, the environmental movement, virtually from its inception, has been virulently opposed to nuclear power and has waged an unrelenting campaign against it.
The environmental movement was eventually successful at stopping the growth in the nuclear power industry in the developed world, with the exception of France, Belgium and Japan. It was also successful at seeding fear and concern about the technology in the public’s mind and increased the cost of construction to the point of making it uneconomic.

The accidents at nuclear power plants at Three Mile Island in the US and at Chernobyl in the Ukraine have been elevated as proof of the inherent fallibility of and excessive risk associated with nuclear power.

While both accidents highlight the risks of the technology, the facts about both of them diverge sharply from the received wisdom.

In March 1979, a cooling malfunction caused part of the core to melt in the No. 2 reactor at the Three Mile Island nuclear power plant (TMI) in Pennsylvania, USA.

Contrary to the green propaganda, however, there was no ‘China Syndrome’. The meltdown was stopped and the containment building worked as designed. Despite the melting of about one-third of the fuel core, the reactor vessel itself maintained its integrity and contained the damaged fuel.

Moreover, the accident resulted in large improvements in operator training and safety standards. Nuclear plants have become significantly more efficient, reliable and safer since the TMI event.

The facts about TMI, however, did not win over the minds of the public. The Green propaganda did. By the late 1980s, the construction of new nuclear power plants came to a halt in the US.

The Chernobyl accident was different both in cause and effect from the TMI accident. It was a nuclear accident of maximum severity in which the reactor was totally destroyed within a few seconds, with significant amounts of highly radioactive material being released into the environment across a wide area.

Claims by anti-nuclear groups that more than 10,000 people died as a result of the accident are grossly wrong. The World Health Organization estimates that, to date, the accident has caused about 40 deaths—30 from direct exposure at the time of the accident and 10 fatal cases from radiation-induced thyroid cancer. There are also indications that radiation-induced thyroid cancer resulting from the accident has increased and will do so into the future.

The cause of the Chernobyl disaster was a combination of faulty design, poor safety standards, poor training and a collapsing Soviet economy. While the disaster does illustrate the potential magnitude of risk associated with nuclear power if undertaken in a totally incompetent manner, it is absurd to use a project built during the twilight of the Soviet era as a benchmark for plants in the West. This would be like judging coal-fired power stations in the West by the standards of the polluting monsters that operated in East Germany during the Soviet era. Chernobyl could not be built anywhere in the West and therefore is not relevant to the issue of building power stations in the West, including Australia.

Despite this, the Chernobyl disaster has come to symbolize

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**Green groups on nuclear power generation**

**GREENPEACE**

The history of the Nuclear Age is a history of accidents. Many people in different parts of the world suffer from health problems caused by accidents, which happened years or decades ago...

Neither the nuclear industry nor the governments accept responsibility for the daily disasters caused by deliberate radiation releases to the environment from the operation of nuclear installations. Every day, large amounts of radioactive effluents and gases are discharged, legally and illegally, into rivers and coastal waters or into the air.

**WWF**

The entire commercial chain of the processing of nuclear raw materials from nuclear mining; operating nuclear power stations; handling nuclear waste and finally re-processing, is full of leaks and contamination and produces a highly toxic legacy for thousands of years to come...

Replacing fossil fuel fired power stations with nuclear energy simply replaces one fundamental environmental problem by another. It is clear that nuclear power remains particularly dangerous and difficult to control. This has been demonstrated by the accidents at Chernobyl, Russia, in 1986 and at Tokaimura, Japan, in 1999.
the risk of nuclear power in the West and has contributed to the decline of nuclear power plant construction.

The anti-nuclear campaigns have not just focused on the generation of nuclear power but also on uranium mining and waste disposal.

Since the 1970s, anti-nuclear groups have campaigned strongly against the mining of uranium in Australia on the grounds that mining is destructive, that uranium is particularly so, and that it contributes to the nuclear cycle.

These campaigns were not motivated, or otherwise supported, by the evidence. Indeed, in part because of the campaigns, uranium mining has been the most closely regulated and monitored of all mining activity. The sector has an enviable environmental record.

So, despite the absence of evidence and the weakness of their arguments, the anti-nuclear campaigners have been successful in limiting mining of uranium in Australia. Although Australia has about 30 per cent of the world’s low-cost uranium resources, it currently only accounts for 19 per cent of world production. Up until 1996, the number of mines was restricted to three by the Federal Labor Government. Since that time, a new mine has secured clearances. However, some State Governments, including the Gallop Government in Western Australia, continue to ban the development of additional uranium mines.

The disposal of radioactive waste from nuclear power plants, research reactors, dismantled nuclear weapons and nuclear medicine is a significant issue. The waste has a long half-life and, unless suitably contained, poses a hazard to humans and the environment. Indeed, in many ways, disposal is the greatest challenge to the expansion of a clean, green nuclear industry.

The anti-nuclear industry has been part of the problem. They have waged vigorous campaign against all waste disposal—claiming that there is no satisfactory storage technology, creating fear in the community about potential storage areas, and manufacturing stories of conspiracy, secrecy, danger, death and environmental leakage.

As a result, much of the world’s stock of nuclear waste remains unsatisfactorily stored in situ—largely because the anti-nuclear industry has stopped it from being moved. Australia which, as Tom Quirk argues in this issue, has the best sites for long-term storage of nuclear waste, currently exports its waste factorially stored in situ—largely because it contributes to the nuclear cycle.

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In summary, the nuclear power sector in Australia has been stopped by a long-standing, concerted propaganda campaign.

Enter climate change. Starting in the 1980s, concern about climate change led to the development of the Kyoto Protocol and a raft of other actions designed to reduce emissions of greenhouse gases, the most important of which is CO₂. The Green lobby, to a person, has become an ardent advocate of the need for drastic action to address climate change.

Indeed, climate change is currently the main campaign of the movement. The demand, almost without exception, is that greenhouse gas emissions should be reduced by at least 60 per cent by 2050 and that the use of fossil fuels should be phased out. Given that fossil fuels currently provide over 80 per cent of Australia’s electricity and transport fuel, this would require that no new coal- or gas-fired power plants be built and that all retiring plants be replaced with non-fossil-fuel generating plants.

But how is this to be achieved? There are three possibilities—exotic renewables, nuclear power or turning off the lights. In reality, the first and the last are not options. It will either have to be nuclear or fossil fuel.

No government will turn off the lights. People may wish to be clean and Green, but only as long as it’s painless.

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The Economics of Nuclear Power

Alan Moran

DIFFERENT ELECTRICITY POWER SOURCES
Can nuclear power make a comeback after 20 years, during which time hardly a single new plant has been commissioned among the developed world’s countries?

In the absence of any government action, the answer depends on the costs of nuclear compared with its alternatives. Because nuclear plants involve high capital costs, they must be run almost continuously to be economical. This puts them into direct competition with coal-based power plants.

Gas-based generation plants, on the other hand, are less capital intensive, but their fuel is dearer and therefore the electricity produced is generally more costly. Despite that, they do play an important role as a provider of peak supply. Gas turbines can also be engineered to respond quickly to changing market conditions, backing off when demand and prices fall and rapidly firing up to take advantage of demand and price surges.

Hydro plants also involve high capital costs, and they can only store enough water in their dams to run one quarter of the time. Again, they operate to take advantage of peak demand periods.

Other power sources: wind, solar panels, etc., are uncompetitive except in very remote locations or at very low energy share levels. Their reliance on the Sun and the wind makes them intrinsically unreliable.

The costs of different power plants are shown in Table 1. These include three different estimates for nuclear power, with costs varying from the low $50s to the upper $60s per MWh. Coal in Eastern Australia comes in at under $40 per MWh and natural gas at about $44. The costs in Table 1 exclude taxes, subsidies and other regulations designed to alter choice of power generating technologies or mitigate greenhouse gas emissions.

As it is 30–60 per cent more expensive than coal-based generation, and somewhat more costly than gas, in the absence of government intervention, nuclear power does not have a future in Australia in the medium-to-long term. Nuclear is, on the other hand, significantly more cost effective than wind and all other exotic alternatives.

Table 1: Generation costs of different power plants ($/MWh)
Compared with coal, natural gas and hydro generators have greater value because they are more flexible and can start and stop much more easily. Wind is the opposite—its unreliability is a detriment per se and, in addition, it imposes costs elsewhere on the system because other plant must be made available as a back-up.

Figure 1 illustrates the share of the different fuels in Australian electricity generation. As can be seen, coal dominates. At present, the various exotic renewables have a negligible market share. Nuclear power is presently illegal in Australia.

**ENERGY TAXES AND REGULATION**

Of course, governments have long played an active hand in the choice of power technologies. While they have, on the one hand, increasingly left the decision of where and when to build a power station up to the private sector, they have intervened in the market in other ways. Responding, in particular, to a desire to reduce the emissions of greenhouse gases, governments have put in place an expanding raft of regulations, taxes and subsidies designed to alter the choice of power technologies in favour of those that produce lower rates of greenhouse gases.

Major Australian tax and regulatory measures are:

- the Federal Government’s Mandatory Renewable Energy Target (MRET), which by 2010 requires about 4.5 per cent of power sourced from exotic renewable sources (such as wind and waste products) at a cost that is more than double the commercial cost. This will cost consumers $380 million per year.
- Queensland’s 13 per cent gas target, which requires gas to supply at least 13 per cent of the State’s electricity. This will increase the cost of that State’s power bill by an estimated $68 million per year.
- The NSW Government’s Greenhouse Gas Abatement Certificate (NGAC) scheme, which imposes taxes on the production of coal-fired power and, once fully phased-in, will have a tax effect on NSW consumers of around $222 million per year.

Total government taxes and subsidies to bring about reductions in greenhouse gases amount to some $800 million per year. These are only the more direct and measurable policies aimed at mitigating the production of greenhouse gases. Governments already mandate minimum energy savings on appliances, and have imposed (or are considering imposing) charges on water, parking, and building design aimed at reducing greenhouse gases.

**CARBON TRADING**

State and Federal Governments have stated a target of reducing greenhouse gas emissions by 60 per cent within 45 years. At a bare minimum, the adjustment would require much more aggressive carbon taxes than those presently in place, or a carbon trading scheme like that currently operating in Europe. The European Union’s Greenhouse Gas Emission Trading Scheme started operating in January 2005. Under the scheme, the 25 EU member nations are given carbon emissions quotas that are assigned among the EU’s total of 12,000 power plants and heavy-industry factories. Each of these quotas is then reduced gradually in line with the EU’s Kyoto commitment.

If carbon taxes or tradeable rights become a permanent feature of the electricity supply cost structure, the cost structures of the different fuels are going to change markedly. Those with virtually no carbon per energy output (wind, hydro, nuclear) will be favoured over those with relatively little carbon (gas) and high carbon (coal).

Table 3 builds on Table 1 by showing the additional costs involved if the different emission factors for the coal and gas plants were to be increased by the costs of carbon credits (which are presently trading at about Euro 16 per tonne of CO\textsubscript{2}).

Table 3 demonstrates how the implementation of EU-type mitigation scheme would significantly alter the cost ranking.

If the current EU carbon price were to emerge from a carbon trading scheme in Australia, nuclear power would ostensibly be the lowest cost source of future energy in Australia. This would be the case even if the existing, more arbitrary taxes, such as energy saving regulations and the various quasi-Kyoto taxes in place at

**Table 2: 2010 Costs of Greenhouse Gas Support Measures**

<table>
<thead>
<tr>
<th></th>
<th>MRET</th>
<th>NGAC</th>
<th>Qld 13% Gas</th>
<th>Commonwealth subsidies</th>
<th>State subsidies</th>
</tr>
</thead>
<tbody>
<tr>
<td>$M</td>
<td>380</td>
<td>222</td>
<td>68</td>
<td>124 (2006/7)</td>
<td>32 (2004/5)</td>
</tr>
</tbody>
</table>
present, were abandoned. Nuclear’s relative advantage would grow if the Kyoto signatories were to tighten their emission levels (as they must do if the Protocol is to have any effect in meaningfully reducing greenhouse gas emissions). Thus, if the carbon price were to double, nuclear energy costs would be only about 80 per cent of coal-derived electricity.

Nuclear power’s post-carbon tax cost advantage would remain, even if the cost of spent fuel storage (currently running at $3 per MWh) were added in.

The case for nuclear power—in a carbon-constrained world—is even stronger in other countries which do not have Australia’s vast endowment of low-cost, high quality coal. Clearly, concern about climate change and the need to reduce greenhouse gas production will result in a dramatic change in the power industry worldwide, and the main beneficiary would be nuclear.

Exotic renewables, such as wind, will remain a small but costly token to the deep Green ideology.

Carbon trading would require a highly complex policy structure. However it would be administrable. Its main effect would be to increase electricity and gas prices by at least 50 per cent (a carbon tax would have a very similar effect). This would be accompanied by a considerable loss of wealth through writing off the value of Victoria’s brown coal and NSW and Queensland’s low-grade black coal.

The outcome of such measures would be much higher energy costs. If a very steep reduction in greenhouse gas emissions is required, the alternative to a nuclear option would be either astronomically higher energy costs or a drastic curtailing of electricity use.

Secondary implications of a nuclear-powered Australia would mean a loss of our comparative advantage in raw materials processing. This would mean the migration from Australia of the aluminium, iron and steel, and chemical industries and a less serious loss of competitiveness for other industries that use these industries’ outputs. Aside from the relative reduction of living standards that this would entail, it is hard to envisage the consequent industrial restructuring that would need to take place. This would inevitably involve considerable disruption as some industries declined and other, less energy-intensive, ones emerged.

Finally, all of this may have a negligible effect on global warming, even if carbon dioxide emissions are associated with greenhouse warming. Australia’s loss of output would be offset by expansions in output in developing world countries that are not required to reduce carbon dioxide emissions. Indeed, given the fact that Australia’s coal-based electricity is highly efficient and co-located with the power inputs, it is likely that the outcome will be even higher emissions, albeit not in Australia, of the targeted greenhouse gases.

Alan Moran is the Director of the IPA Deregulation Unit.

### SUMMARY

If Australian Governments were to require a 60 per cent reduction in the country’s greenhouse emissions, nuclear power would need to play a major role. Indeed, it is difficult to envisage how a 60 per cent reduction target can be achieved other than by all, future, large base-load power stations being nuclear.

Such a policy would need to be effected by a carbon tax or a system of vesting tradeable rights to carbon dioxide emissions. A tradeable rights regime could assign capped and possibly non-tradeable emissions to existing power plants. Auxiliary means would be needed to encourage cost-effective measures on the part of the incumbent plants to reduce carbon dioxide emissions.

#### Table 2: Comparative Costs of Power

<table>
<thead>
<tr>
<th>Energy Source</th>
<th>Cost per MWh</th>
<th>Cost per MWh post rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black coal NSW</td>
<td>$30</td>
<td>$80</td>
</tr>
<tr>
<td>Black coal QLD</td>
<td>$35</td>
<td>$70</td>
</tr>
<tr>
<td>Brown coal</td>
<td>$40</td>
<td>$60</td>
</tr>
<tr>
<td>Natural gas</td>
<td>$45</td>
<td>$50</td>
</tr>
<tr>
<td>Wind</td>
<td>$50</td>
<td>$40</td>
</tr>
<tr>
<td>Nuclear-GT (modular)</td>
<td>$60</td>
<td>$30</td>
</tr>
<tr>
<td>Nuclear-Scenic</td>
<td>$70</td>
<td>$20</td>
</tr>
<tr>
<td>Nuclear-SME G7 GH</td>
<td>$80</td>
<td>$10</td>
</tr>
</tbody>
</table>

Assuming CO₂ rights trade at $33/tonne
The most significant practical issue in nuclear electricity generation is the issue of nuclear waste. Regardless of the political or economic factors in the debate over nuclear power, the question of waste disposal is a legitimate and timely one. A safe, long-term solution is needed for Australia and the world.

On even the most conservative projections, the use of nuclear power is likely to increase over the next few decades. On top of that, there is also a large stockpile of nuclear waste from power stations and nuclear weapons which needs permanent disposal. Many countries simply do not have the geological, political, economic and administrative capacity to store their waste safely and durably.

Australia may be in a unique position to offer safe long-term burial of waste. The key element is the development of an internationally accepted and approved high-isolation disposal site that would be unique. The waste management system would include a disposal site, a railway and the associated seaport docking facilities.

The problem of long-term disposal of radioactive waste affects all developed countries. Even countries without nuclear power or research reactors use radioactive isotopes for medical and industrial purposes, and these isotopes must be safely stored until their levels of radioactivity are no longer dangerous. Countries which produce nuclear energy or have research reactors (such as Australia), face an even greater challenge because nuclear reactors produce waste which has very high initial levels of radioactivity. The time needed for safe disposal is neatly illustrated below. High-level waste takes at least 5,000 years before its activity becomes similar to that of a uranium orebody. Thus, waste needs to be safely isolated for extremely long times, up to a million years, if the highest standards of radiation safety are to be met.

Nuclear power utilities throughout the world have already produced 270,000 tonnes of spent nuclear fuel. During the next 25 years, this inventory will increase by approximately 12,000 tonnes annually, assuming that no new power plants are constructed.

Every country that has reviewed the problem of long-term disposal of its radioactive waste has reached the same conclusion: for the greatest long-term security, their wastes should be placed in a geologically stable un-

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**Figure 1**: Decay in radioactivity of high-level waste from reprocessing one tonne of spent PWR fuel

GBq = $10^9$ becquerel
The straight line shows the radioactivity of the corresponding amount of uranium ore.
NB both scales are logarithmic
Source: OECD NEA 1996, *Radioactive Waste Management in Perspective*
derground repository. Such a repository is typically designed much like an underground mine, with ramps or shafts and elevators to access the underground workings, and waste packages inserted into the walls or floors of excavated tunnels. The repository protects people against direct exposure to radiation from the unwanted nuclear materials and must be sited and designed so that there will be no accidental escape of significant amounts of radioactivity to the point where humans or animals might be exposed.

Since the 1960s, extensive research programmes have been underway to develop the technology required to identify and characterize suitable disposal sites, to encapsulate and store the wastes, and to demonstrate the long-term safety of a disposal facility. With few exceptions, the scientists and engineers involved in these programmes have concluded that the technology exists to dispose of these wastes safely.

Despite these efforts, however, no repositories for disposal of spent nuclear fuel or high-level waste have been constructed. Additionally, the majority of the public believes that the problems of disposing of radioactive waste have not been solved and that radioactive wastes represent a serious threat to the environment. Why is there such a discrepancy between the opinions of informed scientists and those of the public? One reason for this lack of public confidence lies in distrust of the necessarily untried technological solutions that are being proposed for the different disposal programmes. While most scientists have confidence that all of the key questions have been answered, the public is not yet convinced. Given a requirement for engineered components to survive intact for orders of magnitude longer than any existing human works, the public’s skepticism may not be unreasonable.

If the public is skeptical about high-technology solutions, why not seek out disposal sites whose geological properties would intrinsically provide reliable long-term containment or better isolation of the wastes? There are several geological formations, worldwide, that have been highly stable for hundreds of millions of years. If such geological formations exist, and they support no processes capable of allowing the escape of buried wastes to the human environment, it would be possible to avoid depending on these engineered barriers.

Essentially, all of the countries currently planning radioactive waste repositories have limited choices in the types of geological system in which they could bury the wastes. Some are geologically active, others have more stable geology, but active groundwater. While such sites can be perfectly safe, they require highly effective underground engineered barriers in order to be safe for all time. Finally, many countries over the time periods that must be considered have regularly experienced periods of glaciation, which can profoundly affect the climate, the flow of surface and subsurface waters, and erosion.

A useful approach, therefore, is to identify the characteristics of ‘a high-isolation region’, which could contain an intrinsically safe repository site and to then look for its characteristic signatures worldwide. If such regions could be found in countries that are politically stable and which have safe transportation routes, they could be a key to solving the world’s radioactive waste disposal problem.

The concept of a natural site means that the repository must be simple and superior in safety.

<table>
<thead>
<tr>
<th>Key Issues</th>
<th>Signatures</th>
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<tbody>
<tr>
<td>Minimizing groundwater flow</td>
<td>Very flat topographic surface</td>
</tr>
<tr>
<td></td>
<td>Low annual precipitation (desert or near desert)</td>
</tr>
<tr>
<td></td>
<td>High potential evaporation rates</td>
</tr>
<tr>
<td></td>
<td>Dense sedimentary (clay/shale) formation</td>
</tr>
<tr>
<td>Maximizing time to reach biosphere</td>
<td>Dense sedimentary (clay/shale) formation</td>
</tr>
<tr>
<td>Minimizing possibility of human exposure</td>
<td>Saline or brackish, undrinkable groundwater</td>
</tr>
<tr>
<td></td>
<td>No fresh-water aquifers</td>
</tr>
<tr>
<td></td>
<td>No underlying mineral resources</td>
</tr>
<tr>
<td>Long-term stability</td>
<td>Climate stable for a very long time</td>
</tr>
<tr>
<td></td>
<td>Low erosion rates</td>
</tr>
<tr>
<td></td>
<td>Flat geologic units, simple stratigraphy</td>
</tr>
<tr>
<td></td>
<td>Low seismicity</td>
</tr>
<tr>
<td>Engineering requirement</td>
<td>At least 200 metre thick disposal unit</td>
</tr>
<tr>
<td>Predictability</td>
<td>Disposal units well below groundwater table</td>
</tr>
<tr>
<td></td>
<td>Flat geologic units, simple stratigraphy</td>
</tr>
</tbody>
</table>
terms to other disposal systems. High-isolation regions can be selected after reviewing geologic formations around the world, and considering the types of natural barriers inherent in the geology and in the present and possible future conditions at or near the surface, called collectively the biosphere.

Table 1 shows the important characteristics needed for a high-isolation site.

A global survey points to several regions that may contain sites matching this high-isolation signature. Many apparently promising areas do not, however, meet all of the criteria. The only extensive areas that appear to have the potential for high-isolation sites are in Australia, Namibia/South Africa, the Terim Basin (in China), and southern Argentina.

There are a number of non-geological criteria that limit the number of possible locations for a repository site. For example, suitable transportation corridors must exist. Also, the host country must be politically stable, must accept the presence of a repository, and must have the necessary institutions and technology to oversee its development and operation safely. After considering all such considerations, truly ideal high-isolation sites are very rare, and in their own way represent a geological resource of great value to humanity.

The political and commercial consequences of a repository in Australia are potentially far-reaching. The public and political hurdles that must be overcome are well known and have been delineated over many years.

The disposal of commercial fuel in regional or international repositories for environmental and efficiency reasons has been validated by the recent completion of negotiations of a Vienna Convention on the safe management of radioactive wastes and spent fuel (IAEA). This convention, which is supported by Australia, contains provisions for the transfer of radioactive wastes across international boundaries for disposal.

Australia should offer to dispose of the wastes generated from the uranium supplied from our own mines in the first instance and, in addition, consider the disposal of wastes from our region where countries are unlikely to find secure high-isolation sites.

The greenhouse debate has heightened the view that the world should be searching for sources of energy that do not generate greenhouse gases. Australia will be making a substantial contribution to this search by encouraging the nuclear power option to be responsibly considered.

Considering the amount of uranium existing worldwide today, as well as the annual production rates for the foreseeable future, there is a pressing need for a high-isolation site. Simply restricting storage to Australian-sourced uranium would already make for a substantial market of 1,000–2,000 tonnes of spent fuel annually.

An industry price estimate for disposal is $1 million per tonne of spent fuel. This price is comparable to the cost of nuclear fuel reprocessing. The projected price corresponds to a cost of approximately 0.4 cents per kWh for a light-water reactor plant.

The disposal of spent fuel and high-level waste in Australia is a major opportunity. It would not only be a significant business opportunity, but also a major enabling step for the use of nuclear power, an important contribution to nuclear safety, and a major contribution to our region.

Tom Quirk is a member of the Board of the IPA. He has been deputy chairman of Victorian Energy Networks Corporation and has worked as an academic physicist.
Conservation at any cost

Neil Hewett

In the name of ‘conservation’, Australia offsets hardships imposed upon timber communities with the reassurance that, after all, it is for the greater good.

When the wet tropical rainforests of north Queensland were inscribed within the World Heritage estate in December 1988, affected landholders and communities were promised that tourism would not only replace, but also greatly exceed, the economic returns of timber extraction. They were also assured that with World Heritage listing there would be no buffer zones, yet, over the past ten years, millions of dollars have been spent acquiring privately-owned lands outside the World Heritage area, purportedly for the protection of outstanding World Heritage values on adjacent property.

Those assurances began to unravel as environmental bureaucrats advocated a more holistic approach to the protection of World Heritage values of the ecosystem against what they described as a fragmented, piecemeal approach that failed to address biological interactions outside World Heritage boundaries.

The 90,000-hectare Daintree rainforest in tropical north Queensland is regarded as the closest living counterpart to the ancient rainforests of Gondwana. Its World Heritage values are internationally renowned and tourism alone is estimated to be worth $400 million per year. It attracts half a million visitors annually and is home to some 600 residents who operate around 60 businesses on 7,500 hectares.

For my part, it is home and hearth. My immersion and personal investment in the Daintree rainforest is absolute. As a freehold land-manager of a World Heritage Nature Refuge, I interpret an ecotourism economy as intended to conserve the environment and sustain the well-being of my family. User-pays fully-finances the conservation management of the land without any cost to the taxpayer. This contrasts starkly with taxpayer-subsidized tourism on adjacent National Park, which provides sanctuary to 10,000 feral pigs that are driving the endangered southern cassowary (and the 37 species of plant that rely solely upon its survival), resolutely towards extinction.

The local community regards the extraordinary natural and cultural values of the freehold portion as inherent assets that form the foundation of its socio-economic potential. Efforts to secure protection of critical habitat values outside World Heritage boundaries are supported through inclusive solutions that maximize returns and minimize costs for local landholders.

Antagonists, however, argue for an exclusionary solution that slates landholders as the threat from which the environment requires urgent protection. ‘Conservationists’ rattle the sabres of environmental outrage and march to the drum of green politicians, championing the cause of protection through emotive undertakings to buy back all land for conversion to National Park.

Many landholders would jump at the chance to recover a reasonable return on their investment, but are invariably offered far below what they paid decades earlier. A genuine undertaking could have been achieved in the mid-1990s, when $23 million was allocated for this purpose, but history has shown that the available political will was directed elsewhere.

Landholders are left wondering why the urgency is so capricious, unless of course the urgency in itself is of paramount political value. Building upon the illusion of desperate concern and fanning the flames of public enthusiasm allows for the achievement of a preconceived political agenda. Indeed, the greater the public perception of concern, the more urgent the mandate for intervention. Political careers are built upon such choreography.

In this frenzy of public environmental concern, government intervention has drifted into the realm of illegality and the undemocratic, despite decades of environmental activism and a plethora of studies, consultancies and multi-million-dollar rescue programmes. The Daintree rainforest, we are told, remains desperately unprotected.

A levy for entry into the local community to accumulate funds for land acquisition has been imposed, which not only plunders the sole ecotourism economy, but has also been deemed illegal by the Queensland Ombudsman—yet visitors continue to be taxed, nonetheless.

In this era of political correctness, it is hardly surprising that affluent, well-educated middle-Australia shares a common concern for loss of biodiversity, pollution, global warming, water shortages and famine.

We must be vigilant, however, and ensure we do not blindly follow popular environmental war-cries when to do so would deny the constitutional rights of landowners and create financial hardship and disadvantage.

Neil Hewett worked for seven years as an outdoor educator in remote and traditional Aboriginal communities in north Queensland and the Northern Territory before becoming a co-founding director of Cooper Creek Wilderness, http://www.ccwild.com at the sacred heart of the Daintree World heritage rainforest.
When I want to know how many sheep there are, I just look up the Australian Commodity Statistics. There were 174.3 million sheep in 1970, 118.6 million at the turn of the century (year 2000) and 99.3 million in 2003—obviously a species in decline. But it is never as easy when I want to know how many native animals there are. The best advice on koalas seems to be that there are somewhere between 100,000 and one million in Australia. That’s an order-of-magnitude difference of 1,000 per cent —extracted from a published paper in a reputable journal.

So I began my fortnightly column for The Land newspaper in March. After I sent the piece off, I was half expecting to be corrected, to discover that there had been a recent koala census after all. Instead, I received an e-mail from a scientist actively involved in koala research suggesting that ‘you have identified an issue there for sure’.

How is it that, as a nation, we can care so much about koalas but have no real idea about how many there are?

There is a National Koala Conservation Strategy that has been developed by the Australian and New Zealand Environment and Conservation Council. This strategy states that ‘on a national basis the koala is not yet threatened with extinction, however, there is no doubt that it is declining and the time to act is now’. The main management issues for koalas in the wild are identified in the strategy as ‘(tree) clearing, fragmentation and degradation of habitat, disease, natural disasters, roads, dogs and over-browsing’.

The strategy contains no information on the relative impact, or potential impact, of these threats on koala population numbers locally or nationally, nor any information to substantiate the claim that koala numbers are in decline.

If it is true to say ‘if you can’t measure it, you can’t manage it’, then koala conservation is far from secure.

It is generally agreed that thousands of koalas were killed and many hundreds maimed in the January 2003 bushfires. Indeed, in terms of outright destruction to wilderness areas, the bushfires were an environmental disaster of incredible proportions. The many reports published since the bushfires indicate that advances in fire science and fire-fighting technology are being negated by a political reluctance to reduce massive fuel build-ups. Yet, interestingly, the national koala strategy does not identify controlled burning as a potential programme for safeguarding koala habitat. Furthermore, an influential environment group, the Australian Koala Foundation (AKF), categorically denies that ‘fuel reduction’ is an issue for koala conservation.

The AKF formed in 1986 with its purpose to ‘save the koala’. The organization has raised millions of dollars for koala conservation and even successfully campaigned to have koalas listed in the United States as an endangered species in Australia. The political and fund-raising success of the group has been aided by its claiming that there are fewer than 100,000 koalas remaining, with numbers on the decline.

Yet by simply counting up a few of the known koala populations, it is evident that there would be well over 100,000 koalas in Australia—59,000 in the mulga-lands of southwest Queensland, 25,000 in southeast Queensland, 8,200 in North Coast NSW, and 27,000 on Kangaroo Island South Australia. This quick count does not include Victorian koala populations, with a Monash University researcher suggesting in 1998 that the Victorian koala population could total one million.

We know that the sheep is a species in decline in Australia, but it seems we have no idea how koala numbers are trending. If it is true to say ‘if you can’t measure it, you can’t manage it’, then koala conservation is far from secure.

The lack of information and honest reporting on koala numbers perhaps reflects a broader issue for conservation in Australia. It is the koala as victim, the koala as a species in decline, which attracts funding, and thus power and influence for organizations such as the AKF. There would be no incentive to report that koala populations are doing just fine. Indeed, what incentive really exists to develop appropriate management strategies? This same dilemma has worked against the development of effective management plans for the protection of other icon species, including the Murray cod.

It might well be concluded that the economics of conservation in Australia currently favour ignorance and failure. What a sorry state of affairs!

Jennifer Marohasy is Director of the IPA’s Environment Unit.

Jennifer Marohasy
It is now 60 years since diplomats convened in San Francisco for the conference that in due course gave birth to the United Nations. The horrors of the Second World War had led statesmen from countries great and small to devise a council of nations to prevent the worst excesses of international conduct.

An admirable ideal, to be sure, but it has not worked out that way. Its founders were idealists, some extravagantly so, but all would be amazed at the Frankenstein creation that now sits on Manhattan’s East River. Many blame the Cold War for stunting the world body, but that is to confuse symptom with cause.

Here are some reasons for UN delinquency:

The UN General Assembly is not a parliament or democratic body. Member states represent not peoples, but governments, many of them squalid dictatorships, of vastly differing sizes and political persuasions. This means that the vote of Iceland (population: 293,000) or Burundi (6,825,000) carries the same weight as the vote of the United States (293,027,000) or China (1.2 billion).

In Australian terms, imagine the House of Representatives consisting of each State represented by an equal number of members, and the voting determined in many of these States by cliques of gangsters, not the people. The gerrymander and fraud on democracy then become obvious. (To the anticipated objection that the Senate is likewise composed of equally represented States—the Senate is but an element in a genuinely democratic system, a house of review designed to protect smaller constituent States, a feature of many bicameral parliaments).

The UN Security Council is beholden to the veto power of five very different permanent members. Undoubtedly, this prevents the UN from doing much that is wicked, but also most which is decent. The rare occasions on which the UN came to anyone’s rescue—South Korea in 1950 and Kuwait in 1991—were made possible by a Soviet boycott in one case (never repeated) and a rare abstention from China in the other.

In 1999, it fell to NATO, not the UN, to intervene to prevent the slaughter and expulsion of Kosovars, as the UN could do nothing in the face of a Russian veto cast in favour of Serbia. And in the earlier case of Bosnia, the sole UN contribution (besides inaction) was to impose a general arms embargo that gladdened many internationalist hearts but in reality left Bosnians under-equipped against a well-supplied Serbian army virtually unaffected by the embargo.

But none of this is new. It was prefigured as early as 1948 when the UN failed to enforce the partition of Palestine when Arab states indicated an intention to invade and abort the UN-endorsed plan. The toothless UN Palestine Commission, charged with implementing the creation of Jewish and Arab states, issued a plea for urgent UN action, observing that ‘A dangerous and tragic precedent will have been established if force, or the threat of the use of force, is to prove an effective deterrent to the will of the United Nations’. Subsequent events have fully vindicated this bleak prophecy.

 Blocs of nations connive to render the UN impotent. For example, no discussions are held, resolutions passed or action taken on China’s obliteration of life and culture in Tibet.
For another, France, Russia and China were able, for self-interested reasons, to prevent the Security Council enforcing its own resolutions on Iraq, leading the US and its allies to do so on their own.

For a third, blocs can simply prevent UN action on even the most serious matters—witness the present immobility of the UN with regard to the genocide being perpetrated in Darfur in the Sudan. An estimated 180,000 have been killed and two million made homeless and, up to the time of writing, the killings continue in the absence of any concerted international action from the body that many critics of the recent Iraq war assert must be the sole agency of collective action.

For a fourth, the 56-nation strong Organization of the Islamic Conference (OIC) has effectively vetoed any definition of terrorism that does not exempt Palestinian terrorism from its ambit, with the result that, even four years after the attacks of 11 September 2001, no UN definition of terrorism exists.

Lack of democracy and human rights is no barrier to UN membership and participation. Thus, its Human Rights Commission has lately included six of the world’s most politically repressive regimes (Cuba, Saudi Arabia, Sudan, Libya, China, Vietnam) one of which (Libya) recently presided over it. The committee overseeing women’s rights was recently headed by Iran, a country well known for so-called ‘honour-killing’ of wives and daughters. And while Saddam ruled in Baghdad, the UN committee on disarmament was presided over by Iraq.

Fatal structural flaws have rendered the UN ineffective and corrupt. Thus the oil-for-food scandal, whereby providing humanitarian aid for Iraqis purchased from revenue obtained by the sale of Iraqi oil degenerated into a network of graft that enriched Saddam and a host of middlemen, including UN officials. Involving thousands of contractors in dozens of countries, the programme is estimated to have encompassed $9-17 billion.

In the recent tsunami disaster, it was the American and Australian navies that swiftly deployed forces to assist survivors. The best the UN could dispatch in that time were a group of concerned bureaucrats.

UN peace-keeping and monitoring operations have also been conspicuously ineffective. Thus, the abject withdrawal of the peace-keeping force in Sinai in 1967, at the request of Egypt’s Gamal Nasser, preparatory to Egypt pouring tanks and men into the formerly demilitarized zone ahead of a much-heralded war with Israel which actually produced a massive Arab defeat. Or the disarming in 1995 of Muslims in the supposed safe haven of Srebrenica, leading to their slaughter and expulsion while their authorized protectors stood by. Or, again, the enforced passivity of UN forces at the vital moment in Rwanda, permitting the massacre of up to 800,000 Tutsis and moderate Hutus, for which failure responsibility lies credibly at the door of the current UN Secretary-General Kofi Annan. (Admittedly, the US contributed mightily to this piece of inaction, the Clinton Administration fearing a repetition of the previous year’s blood-letting in Mogadishu, where US forces had remained at the UN’s request to assist its reconstruction after devastation by competing warlords.)

It is now known that General Romeo Dallaire, the Canadian commander of the UN force in Rwanda, had warned of impending slaughter, proposed seizing weapons stockpiled for this purpose by Hutus, but had been ordered instead simply to evacuate personnel.

A satirist could scarcely conceive so perverse a record. As the Israeli statesman Abba Eban put it in 1967, ‘What is the use of a United Nations presence if it is, in effect, an umbrella which is taken away as soon as it begins to rain’?. Recent history has afforded many opportunities for revisiting this all-important question.

Embroided in multiple crises (UN personnel raping women and minors in African countries is another), Annan has made a beeline for the drawing board and returned with a package of proposed reforms—a new panel to critically assess UN performance, new procedures for UN staff misdemeanours, and so on. Less well publicized is the fact that these ideas and others are a rehash of measures already proposed and supposedly implemented by Annan years ago.

Clearly, this is not the ‘common and indispensable home of the human family’ of which Secretary-General Kofi Annan gushed when opening last year’s 59th session of the General Assembly.

In short, there is little to celebrate 60 years on, and even less reason to expect positive change. The US, which provides a quarter of the UN’s budget, and other democracies need to consider new ways of spending taxpayers’ money—holding the UN to perform to its capabilities, not just to its limitations. (Indeed, money—holding the UN to perform to its capabilities, not just to its limitations. (Indeed, money—holding the UN to perform to its capabilities, not just to its limitations. (Indeed, money—holding the UN to perform to its capabilities, not just to its limitations.

Daniel Mandel is Associate Director of the Middle East Forum in Philadelphia, a Fellow in History at Melbourne University and author of H.V. Evatt and the Establishment of Israel: The Undercover Zionist (London: Routledge, 2004).
Federalism, National Competition Policy

Mike Nahan

Federalism is an inherently messy system. Indeed it is designed to be so.

By design, it disperses the powers of government across multiple jurisdictions. The USA has over 11,000 separate jurisdictions including city, schools board, county, state, territory and federal government jurisdictions. Australia has over 675 jurisdictions.

This necessarily results in a multiplicity of programmes, policies, taxes, regulations bureaucracies, legislatures and lobbyists. In short, federalism is necessarily more messy and costly than unitary systems.

But federalism has potentially counteracting benefits. First and most importantly, it has the ability to limit the power of government. Dispersed power is limited power. Federalism offers the possibility of refuges from exploitation. For example, in the 1990s Queensland provided sanctuary for thousands of people fleeing Kirner’s Victoria.

Federalism also has the ability to inject competition into government. It gives people a choice about where they live or which jurisdiction’s laws they operate under. This provides people with the ability to choose who governs them. The act of choice, whether it is manifested by the movement of people or simply by the threat thereof, puts pressure on governments to respond in a competitive manner to the desires of their electorates/customers. For example, the low-tax, low-debt, pro-business, pro-growth policies of successive Queensland Governments during the 1980s and 1990s proved attractive to thousands of people and investors and, in so doing, forced other States to pursue similar policies.

Federalism has the potential to induce experimentation and risk-taking in policy and programmes and to tailor them to the particular needs and endowments of local communities. The Kennett Government put in place a raft of reforms that were politically impossible at the federal level or in other States at the time. Many of Kennett’s reforms, such as the privatization of urban transport, were risky and leading edge. Other States and the Commonwealth watched, learnt and adopted.

Naturally, federalism is not the system of choice of the political elite, as it is designed to limit their power. On the other hand, citizens are rather fond of the system, not only because it limits the power of the elite, but also because it works for them.

It should be noted, however, that the benefits of federalism are not preordained. Federal systems can seriously malfunction and produce excessive costs, reduced accountability, greater power to vested interests, less competition or competition of the wrong type and to the wrong end, and fewer options for individuals.

While the Australian federal system has worked moderately well to date, it is badly in need of an overhaul in terms of its structure, functioning and philosophy. Indeed, if its flaws are not addressed and it is simply left to muddle on, the flaws will deepen and the need for centralization of powers and function will increase.

COMPETITION INJECTION

While a federal system’s ability to inject competition into government is one of its main attributes, in truth it does not often work well. First, the act of moving from one jurisdiction—whether it be from Victoria to Queensland, or from the WA industrial relations system to the federal system—is costly, complex, disruptive and for most people and firms, not really an option. Second, the complexity, fragmentation and reduced scrutiny that often comes with the system can work to restrict competition amongst market players. That is, instead of providing a refuge from exploitation, it provides a refuge for monopolists and special interests often wrapped up in the rhetoric of States’ rights or federal responsibility.

This has been a common characteristic of the Australian federal system. Governments have historically used their powers of ownership, taxation and regulation to protect a host of businesses, professions and groups from competition, including electricity generators, rail operators, ports, airports, gas companies, lawyers, newsagents, pharmacies, and so on.

The National Competition Policy (NCP) was put in place a decade ago to reduce the anti-competitive activities of the States. Although the process has been remarkably successful, it has some flaws that need to be fixed, it has run out of money and support and, as a result, is grinding slowly to a halt.

A key flaw of the NCP, to date, is its failure to including privatization as part of the reform process. This has, for example, allowed the NSW and Queensland Governments to retain government ownership of electricity-generating facilities, which in turn has contributed to their poor performance relative to the privately-owned Victorian generators. It has also inhibited private firms from building capacity in those States.

Another flaw in the NCP is its exclusion of industrial re-
lations. Like privatization, IR was excluded from the process by the Keating Government in deference to its union allies. It is now time to incorporate IR as well as privatization as key elements of NCP. This needs to be done irrespective of whether industrial relations is nationalized or remains, in part, in State jurisdictions. If IR powers are nationalized, Labor Governments will come under immense pressure to protect unions through a raft of special deals. Competition policy could prove essential to limit such behaviour.

One aspect of the NCP’s process that needs to be continued and extended is the adoption of common approaches to legislation, such as occupational health and safety (OH&S). OH&S legislation is increasingly being distorted in various States (in particular in NSW), where it has been used as a tool for industrial disputation. This is undermining worker safety and carriage of justice. The solution lies in all States adopting legislation that reduces this potential—as exhibited, for example, in the new Victorian OH&S Act.

There is a need to improve the extent and depth of coverage of the regulation review process under NCP. Important areas of existing regulation remain untested and a sizeable volume of new regulation is avoiding independent assessment altogether. This is particularly the case for social regulation which covers issues such as energy efficiency, building access for the disabled, heritage and town planning, public transport, consumer protection, labelling laws, etc. Social regulation now accounts for just under 50 per cent of the regulatory burden on business—and is growing rapidly.

The NCP needs to go into new areas such as natural resource management and the environment. The resource industries, including farming, forestry, fishing, bee-keeping and ecotourism are being wrapped up tightly with ever increasing volumes of red and green tape. These regulations are not only draconian but violate basic human rights—rights to property, rights to compensation for loss of property, procedural justice. They are also flawed on scientific grounds and fail to achieve stated aims. And they are increasingly being used as a means to inhibit competition. For example, regulations purportedly to address climate change are being used to promote selected technologies, such as windmills, and therefore protect certain companies. These regulations, aside from the those applying to water, have been exempted from the NCP. It’s time this exemption was removed and environmental legislation, new and old, subjected to systematic review. Also, the NCP’s principles need to be altered to include a commitment to rights to property, to compensation for loss of property and for procedural justice.

In order to be effectively rejuvenated, NCP will need to be backed up with additional funds. While some States have been more than willing to pursue NCP, most notably Victoria under Kennett and Bracks, other States have been kept on the path of reform only through the lure of money. Given the current volume of funds flowing to the States from the GST, however, the renewal of funding from NCP need not be new funds. After all, with the GST, the States stand to gain as much from higher growth engendered by competition as does the Commonwealth.

**REFORM OF THE GRANTS COMMISSION**

There is also a need to reform the process by which the Commonwealth allocates grants to the States for non-commercial or general government services such as health, education and police. Specifically, we need to move from a welfare-based model to one based on rewarding best performance.

The current system of allocating general purpose grants, administered by the Commonwealth Grants Commission, aims to allow each State and Territory to provide the same level and type of service irrespective of its cost or the ability to raise taxes. In so doing, it tries to be ‘policy neutral’. In truth, the system rewards inertia and failure. States that eschew long-term growth for the short-term lure of higher taxes are, in the end, compensated. There is no reward for driving efficiency in health or pushing for better results in schools.

There is no compensation for the adjustment costs of reform. The system discourages innovation and experimentation. Moreover, from a national perspective, the system re-allocates billions from high to low productivity areas. It also undermines the function of the federal system, by effectively paying people to remain in poorly functioning jurisdictions. Why move when the Commonwealth pays you not to?

The solution lies in creating a new type of grant—funded with some of the funds that are currently allocated through the old system—which explicitly rewards good performance. Under such a system the States that do best in terms of per capita grants would be those that: provide more efficient services; best meet agreed performance outcomes (such as, for example, results in international test for maths, science and language performance); provide better information on the performance of schools, hospitals and TAFEs; and meet national synchronization goals such as the same starting age for schools and compatible information for public hospitals.

By focusing on outcomes rather than inputs, such a system would continue to allow the States to determine the mix and delivery of services they provide.

It would revolutionize not only the delivery of government services, but the mind-set of government too. It would also strengthen our federal system.

It is, in short, the reform agenda of today.

Mike Nahan is the Executive Director of the IPA.
The Culture Wars, Yes … But Whose Culture?

Andrew McIntyre

As a son of the privileged Jamaican plantocracy, Michael Manley, Prime Minister of that country for eight years until 1980 and at the time charismatic head of the non-aligned nations, was wont to listen to Beethoven string quartets and cultivate roses, while his anti-American rhetoric intensified and he dragged his increasingly socialist and economically struggling nation towards neighbouring Cuba.

The chardonnay socialists, la gauche caviar—as the French call them—the vanguard, nomenclatura, literati, culturati, doctors wives—whatever—distinguish themselves by their education, life-style, refined taste … and their politics. Although these qualities can, apart from the politics, fit conservatives, it is nevertheless a truism that Left elites—elites in the worst sense of the term—see themselves as a sort of new aristocracy, with a belief that their knowledge, refinement and taste give them a self-evident right to impose their ideas on others and treat the rest of us, especially theHoward-voting aspirationalists, with barely concealed contempt and paternalism. That the ‘Arts’ is the pivotal battleground in the culture wars was made clear by Ross Fitzgerald in The Australian recently: ‘Mention the arts and Howard will run a mile: the words “arts” and “culture” will never cross Howard’s lips with passion. Mention the arts and most Laborites will revert to dreamy Whitlamian visions of government patronage for the enrichment of Australia’s “identity”.’

There is a self-evident informal alliance between the arts industry—artists, writers, actors, comedians, directors, producers and other beneficiaries of taxpayer largesse, whether through the Australia Council, the ABC or other state-sanctioned and subsidized creative outlets—and their attitudes towards the Howard Government and any of its policies. This alliance goes back a long way and became clear under the generous patronage of Whitlam, and later Keating with his personal largesse in ‘The Keatings’ grants. The cultural elite has no illusion on which side its bread is buttered, as the most recent and high profile example of ‘State Art’ demonstrated in full force with the recent Melbourne Theatre Company’s production of Hannie Rayson’s Two Brothers. While proclaiming moral ambiguity, this play is a shallow and superficial attack on border protection and the boat refugees; all conservatives are pictured as tainted, corrupt and venal, and all those who oppose the government’s policy on refugees and boat people are portrayed as saints. Criticized even by several Left commentators, the play had the predictable moral complexity of Snow White and the Wicked Witch.

This propensity to political bias extends to all things cultural, but of particular importance is the fault-line between the so-called ‘high’ Arts and popular, mass entertainment. Australian film is in crisis, and this is due in large part to a refusal to create films that the film-going public are interested in. Politically correct films, viewed as ‘challenging’ or ‘important’, receive uncritical rave reviews from our avuncular ‘Pomastrotton’ on the ABC, while the films bomb at the box office. Australian films last year generated less than 1.3 per cent of a national box of $907 million, a record low proportion. One film-goer was reported in the media as saying ‘Oh that film; you wouldn’t want to see that—I’m pretty sure it’s Australian’. So an industry that is supported so vociferously by our leading international actors and actresses as ‘an important voice for Australian identity’ somehow manages to supply a voice which Australians themselves do not identify with.
The Australian Film Commission, responsible for audience development policies, perversely appears to play down the significance of the box office as a measure of industry success and ignores this huge irony.

In literature, the same tensions can be seen. The media reported two small brawls earlier this year in the book world, demonstrating how divorced book-chat culture can be from the world where people go into shops and pay money for books. There were even allegations that the ‘jackals of commerce’ were not paying the literary lions sufficient respect. Surely an Australian Charles Dickens or Jane Austen would be writing for Neighbours and Home and Away, or already be a David Williamson, who is popular and does manage to capture the public’s imagination and does have his plays become box office hits. But success has always been resented, not just because, in Williamson’s case—for example, Dead White Males—he steps out of the political orthodoxy, but because he appeals to the public and is entertaining, Bryce Courtney and Colleen McCullough are similarly resented.

Our subsidized writers, the unpopular ones, can only think of how crass the public is in not buying what some might say are post-modernist, narcissistic outpourings, and rail against commercialism and free markets. It could be, perhaps, that subsidies are a part of the problem. An Australia Council report in 2003, Don’t give up your day job, found that the number of professional writers had tripled in 20 years and that one in four earned below the poverty line. The average income was $35,000 a year, but less than $5,000 came from writing. Doesn’t this suggest that they should change careers or get a serious job, like everyone else? They are encouraged to stay as impoverished writers even without a guarantee of success. Delia Falconer, with just one well-selling book, has had three literature Board grants of $15,000, $25,000 and $25,000, an $18,000 Barten Bequest Traveling Scholarship, two stints at the Blue Mountains writers’ retreat Varuna, a six-week residency at the Tyrone Guthrie Centre in Ireland worth $8,000 and a stay at Bundanon, Arthur Boyd’s former home. She has the NSW Writer’s Fellowship to research her next novel and finish a collection of stories.

This elitist belief in an inalienable ‘right’ to be a subsidized artist is present in the even more remote and esoteric domain of ‘classical’ or ‘serious’ music. A personal communication to this writer from a well-known contemporary Australian composer—the sinecured academic type—insisted that he had the right to have his works commissioned and played to subscriber audiences for ABC Symphony Concert series. Never mind that people hated them. He said, ‘They should be educated. It is good for them’. This arrogance is reminiscent of Stalin who gave factory workers in totalitarian Russia free tickets to attend symphony music concerts.

POPULAR COMPETITION

The problem confronting these elitists across all artistic styles and manifestations is cultural competition and proliferation. Nick Gillespie, in a piece for Reasononline titled ‘All Culture, All the Time’, puts it this way: ‘It’s easier than ever to make and buy culture. No wonder some people are so upset.’ Indeed. Just think of the transformations in Australia over the last two decades. There has been an enormous and sustained increase in the production and availability of music, literature, art, film, video and other forms of creative expression. In classical music alone, in Melbourne, and this applies to all Australian capital cities, it was once only the ABC’s Melbourne Symphony Orchestra that gave concerts of any substance and it was only the ABC which brought overseas artists to perform. In the 1960s, Musica Viva was a new an exciting innovation for overseas touring chamber groups. Nowadays, and in spite of the recent much-criticized threat of cutbacks for some of the regional ABC Orchestras, there has been an unprecedented profusion of concerts, whether chamber, orchestral or solo, ranging from amateur and semi-professional groups and choral societies, to visiting orchestras, ensembles and international festivals. There has never been as much classical music, theatre, musicals, installation art, comedy festivals, dance performance, in Australia, ever. And we haven’t even mentioned the unprecedented number of highly skilled graduates from music, drama, art, and dance schools and universities throughout the land adding to the supply side.

The same goes for books. In Australia, there are more retail outlets than ever before: Readings, the Borders chain, second-hand and remainders book shops. But even more significant in this supply and availability is the Internet and providers such as amazon.com. More than half of Amazon’s book sales come from outside its own top-selling 130,000 titles. In other words, the market for books that don’t ever get to appear in even the biggest Australian stores is far larger than the whole market for those that are in those retail outlets. In spite of one of Australia’s biggest and oldest book chains, Collins Book-sellers, going to the wall—book sales have never been higher or more diverse. As for special interest magazines, any suburban news agency routinely stocks over 800 separate titles.

Ironically, The Australia Institute has just released a study on waste-
ful consumption. It revealed that
our homes are stuffed with books that no-one reads and CDs that no-one listens to. As for CDs, Garry Barker, the Technology Editor for The Age newspaper, explains that much of the music he listens to now comes directly through the Internet: programmes from a jazz station in France, a country music station in Nebraska, the BBC and classic FM in London. He has a wireless network so that his PC can be in any room of the house. He no longer even uses a CD player. A network sends music stored on the computer to small slave radio receivers linked to the stereo system.

There is now a proliferation of digital streaming in music. Detra, Australia's biggest supplier of online music has more than 500,000 songs. Apple's online iTunes music stores will be arriving in Australia shortly—something which will, it is claimed, revolutionize the way we buy, listen to and share music. Monash University research director of the Australian Centre for Retail Studies, Michael Morrison, says, 'It's going to force retailers to look at their shopping experience'.

Then there is the explosion in access to both free-to-air and cable television. Not only are we watching more TV—available non-stop 24 hours a day (remember ABC test patterns?)—we have cable television and a profusion of video rental shops. In our suburbs, not only can anyone rent a video of their PC can be in any room of the house. He no longer even uses a CD player. A network sends music stored on the computer to small slave radio receivers linked to the stereo system.

Video stores will become old-fashioned and obsolete. In America already, these seemingly underserved markets make up a big chunk of the digital Internet-accessible rental service Netflix. Bollywood alone accounts for nearly 100,000 rentals each month. Even though there are 1.7 million Indians in the United States, these people are so spread out geographicaly that it is not viable to show the films in cinemas. Almost no Bollywood films ever get shown on the big screen. The same is true for documentaries. Netflix offers more than one thousand of these.

As Anderson says, digital Internet delivery has made a good business out of what is unprofitable fare in movie theatres and video rental shops because it can aggregate dispersed audiences. In a world of what appeared to be scarcity—dependent on what was popular to the lowest common denominator—this is now being transformed by the Internet and digital storage and powerful search engines into a world of almost unlimited abundance.

Don't even think about DIY video. In an intriguing analysis by Chris Anderson in Wired Magazine, 'The Long Tail' explores specifically just how the new digital revolution is really revolutionizing culture by capitalizing on the millions of niche markets that otherwise would not be accessible. For traditional cultural outlets, such as bookshops, video stores and cinemas, there has to be sufficient turnover to make the stocking of a book or screening of a film profitable. If the variety of films is already mind-boggling, Anderson shows that the Amazon principle is working for documentaries, foreign films, anime, independent movies, British television dramas and old American TV sitcoms.

In this context of proliferation, diversity and specialization of tastes, it is barely comprehensible that Rosemary Neill, in an article in The Australian, seriously reiterates the question that floats perennially around the Australian Arts Establishment. 'Is the financial enrichment of the country leading, paradoxically, to an impoverishment of the culture?' Surely she is only talking about government subsidies? Or worse, from Jill Berry, general manager of the Bell Shakespeare Company, 'The dark ages for the Arts is here, absolutely ... the dumbing down of Australia is rampant'. She feels that Australia is stuck at a level of ‘naiveté and immaturity’ which means that it ‘looks abroad for leadership on issues such as the Iraq war’. Not surprisingly, with rhetoric like that, Bell has had no principal sponsor for five years. And coincidentally, the company is enduring a ‘box office backlash’.

Oh, for the good old era of Gough Whitlam. ALP apparatchik Phillip Adams muses, 'Once there was a golden era which depended on having the ear of prime ministers and premiers ... but that's nostalgia'. Truth is, it was a golden era neither for the consumer nor for the taxpayer.

THE VULGARITY OF IT ALL

So, not only have we a huge range of cultural activity to choose from, which undermines the exclusivity of the 'elitist' and politically correct subsidized Arts, we have seen a harping and defensive pattern from these same political elites condemning popular culture. As far back as early last century, the Marxist sociologist and musicologist, Theodore Adorno, in his contempt for vulgar capitalism, but more particularly in an attack on music enjoyed by the vast majority of people, made contemptuous and patronizing claims that 'in popular music, complications have no consequence' and that it was 'rhythmically obedient music ... expressing their desire to obey ... [with] unabating jazz beats ... [and] a renunciation of one's own human feelings'. Apart from appearing to wipe off almost all
of world music which, in the main, is or was used for dancing in one form or another, is a nonsense analysis. This telling dichotomy is further revealed by Benjamin R Barber in *Jihad vs Mc-World: How Globalism and Tribalism are Reshaping the World*. He is an anti-capitalist champion of what might be called contemplative art. As he puts it, ‘not an art of commerce; it is an art of patronage, or enlightened taste’. Further he claims that ‘By immersing themselves in such made-for-profit vulgarity people undermine any hope they might have of achieving a just, civil society’. Typically, he sees consumer choice as a ‘charming fraud’.

This is the core of the argument. And it is the same argument used by our elites that somehow the Australian electorate was defrauded by Howard’s policies. In a recent article published in *Reasononline* by Charles Paul Freund, ‘In Praise of Vulgarity: How commercial culture liberates Islam – and the West’, a strong message is drawn from the unbridled desire that people have for that which pleases them and how this reflects a fundamental democratic impulse for freedom. Simple symbolic acts can be seen as acts of freedom. Just as the French smoked Lucky Strikes upon liberation at the end of the Second World War, so did Afghans shave their beards; it was the smoothness itself that symbolized freedom from the Taliban. As Freund explains, simple things, where a local singer Zaher sang “It’s now or never”, was not only from popular American culture, it was one of the few things that the country’s many ethnic groups had in common. Video stores offered *Gladiator, Police Story*, and *Independence Day*. In short, the first breath of cultural freedom that Afghans had enjoyed since 1995 was suffused with the stuff of commercially generated popular culture.

In the Soviet Union, during a critical time of oppression under Stalin, young people developed the *stilyagi*, who copied the vulgar decorated broad ties, shirts and suits they had seen in American films and smoked cigarettes in packets disguised as American. When Russian athletes returned from the Melbourne Olympics in 1956, they brought back rock music, and the authorities tried everything to combat this new rock subculture. They banned it, belittled it, and co-opted it with state-approved rock bands. Nothing worked, nor could it, because it was used by individuals for their own expressive purposes. Even in the ’70s one of the easiest things to sell in the USSR as a tourist were the jeans one was wearing in the street. As Freund puts it, unlike the Soviets, ‘The citizens of the post-subistence world have a historically remarkable luxury: They can experiment with who they are….That’s what meaning is’.

So let’s forget the admonition that our culture is ‘dumbing down’. In addition to the proliferation described above, let us rejoice in *Neighbours, Kath and Kim, The Simpsons and South Park*; anything that the subsidized cultural commissars tell us is ‘naive’ or ‘immature’. *South Park* is far more than the strident voices and unpolished animation that its surface appears to show. In a new book by Brian C. Anderson, *South Park Conservatives*, we are reminded, as is the case in Australia, that American cultural life and the arts has suffered from a smug Left, politically correct, piety-restricting debate. Whether it is feminism, affirmative action, or even paedophilia, any opposition to the orthodoxy was considered ‘a form of bigotry and extremism’. Universities here in Australia have been stifled by speech codes, and spelled out the rules of enlightened conduct. This has certainly seeped into our state-subsidized film and book cultures, even to our State Galleries and Museums. What *South Park* does with savage satire is explode these constraints and add a vital dimension to public discussion of issues. There is a pervasively reassuring ring to the busy, market-driven, anarchic free-for-all which is our popular culture.

The beauty of it is that no-one can control it. This is a bottom-up revolution, not top-down. It is profoundly democratic because it empowers the individual. Jay Rosen, a visiting Professor of Journalism from NYU claims we are seeing the end of mass media.

The Age of mass media, is just that, it’s an age. It doesn’t have to last for ever. The classic age of the block buster movies, books, TV shows [will be] a kind of a relic. Now we are in a different world. I think we are going to a great age of decontrol. And all of the Arts, that of control, that were learned both by media and by governments and states aren’t going to be useful in the future. It is going to be very hard for closed systems of any kind to survive.

Hollywood moguls, guessing the next box office success will have less say, publishers with big advertising budgets will become less relevant when the digital revolution makes ‘best sellers’ redundant. The elite ‘cultural commissars’ will have less control and their grip on government subsidies will weaken. It is this choice, this staggering diversity, where anything and anyone can say and do what they like which is the most reassuring aspect of this revolution. It is truly spontaneous and truly democratic.

Let’s bring on Waltzing Matilda for our national anthem.

Andrew McIntyre is a Melbourne based writer and regular contributor to the IPA Review.
Myths of the Corporate Media

Chris Berg

Conventional wisdom places the print and broadcast media on a knife’s edge between two mutually exclusive requirements—the requirement to provide citizens with a challenging, informative and independent media, versus a desire to express the interests of ‘big business’ and make a profit. We are continuously told that both the broadcasting and the print media are increasingly driven by the profit motive. Independence, quality and diversity versus business interests—like Kipling’s East and West, never the twain shall meet. We are told that the media is irrevocably biased against ‘progressive voices’. Our very own Australian media mogul, Rupert Murdoch, is more dangerous to civil democracy than Citizen Kane ever could be. His Fox News is not merely biased, but actively partisan. (The far-left moveon.org proclaims ‘The Communists had Pravda. The Republicans have Fox’.)

Around the world, much of this is blamed on media deregulation in the 1980s and 1990s. In Australia, the 1992 Broadcasting Act, which created the Australian Broadcasting Authority, moved the media in the direction of a market-based, less interventionist approach to media regulation. While we maintain stringent local content quotas and cross-media ownership regulations, critics assert that the media is consolidating into fewer and fewer giant transnational cartels, and producing entertainment that is homogenous, bland and uncritical. Despite such heavy regulation, our media is less ‘diverse’.

WHAT IS DIVERSITY?

In February 2003, The Guardian conducted an analysis of the editorial line on the Iraq War in all 175 Murdoch newspapers around the world. It argued that each one supported American involvement in that conflict, and that they:

all are singing from the same hymn sheet. Some are bellicose baritone soloists who relish the fight. Some prefer a less strident, if more subtle, role in the chorus. But none, whether fortissimo or pianissimo, has dared to croon the anti-war tune. Their master’s voice has never been questioned.

Australian media policy is aimed at encouraging the diversity that The Guardian claims News Ltd’s coverage is lacking. The 1992 Act states as one of its objectives that its aim is to promote a ‘diverse range’ of broadcasting services offering education, information and entertainment.

But quantifying diversity is not as simple as listing whether a newspaper supports or opposes the War in Iraq. A glance over the Melbourne television guide presents an extremely wide range of genres—drama, sitcom, reality, sport, news & commentary, music, documentary—each of which can be divided further into its own subcategories. It would be hard to argue that both Rove Live and SBS’s current affairs program The Cutting Edge would have a ‘homogenous’ political viewpoint. Even the difference between viewpoints expressed in Neighbours and Home and Away can be significant enough to warrant a ‘diverse’ rating.

When is content sufficiently diverse? Does the mere fact that a programme is broadcast in another language qualify it as diverse? If every newspaper were published in a different language, yet held the same editorial line on contentious political issues, would this be sufficient? While these examples may seem facetious, they highlight the ambiguous nature of the cries for diversity in our media. Media diversity is widely advocated for a host of social and cultural reasons, yet few participants in the debate are willing to address the practical applications.

The inelegance with which local content rules try to enforce a one-sided diversity attests to a simple fact—these appeals are more often than not either veiled protectionism or attempts to silence opposing viewpoints.

In reality, we are experiencing an age of unparalleled media variety. If diversity of opinion is what critics desire, then they should take solace in the multiplicity of content provided by the explosion of entertainment options. In Australia, there are 259 commercial radio stations, and more than 2,000 community and narrowcast stations. Cable television offers a massive range of stations, and TV programmes, from Nickelodeon to the Australian Christian Channel and from BBC World to Fox News. DVDs, podcasting, satellite radio, not to mention the Internet, provide more media options—and more diverse voices—than it is possible to survey.

THEIR MASTERS’ VOICE?

Does the ownership of broadcast and print services even matter? It is constantly suggested that media services are being consolidated into massive international conglomerates, and that these serve to exclude ‘voices’ which diverge from their corporate view.

But the relationship between ownership and content is far more complicated than is generally acknowledged. Communications researcher Benjamin Compaine’s recently released paper ‘The Media Monopoly Myth: How New Competition Is Expanding Our Sources of Information and Entertainment’ argues that, in the United States at least, there is no reason to suggest that corporate ownership is having a deleterious effect on the quality and diversity of programming.

Instead of providing the
media moguls with an uninterrupted outlet to spread corporate propaganda, the drive for profit increases the alternative voices available. Michael Moore’s self-promoting blustering aside, the vehemently anti-Bush documentary Fahrenheit 9/11 was financed and produced by Miramax—a subsidiary of Disney—and distributed by Lions Gate Entertainment, an enormous media conglomerate with interests in a wide range of industries. The film went on to become the highest grossing ‘documentary’ in history.

It could not be argued that Fahrenheit 9/11 played to any corporate message. On the contrary, the documentary was in fact strongly supported because it was an alternative message—and alternative, anti-establishment messages can be a great way to make money. Big business is regularly portrayed as a moral enemy—even by media executives themselves. A recent James Bond film, Tomorrow Never Dies, in which a megalomaniac media baron tries to foment war with China by sinking a British battleship, was produced by MGM, now a subsidiary of Sony Entertainment. It could not be argued that the media are producing mere corporate propaganda.

In Australia, Margo Kingston rails against the corporate ownership of media in her screedish Not Happy John: Defending our Democracy—published by the Penguin Group, which is owned by the massive Pearson Plc. Kingston’s book was enormously successful, and can be found in major, corporate bookstores around the country. To accuse the mainstream media of drowning out dissenting voices, while simultaneously having one’s book published by one of the largest publishers in the world, is absurd.

MEDIA QUALITY
There are some indications that media output produced by conglomerates is of a higher quality—although this is obviously much harder to pin down. The US-based Project for Excellence in Journalism has attempted to do just that by a range of methods for quantifying ‘quality’ journalism. One method consisted of surveying all the often ambiguous and contradictory academic literature on the subject and looking for general patterns. The study, which focused on newspapers, showed that most of the literature connected higher expenditure with higher quality—variably defined—and then consequently with higher circulation.

Another study ‘Does Ownership Matter in Local Television News?’ gathered together a panel of 14 industry professionals and asked them to rate, over a five-year period, the quality of news broadcasts in a variety of genres. The study found that, while smaller stations tended to produce higher quality newscasts than large network stations, the highest quality was produced by those whose parent company owned a newspaper in the same market.

The study found significant differences between newscasts depending on their ownership structure. For instance, cross-owned stations aired more than one side of a controversial story half of the time, compared with just over a third of the time for those with no horizontal interests. They also tended to rely less on syndicated feeds. Rather, the company, as a whole, did more of its journalism in-house. While there were a few complicating factors in the analysis, the study concluded that, by and large, cross-media ownership tends to produce better quality news broadcasts.

MEDIA (DE)CONSOLIDATION
That media corporations are continuously merging into ever-larger empires has become an accepted truism by most commentators. Indeed, in Australia, the small number of owners with large profiles (Packer, Murdoch) helps to reinforce this impression.

But, when considering the international context of media conglomerates, the opposite is the case. Certainly there are enormous media companies, but it is deconsolidation that is the trend. Right across the industry, companies are divorcing and restructuring at a rapid rate. Viacom, the corporate owner of, amongst other things, MTV, Showtime, Simon & Schuster and Paramount, is splitting into two entities at the end of June. Disney is splitting with Miramax. AOL and TimeWarner, who merged a few years ago to cries of doom from political commentators, are also considering separation after enormous losses. Even News Corp may be considering splitting up.

It seems that ‘synergy’, that cringe-inducing slogan for media consolidation, is dead. Big media corporations, trying to cope with the new markets created by technology and diversity of content, are struggling to ensure profitability. Even before they announced their June split, Viacom had shed Blockbuster Video, which was threatened by Internet rental services such as Netflix, and the increasing consumer ownership of DVDs. Instead, a simpler business model is preferred in this new era—one which can quickly react to ever-changing demand.

CONCLUSION
This article has not directly considered the radical consequences that the Internet and its secondary technologies—such as bittorrent, podcasting and blogs, which, in a few short years, have suddenly democratized the media—will have on quality, diversity and ownership. But it is clear from the overview provided that the effect that ownership has on the media is by no means as opaque as many popular critics assert. The relationship between the drive for profit and the drive for quality or diversity is not a mutually exclusive one. The widely and enduringly held views surrounding the Australian and international media must be re-examined closely.

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fewer than 60 delegates and observers attended both days of the 2004 annual conference of the Nature Conservation Council of NSW (NCC). This, despite the fact that the NSW and Federal Governments fund their programmes, ‘which among other things, support [their] work with … over 300 representatives on government committees and boards throughout the State’. The funding also helps support their 17 staff.

No wonder the NCC protested when the Federal government cut some of their funding in April. They claimed, ‘NCC has been the community’s voice [emphasis added] for the NSW environment for 50 years now and we won’t be silenced when it comes to speaking out for environmental protection and conservation’. Herein lies the nub of the NGO Project. Who are the people who claim, on a vast array of issues, to be the voice of the community? Why does government fund these community voices?

These voices increase the risk of bushfires in native forests because they curtail the scientific approach to forest management. These voices ensure water restrictions because they have governments too scared to build dams. And weak governments use them as an excuse not to make decisions, such as dredging Port Phillip Bay, or licensing GM crops, or allowing reasonable access to the Great Barrier Reef. These voices want to kill the Australian wool industry because they do not believe that humans should live off animals. They sue chicken farmers for allegedly polluting streams when scientists have already set safe standards for runoff. They interfere in Indonesian sovereignty using Australian aid monies. They raise millions in the name of tsunami victims and then promptly send the money to the US or Switzerland with little account of its use. They agitate for Third World debt forgiveness, even though previous rounds have encouraged corrupt regimes. These voices—all of which claim to represent someone or some cause—are not always very helpful.

IPA PROJECT INSIGHTS
The NGO Project has highlighted these, and many more, cases in the last few years because we care about public policy. Our attitude is shaped by our conception of democracy, which is at odds with the current fashion for participatory democracy. Participatory democracy assumes that every citizen is a political actor and will spend time in defence of their interests and ideas. In fact, democracy is much more elitist, it rests heavily on the idea that people delegate most of their political participation to an agent. Almost every citizen delegates participation to a public agent, a member of parliament. In addition, some delegate participation to a private agent, for example a business or industrial union or other non-government organization to work in their interest.

An essential element of democracy is the process by which public agents respond to the demands of private agents, and how an unorganized non-political public passes judgement on their performance. Institutional arrangements such as public elections, public servants, the law and the courts, and press scrutiny assist this process. Participatory democracy, however, takes the primary institutional arrangement, public elections, for granted, and in so doing can diminish trust in governing institutions. Participation merely crowds the field with agents (for example, non-government organizations) who may or may not provide solutions to those issues that require government action. The tendency for error is expanded when some agents have no mandate from a membership, either because there can be no membership, for example, the environment, or because the members work for the cause, for example, social workers who become activists on behalf of the disadvantaged.

The IPA argues that the strength and role of NGOs may give the appearance of an active democracy, but it is in reality a sign of an active citizenship. The quality of the democracy will be measured by the ability to incorporate and resolve issues, not just voice them. The secret of keeping a proper relationship between government and interest groups does not, however, lie exclusively in the internal democracy of the NGOs. Overwhelmingly it lies with governments sharing with the public the answer to the questions, ‘what do they do, and what is their value to public policy?’.

When government embraces participation through engagement with NGOs, there is the tendency to fold multiple objectives—such as community consultation, buying votes and public relations, expert advice, and the achievement of specific contractual obligations for services rendered—all wrapped into one

Who are the people who claim, on a vast array of issues, to be the voice of the community? Why does government fund these community voices?
government–NGO relationship. Without a clear objective, government can end up with poor community consultation, poor value for money in terms of buying influence, poor public relations, inexpert advice, and poorly performed contractual duties. Governments need to think carefully about how best to accomplish each task and the objectives they wish to achieve in NGO relations.

More than any other body, the NGO Project has drawn attention to the new class of interest group in politics—non-producer, non-member-service, non-government organizations. These are not the employer and employee unions. These NGOs claim to speak on behalf of those who allegedly have no voice, or a weak one. In the case of unions of employers and employees, each has asked of the other, who are you and whom do you represent? Over time, each has been drawn into the typically corporate style of relationship with government. So much so that the Workplace Relations Act 1996 and its many predecessors in industrial relations not only accept representative organizations as the basis of its operations, but ensure that employee and employer organizations registered under the Act are representative of, and accountable to, their members. Should the same questions be asked of the new interests?

As advocacy NGOs are drawn closer to government, for example, by sitting on advisory committees and receiving public funds, it is as well to ask who they are. Private organizations should be free to organize and agitate in the public arena. They are responsible only to their members, supporters and donors. When they claim to represent a section of the community, however, questions must and will be asked about their credibility, legitimacy and standing in the democratic marketplace. The IPA’s view is clear: only when NGOs are given a special status, for example, to sit on a government (or corporate) committee or receive government (or corporate) funds does an obligation arise on the part of government (or corporations) to disclose to the public (or shareholders) some details of the relationship.

**AN ELITE POLICY CLASS**

The true essence of advocacy NGOs is that they are policy communities. By the very nature of their volunteering for the job, they are an elite. This is as true of the local activist as of the national politician. For example, 84 per cent of candidates for the 2001 Federal election had completed some form of post-secondary study, while only 44 per cent had done so in the population at large. The politician, however, is largely constrained by means of a public election to seek a wide view of values and needs in the community and to achieve a satisfactory balance between them. Social status inequality is present among non-elected activists as well, yet this class of political activity is not constrained by means of a public election.

By way of illustration, the chart, Education and Participation in Politics Australia 2003, is based on a sample of over 4,000 adults derived from the Australian Survey of Social Attitudes for 2003. It displays the percentage of those from different educational backgrounds—low, middle and high—who participate in different forms of political activity. The activities are arranged approximately in descending order of participation. Only in the most basic form of political participation—voting in an election—is there an equivalent participation between people of differing educational background. To the question, ‘did you vote in the Federal election 2001?’, the answer was ‘yes’ for between 97 per cent and 99 per cent of respondents in each category, which means that there is almost no inequality between education categories.

The category, campaign activity, consists of those people who were working with people of the same concern; boycott or bought a product as a form of political
statement; or contacted a politician or
government official. The data showed
that such activity was overall less com-
mon than voting and highly unequal,
ranging between 45 per cent of the least
educated population and 60 per cent of
the most educated population. The data
also contained questions relating to
membership of non-government organi-
zations. These were divided into two
classes, service NGOs and policy NGOs.
Service NGOs consist of those people
who joined a self-help/consumer health
group; special needs; neighbourhood or
community-based group. Participation
was low for all and unequal, ranging be-
tween 11 per cent of the least educated
and 17 per cent of the most educated.
The demonstration category—protest,
march or demonstration—showed very
low levels of participation and high in-
equality in participation, ranging be-
tween 7 per cent of the least educated
to 18 per cent of the most educated.
Policy NGOs consist of those people
who were a member of a political party;
lobby group to change specific govern-
ment policies; a group working to im-
prove the environment; an environmen-
tal or aid organization; or a group that
promotes rights. These groups showed
the lowest level of participation of all
activities and a high degree of unequal-
ity in participation, ranging between 5
per cent of the least educated and 9 per
cent of the most educated.

Overall, the Australian data show
that, as the requirements of greater
commitment on the part of the citi-
zen increase, the overall level of par-
ticipation declines, and the inequality
in participation rises in favour of the
more highly educated. These results for
Australia place in doubt claims made
by NGOs to represent civil society and
clearly show that advocacy or participa-
tory democracy suffers from the prob-
lem of very unequal use. A recent study
of advocacy NGOs by a sympathetic
group, the Democratic Audit Project,
found that ‘in most … policy is initiat-
ed by a small group that includes CEOs
and some board members, including the
chairperson’. The IPA concurs. The data
on educational inequality as a measure
of unequal participation in NGOs un-
derstates the case. The real activists are
only a fraction of those who are nomi-
inally members. Policy communities are
very small and very elite; their claims to
represent have to be carefully tested.

The real activists are only a fraction
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AN INVITATION
Our critics have asserted that govern-
ment is cutting off advocacy. For ex-
ample, Peter Garrett remarked recently,
‘The Liberals’ fixation with reducing the
size of government has the flow on effect
of shrinking the spirit of participatory
democracy [emphasis added]. One no-
table result of out-sourcing policy and
service delivery is to mute those organi-
sations that would likely make critical
comment on the government’s policies.
Those who do speak out are cowed into
silence. If they receive any funding at
all it is withdrawn or at least threatened
with withdrawal’. Is Australian democ-
ancy so weak that it has to be funded?
Indeed, the Democratic Audit Project
studied the internal democracy of a se-
lection of advocacy NGOs and came
to the conclusion that, ‘Reliance on
government funding among advocacy
organisations that represent the disad-
vantaged may not affect commitment
to advocacy’. In other words, it could
not agree with the NCC or Garrett that
the world would fall apart without gov-
ernment support for advocacy.

The Democratic Audit Project sug-
gests a growing desire among senior
managers in the non-profit sec-
tor, expressed through the Na-
tional Roundtable of Non-profit
Organisations, for a thorough
review of the legal and regulatory
framework of the non-profit sec-
tor. Such attempts are likely to
promote greater acceptance of
advocacy organisations as a le-
gitimate voice for their constitu-
encies and, in so doing, enhance
their contribution to Australian
democracy.

The National Roundtable is but a
subset of the not-for-profit sector, it
does not speak for the sector, but to the
extent that it is genuine about reform-
ing the sector, it could support the IPA’s
view, outlined in Informed Giving: En-
suring Charities Inform Donors. When
NGOs receive tax-deductible dona-
tions (as charities), the government
should ask them to disclose to donors
what they do with the money and how
efficient they are at fundraising.

The IPA invites the Roundtable to
join with it to draft a new Charities Act
that will move beyond a ‘review of the
legal and regulatory framework of the
non-profit sector’, and move straight
to a set of standards of disclosure that
informs donors and the public about
what NGOs (with charity status) do.
This leaves NGOs free to do what they
want, constrained only by those stand-
ards and a well-informed public.

Gary Johns is a Senior Fellow and Direc-
tor of the Governance Unit at the IPA.

IPA
How efficiently is your charitable

Don D’Cruz

For the vast majority of Australians and people around the world, NGO transparency and accountability comes down to the basic issue about how well their charitable dollar is being spent.

This is where the IPA’s NGO Project’s advocacy has had salience for most people. This is where the rather nebulous topic of NGO transparency and accountability becomes tangible for the general public and much of the media.

While the NGO sector has ‘talked up’ the obligation of individuals and business to give money to charity, it has been largely silent about the sector’s mutual obligation to repay this generosity with adequate levels of transparency and accountability about how this money is spent. Although there are some outstanding individual performers in the NGO sector, there are far too many in the sector that live by the motto: ‘don’t ask, don’t tell.’ In other words, they won’t tell how they spend their money if nobody asks. This was pretty brutally exposed in a BRW cover story by Adele Ferguson this year.

Ferguson’s findings simply confirmed a review of 22 not-for-profit organizations undertaken by the Institute of Chartered Accountants in 2003 which found: limited reporting of objectives; the majority failed to explain their organizational structure and decision-making processes; inadequate disclosure of relationships with other groups; limited use of statistical performance information; failure to disclose investment policies; inadequate disclosure of grant-making activities; and inadequate disclosure of risk-management approaches.

Organizations covered in this survey were at the top end of the industry and included Care, WWF, World Vision and the MS Society, with a combined annual income of more than $550 million.

Further evidence of structural problems in the NGO sector as a whole were also borne out by a comparative study of institutions (NGOs, business and international organizations) by the British left-wing One World Trust which, in 2003, found that companies such as Rio Tinto and Glaxo SmithKline were more accountable than NGOs such as World Wildlife Fund, Oxfam and Care. Indeed, the World Trade Organisation, which has long been a target of the likes of Oxfam, rated far better in terms of accountability and transparency than its noisy critic.

All of this illustrates the fact that, while the sector loves getting cash, it is unaccustomed and even resentful of donors questioning them about priorities, salaries, perks and junkets. In this, NGOs ranging from World Vision to Greenpeace have far more in common with some corporate executives than they care to admit.

The sector is governed by a confusing mish-mash of laws at State and Federal levels which are vague and not enforced. Therefore, the task of setting standards of behaviour and disclosure is usually left up to organizational insiders—the board, staff and active members. In short, no-one is looking critically from the outside and the inevitable result is that this has bred laxity, poor standards and abuse within the sector.

The only politician in Australia who has been astute enough to realize the problems facing the charitable sector has been the Treasurer, Peter Costello, himself a firm believer in the importance of charity.

Shortly after the controversy surrounding the Red Cross and its Bali Appeal, which will be discussed shortly, Costello said in a speech to Anglicare:

Let me sound one other note of caution.

One of the reasons why the public has lost confidence in big government is that they regard it as inefficient. They think that by the time their money is collected and handled and administered and paid out and banked and credited, too little of it arrives with the genuinely needy. The handling costs compared to the end result are too high.

There have been recent concerns in Australia that some charities are suffering from the same problem. Charities are going to have to do better if they want to keep the public trust. Inefficiency is corrosive of trust. And trust is the currency of the charitable sector.

RED CROSS AND ITS BALI APPEAL

Arguably, no recent controversy has focused the media spotlight and the public’s attention than that which engulfed the venerable Red Cross and its handling of its Bali Appeal for victims of the terrorist bombings.

What Red Cross did was what every aid group does. It saw a crisis overseas, in this case surrounding the terrorist bombings in Bali, and it launched an appeal, raised a pile of money, but expected few questions to be
asked about how it was to be spent. Usually, no-one asks because those affected are out of sight and out of mind.

Unfortunately for the Red Cross, the victims were Australian. And when the victims of the Bali bombings started asking questions, the picture wasn’t flattering for the Red Cross.

At the time the story broke in the media, of the $14.3 million generously given by Australians for the victims of Bali, just 54 per cent (or $7.7 million) had gone directly to the victims, with $6.6 million or 46 per cent either being diverted to other projects not related to the Bali victims or held back for future use.

The public, the donors and the victims were deeply unhappy with the way the money had been spent.

What followed was a ferocious public reaction to one of Australia’s best-loved charities. It is doubtful whether some other charities would have survived such a storm.

Though a number of subsequent enquiries ‘cleared’ the Red Cross and laid the blame at the feet of ‘communications’ issues, it was more fundamental than that. The controversy over the Red Cross and its handling of its Bali Appeal was due to the lack of connection between how charities spend their money and how the public thinks charities spend their money.

THE RESPONSE TO THE TSUNAMI

On Boxing Day last year, Australians awoke to the news that large parts of Asia had been struck by a tsunami. As the death toll mounted and the enormity of the destruction was beamed into people’s homes, Australians sought to combat their collective sense of despair and powerlessness by responding through the only means available to most of us—by giving money.

It really was the best of times and yet the worst of times for the foreign aid industry. The aid industry could hardly believe its luck as the cash rolled in. ‘Tsunami’ may be the Japanese word for ‘harbour wave’, but in the lexicon of the charitable sector, ‘tsunami’ means a virtual licence to print money. So much so, that an AusAID memorandum acquired by The Daily Telegraph under Freedom of Information revealed that the aid agencies had collected too much money.

The solution is transparency for the way that charitable monies are spent.

When the IPA started asking questions about how the money was to be spent and arguing for transparency and accountability, the foreign aid industry (with the Bali Appeal still in their collective memory) moved swiftly to declare that it was transparent and accountable.

The heads of Oxfam, World Vision, Caritas and the acting head of Red Cross held a joint press conference committing themselves to transparency and accountability.

What has become apparent in follow-up media stories, however, particularly through a piece by Ewin Hannan that appeared in The Age, is that this newfound spirit of transparency and accountability in the foreign aid industry appears to, in some agencies, to be just lip-service, with aid agencies preferring to embed many costs that could be viewed as administrative overheads into the costs of their projects.

Though the jury is still out, the current level of transparency and the procedures to account for how the public’s money is inadequate with administration costs still a murky area. Judging from the release of the Australian Council for International Development’s NGO Tsunami Accountability Report (26 Dec–31 March), while some NGOs like CARE and Red Cross have clearly gotten the message (their reports are excellent), others, like Oxfam and World Vision, are not. Also of concern is the absence of reporting done by some of the smaller aid groups. Unlike the Red Cross’s controversy over its handling of the Bali Appeal, a scandal over the tsunami appeal would be ugly and there would be many casualties among the aid industry.

THE WAY AHEAD

The solution is transparency for the way that charitable monies are spent. Cosmetic changes and the type of slick public relations strategies adopted so far will not work.

The sector needs to work proactively to push its members voluntarily in this direction rather than wait for government to legislate for it. Using my colleague Gary John’s paper on Informed Giving would be a good start.

As the Federal Treasurer correctly observed, ‘trust is the currency of the charitable sector’ and if the sector wishes to protect the value of its currency, then it has to travel down the path of transparency and accountability aggressively, because increasingly the public and the media are demanding to know how their charitable dollar is being spent.

If they fail to do so, the sector risks the fate that has befallen other institutions in society—such as business and government—in terms of rising levels of cynicism. While this cynicism undoubtedly poses a challenge to both business and government, it is nothing compared with the problem that it poses the charitable sector.

Don D’Cruz is a Senior Fellow at the IPA.
The Reserve Bank (RBA) is Australia’s central bank. It is responsible for Australia’s monetary policy—the setting of short-term official interest rates—and for the overall stability of the financial system. When the Australian Prudential Regulatory Authority (APRA) was created, the Reserve ceased also being responsible for the prudential supervision of the banks, but its Governor retains an interest in that subject by virtue of his being Chair of the Council of Financial Regulators.

When Australia’s exchange rate was fixed, the Reserve bank had responsibility for monetary policy without the necessary powers to conduct monetary policy with reasonable independence from that of other nations in the world community. In theory, now that Australia has a floating exchange rate, Australia can run its own monetary policy, although with many direct and indirect linkages between countries and companies, especially within the banking community, the independence is not as complete as the text books would suggest it is.

In recent years, the Reserve Bank has been declared ‘independent’ of political government in Australia, by virtue of an exchange of letters between the Treasurer and the Bank’s Governor. The Reserve Bank is formally accountable to parliament. It must listen to political leaders just as it must take account of other players in the international financial system. During recent times, comments by senior politicians about the appropriate course of interest rates have been particularly pointed. No man, certainly no central bank governor, is an island.

The RBA has power without any immediate accountability. If it puts up cash interest rates, mortgage rates rise, and if it lowers them mortgage rates fall. The same applies to rates for business loans, credit card debt, etc, etc. By running a tight (that is, high interest rate) monetary policy, the Reserve can raise the Australian exchange rate, or prevent it falling, and so influence the price of imports, exports and overseas trips. Tight monetary policy can create recession, just as easy monetary policy creates inflation. Both inflation and recession have great influence on the welfare of all Australians.

Ultimately, though, the Reserve Bank is accountable to parliament. Someone once remarked that ‘sunlight is a great steriliser’. The Reserve Bank is currently in the spotlight, in part because it is not committed to allowing the antiseptic qualities of sunlight into its dimly illuminated boardroom.

The Reserve Bank leadership team makes regular speeches and the Bank issues quarterly monetary policy statements. In addition, twice a year, the Governor makes a presentation to the House of Representatives committee on economic policy. These speeches, statements and presentations are generally of good quality and convey reasonably clear messages about where the Reserve thinks the economy is headed and about its general policy stance.

The Bank does not, however, give immediate information about its views when it decides to leave interest rates unchanged. Press reports say that this providing such information is strongly opposed by the Bank’s Governor, Ian Macfarlane. Macfarlane is also opposed to releasing minutes of the meetings on the board.
The Reserve Bank is said to allow wide distribution of the papers its officers write for the board. Copies go to each member of the board and, in the case of Treasury, they are distributed widely within the department. ‘Well connected’ journalists and former Treasury colleagues might well be tempted to ask for gobbets of opinion.

As was reported recently, a ‘well connected’ private agency has been telling people in the financial markets that it was ‘certain’ that there would be no rate hike after a recent meeting of the Board. A lucky guess? This hypothesis strains belief.

Then, after said board meeting, two directors took it upon themselves to talk selectively to journalists—and goodness knows who else—neatly illustrating that selective briefings are not unknown at the Reserve Bank. During my time at the Bank I was once moved to remark to a senior colleague (still at the Bank) that in my view he had gone far too far in talking to a private financial institution over lunch. His response, as I recall it now, was to the effect that ‘markets have to be informed of our thinking’. He added: ‘Why do you think they ask us to lunch?’

I have long suspected that selected journalists act as unofficial spokesmen for the Reserve Bank. This, too, is a perception of other experienced observers. While the recent briefings were unofficial—and branded as such by the Bank—again the episode betrays a mindset. If the tradition were to issue an explicit statement immediately after the meeting of the board—or not later than 9.30 am the following day when the board’s decision about monetary policy is announced—things would be far better. If this policy were adopted, and if Reserve Bank board papers were far more limited in their distribution, there would be a good chance that all interested parties would be informed fairly and equally and at the same time.

But there is a more important point. Having to explain oneself clearly and simply and in writing to the general public—and to the journalists who will retail one’s material—is a great way to sharpen one’s thought processes. If explanations were required after each meeting of the board, analysis would be far better. If this policy were adopted, the board’s decision about monetary policy would be subjected to scrutiny and analysis immediately, rather than after a short delay. But, even this is not enough.

The Electoral Commission report that selected journalists act as unofficial spokesmen for the Reserve Bank. This, too, is a perception of other experienced observers. While the recent briefings were unofficial—and branded as such by the Bank—again the episode betrays a mindset. If the tradition were to issue an explicit statement immediately after the meeting of the board—or not later than 9.30 am the following day when the board’s decision about monetary policy is announced—things would be far better. If this policy were adopted, and if Reserve Bank board papers were far more limited in their distribution, there would be a good chance that all interested parties would be informed fairly and equally and at the same time.

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The Reserve Bank should be far more forthcoming about its thinking about the economy. It should explain its views after each meeting of the board and minutes of meetings of the board should be released (with some delay) after each meeting of the board. This will improve policy-making as well as providing a more fully and fairly informed market.

I have one further point to make about the Reserve Bank’s endemic, ahem, reserve. Recently we learned that, during the last election campaign, the Reserve Bank was concerned by the emphasis on interest rates. A truly independent central bank would have issued a clarifying comment about its attitude more or less immediately. But the Reserve Bank fretted about this matter in private and, according to reports, only passed on to the Electoral Commission a document that was clearly misleading when it was sent to them with a request that they do something about it.

The Electoral Commission reported edly said that there is no legal requirement that electoral material be true (why not? I hear you cry.) But there is no reason relevant public institutions cannot do their best to encourage honesty in government.

A writer to the editor of The Sydney Morning Herald, a Vincent Scoppa of Leichhardt, said: ‘I am not aware of any law that prevents the Reserve Bank from acting in a public-spirited manner to reject the politicisation of interest rates by a political party during an election campaign. If the Reserve Bank was deeply uneasy at the intense politicisation of interest rates by the Coalition during the last federal election, why didn’t it perform its public duty and speak up? Silence may be golden, but a gram of openness is worth a kilogram of silence.’ Hear, hear, Mr Scoppa.

Was the Reserve Bank’s concern at incorrect claims being made not of legitimate general interest during the election campaign? Again we have a mindset issue.

My views on what is needed to improve things have long been on the record. In 1988, shortly after leaving the Reserve Bank, I wrote: ‘Evaluation of policy will be greatly enhanced by the fullest disclosure of why policies are as they are. It seems to me that there is no satisfactory alternative to full and frank discussion of monetary policy within a relatively short period of decisions being taken’.

The Reserve Bank should be far more forthcoming about its thinking about the economy. It should explain its views after each meeting of the board and minutes of meetings of the board should be released (with some delay) after each meeting of the board. This will improve policy-making as well as providing a more fully and fairly informed market.

Peter Jonson has been writing on monetary policy for 30 years. He is the founder and editor of henrythornton.com, which presents regular comment on economics, politics and investments.
WHAT'S A JOB?

Ken Phillips

Imagine the scene. It's Melbourne's international tennis stadium on a mild autumn Saturday night. Red clay covers centre court. Ten thousand folk crowd the stands, most wearing tight jeans with big silver buckles, many with broad-brimmed cowboy hats. The rodeo has come to town.

Curious first-time-rodeo, city dwellers join the seasoned country folk who have come from across Australia for one of the largest crowd-pulling rodeos seen in Australia. Horses stream on to centre court racing at full gallop round the tight course, carrying the flags of the international competitors. It's a big, noisy event.

First off, it's the bucking horses. Crazy young men attempt to ride wild horses for more than eight seconds. A sheepskin-covered belt is pulled tight around the lower stomach of the specially bred horses to get them to buck. At eight seconds, maybe ten, the belt is released by the supervising horsemen controlling the event. The bucking immediately stops.

Next it's the women, who race at break-neck speed on superbly agile horses around three drums on centre court. Fifteen seconds and its over!

Finally, the madmen, who foolishly ignore the fact that sitting on a raging bull damages fatherhood potential. Few last more than four seconds before they hit the dirt. The quick release of the bulls' sheep-skinned belts stops the rampages. After eight rides, one fellow is receiving stitches to his forehead, another has recovered from unconsciousness. Later in the evening, one guy is unconscious before he hits the ground and is thrown by the bull like a rag-doll before the safety clowns can step in.

The anti-farmer ideology is the meanest raging bull you could ever ride.

Another horse is by his side. He holds a small stick, with which he gives gentle pointers to the two ponies who follow his every suggestion. He speaks softly to the crowd and to his ponies through a microphone. The three move as one. He recites a poem while guiding his ponies. It's a story of bush culture, of a people who work, live and earn their livings with animals. To the city folk in the audience, it's a quaint but remote tale. To the country cousins, this is their life, their jobs, their pride.

The rodeo is not a country oddity. It's a crazy sport that emerged from the everyday work experiences of mustering, herding and dealing with cattle in a business that puts food on the tables of people world-wide. Country life is a living business and a culture.

But just before the next session of bucking horses begins, pandemonium erupts. Two protestors jump from their seats and land on centre court. They unfurl a banner. 'Blood sport'. Security men chase them. More protestors appear. The crowd boos! Several upset country folk jump down and punching begins. Two women cat-fight in the dirt. Security personnel eventually restore order and the show continues.

The protest is a demonstration of the sustained demonization of country life and country business that emanates from the big cities. Farmers, so the new creed goes, suck our sacred rivers dry of water, tear down our magnificent forests, desecrate our environment with noxious weeds and kill Mother Earth with rising salt and persistent pesticides. Farmers are a menace!

So wake up cowboys and cowgirls! You're a bunch of mugs! For too long you've thought that reason and sense would prevail. Just because you add trillions of dollars to the Australian economy you think that the pollies and city folk will understand. But don't you know that milk doesn't come from cows? It comes from cartons in supermarkets!

And wake up you must. Your jobs are on the line. Only you can help yourselves. The anti-farmer ideology is the meanest raging bull you could ever ride. And it's a long ride. It's time you stopped pretending you can live with this new ideology. It wants to take you out!

You have no choice. Become focused or disappear. Plan. Be strategic, patient and determined. Create allies and be smarter than your foes. Your foes are often within! Identify your business objectives. Take no bull!

The International Australian Rodeo was held at Melbourne's Rod Laver Arena on Saturday 16 April 2005. None of the protestors was charged with breaching work safety or other laws. Ken Phillips is Director of the IPA's Workplace Reform Unit.
The Capacity to Manage Index
Report 6: Industrial Awards

Capacity to Manage Index: The Index is now well known. It studies Australian industrial relations agreements, rating the extent to which the agreements affect the formal capacity of managers to manage their businesses. All Capacity to Manage studies are available at www.ipa.org.au. Go to ‘Work Reform’.

CMI BACKGROUND. ENTERPRISE AGREEMENTS
The IPA developed the unique Capacity to Manage Index in 2002. To date, some 240 individual company enterprise agreements from five industry sectors have been studied. The results have not been encouraging for Australian business. The clear outcome is that where businesses have entered into enterprise agreements, the agreements have reduced and inhibited the formal decision-making authority of managers. This runs counter to the theory of individual enterprise agreements—namely, that they are supposed to tailor employer–employee arrangements to the needs of individual businesses and their workers. Between theory and practice something has gone astray. There are a few individual businesses where the agreements have facilitated management capacity—but they are in the minority.

ASSESSING THE AWARD SYSTEM: Overview
The methodology of the Capacity to Manage Index has so far relied on measuring individual enterprise agreements against prevailing awards for particular industries. That is, awards have been taken as the ‘zero’ point, and enterprise agreements have been assessed as to whether they increase or diminish managerial capacity to manage when compared with the award/s.

In applying this capacity to manage process, however, the question so far not addressed is: what does the ‘award zero’ mean? This new Capacity to Manage study addresses this question by asking: do industry awards increase or decrease the capacity of managers to manage when compared with the employment contract that would prevail if Australian awards did not exist?

The common-law employment contract is the relevant contract to use as a base when considering the capacity to manage impact of awards, because when untouched by legislatures, the common-law contract gives employers almost unfettered ability to make managerial decisions in their business. This is achieved because, under the common-law employment contract, the employer has the ‘right to control’ the employee. That is the legal theory. Legislation, however, imposes layers of regulation on employers that change the nature of the employment contract. In Australia, the industrial relations system is a primary employer regulator.

The lynchpin to the industrial relations system is the system of awards. Awards are legal industrial instruments with which employers must comply. There are somewhere in excess of 5,000 of these in Australia. In running their businesses, Australian employers must ensure that they discover the relevant award/s for their industry and use them in their businesses. Some businesses may have only one award with which they must comply. Some may have many awards. For example, a hot bread shop may need to comply with a bakers award, a pastry cooks award, a retail award and even a transport award. Or there may be one award for hot bread shops. It can be unpredictable, complex, involve considerable detail and involve important variations between awards. For the most part, awards cover employee pay rates but will also cover managerial issues. For example, the shearers awards have, until as recently as 2000, stipulated the lunch and dinner menus that must be supplied to shearers. The clothing awards stipulate the price to be paid for sewing a button on a shirt and the times at which sirens must be blown to allow for work breaks.

Unlike enterprise agreements where managers have a choice as to whether they enter agreements or not, award compliance is mandatory.

Over the last decade, in an effort to reduce award complexity, awards have been ‘simplified’. Part of the current debate about workplace reform involves arguments over the extent to which awards should be further simplified.

To understand how the Australian industrial relations system affects the capacity of managers to manage, an assessment of awards is worthwhile.

Methodology
In undertaking the research, the questions being investigated were:
• If the common-law employment contract is theoretically taken to give managers total legal authority to manage, how do awards affect the capacity to manage?
• Is there an identifiable ‘across the system’ outcome?
Are there variations between industry sectors?
The study selected 75 awards from across 12 major industry sectors. A revised methodology

REVIEW
JUNE 2005
was required. Pay issues in awards were discounted. Remaining award clauses were studied, isolating those that affect ed capacity to manage. An identifiable pattern of capacity-to-manage issues in awards became apparent and included:

- Who controls employee training?
- Can the award be varied for individual circumstances?
- Does the award prohibit or allow individual contracts?
- How are dispute resolution powers distributed?
- Are employment categories restricted?
- Are job descriptions restricted?
- Are pay classifications restricted?

What was discovered is that the range and type of capacity-to-manage issues in awards were considerably fewer, less diverse and less complex than those identified in enterprise agreements. The issues identified are nonetheless significant from a capacity to manage perspective.

[Note: It is recognized that industrial relations legislation and decisions of industrial relations commissions interact with and overlay provisions in awards. For the purposes of this study, however, it was necessary to consider awards in isolation from industrial relations case law.]

**Results**

The study results indicate the following:

- Average change in Award capacity to manage is -5.9
- The variation between industry sectors is not huge when compared with variations under enterprise agreements.
- Worst industry sectors for awards:
  - Metals manufacturing (-8.7)
  - General manufacturing (-7.4)
- Best industry sector for awards:
  - Government (-3.3)

The inclusion of awards in the Capacity to Manage Index adds an important dimension to the on-going study. It would appear that:

- Awards impose a reduced formal capacity to manage on all businesses in Australia.
- Businesses that enter enterprise agreements normally further reduce their capacity to manage.
- Australia has imposed upon its economy a layered process of reducing managerial capacity. This affects different industries to varying extents.

Combining the award study with prior industry studies, the combined average reduction in capacity to manage are listed in Table 1. (These are indicators only.)

**COMMENT**

Results from the earlier studies of enterprise agreements show a substantial reduction in the formal capacity to manage of most businesses that have entered enterprise agreements—with a few outstanding exceptions. This new assessment of awards shows that there is a systemic Australia-wide reduction in the capacity to manage created through the award system.

If it is assumed that the success of businesses is primarily dependent on how well the businesses are managed, the scale of the reduction in formal rights of managers in Australia to manage their businesses must raise concerns about overall business performance.

Academics and others who study Australian management frequently complain that Australian managers are poor by international standards. If this is the case, part of the reason for poor management may be attributed to industrial relations awards. If the laws of the land prohibit or restrict the right of managers to manage critical aspects of their businesses, then the law is effectively seeking to dictate managerial decision-making. In such a framework, it is reasonable to conclude that managers will not manage as effectively as they perhaps could and that managerial skills will be lower than they might be.

The upside to these observations is that if the industrial relations system can be further reformed with a view to removing restrictions and prohibitions on managerial capacity to manage, then Australian management performance may have the opportunity to improve.

If this observation is valid, there may yet exist within Australian businesses a latent capacity to grow and to add further to economic prosperity.

The full report is available on subscription to the Work Reform Unit. To subscribe, contact the IPA.

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**Table 1: Average scores for Industry Sectors to date**

<table>
<thead>
<tr>
<th>Industry Sector</th>
<th>Average EBA score</th>
<th>Average award score</th>
<th>Combined CMI score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>-11.1</td>
<td>-6.8</td>
<td>-17.9</td>
</tr>
<tr>
<td>Auto Manufacturing</td>
<td>-9.7</td>
<td>-7.4 (estimate)</td>
<td>-17.1</td>
</tr>
<tr>
<td>Food Manufacturing</td>
<td>-8.1</td>
<td>-7.4 (estimate)</td>
<td>-15.5</td>
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<tr>
<td>Transport</td>
<td>-5.6</td>
<td>-6</td>
<td>-11.6</td>
</tr>
<tr>
<td>Petro/Chem</td>
<td>-1.5</td>
<td>-5</td>
<td>-6.5</td>
</tr>
</tbody>
</table>
## Capacity to Manage Index

**Overall Ratings, Industrial Awards**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Sub Industry</th>
<th>Rating</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting, Finance &amp; Management</td>
<td>Banking services</td>
<td>-3</td>
<td>-4.6</td>
</tr>
<tr>
<td></td>
<td>Finance and investment</td>
<td>-4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Insurance</td>
<td>-7</td>
<td></td>
</tr>
<tr>
<td>Agriculture, Forestry &amp; Fishing</td>
<td>Agricultural</td>
<td>-3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Agricultural</td>
<td>-9</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Agricultural</td>
<td>-4</td>
<td></td>
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<tr>
<td></td>
<td>Agricultural</td>
<td>-6</td>
<td>-6.8</td>
</tr>
<tr>
<td></td>
<td>Agricultural</td>
<td>-4</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Grain Handling</td>
<td>-4</td>
<td></td>
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<tr>
<td></td>
<td>Wool</td>
<td>-6</td>
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<tr>
<td></td>
<td>Timber</td>
<td>-10</td>
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<tr>
<td></td>
<td>Meat</td>
<td>-5</td>
<td></td>
</tr>
<tr>
<td>Building &amp; Construction</td>
<td>Furnishing</td>
<td>-8</td>
<td></td>
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<tr>
<td></td>
<td>Cement &amp; Concrete</td>
<td>-9</td>
<td></td>
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<tr>
<td></td>
<td>Glass</td>
<td>-8</td>
<td></td>
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<tr>
<td></td>
<td>Gypsum, Plasterboard</td>
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<td></td>
<td>Plumbing</td>
<td>-4</td>
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<td></td>
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<tr>
<td></td>
<td>Plumbing</td>
<td>-8</td>
<td></td>
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<tr>
<td>Electrical &amp; Info Tech &amp;</td>
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<td>Technical Services</td>
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<td>Cleaning</td>
<td>Water, Sewerage &amp; Drainage</td>
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<td></td>
<td>Dry Cleaning &amp; Laundry Services</td>
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<td>Food, Beverages &amp; Tobacco</td>
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<td>Food, Beverages &amp; Tobacco</td>
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<td>Liquor &amp; Accommodation</td>
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<td>Liquor &amp; Accommodation</td>
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<td>Government</td>
<td>Commonwealth Employment</td>
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<td></td>
<td>Federal Police Operations</td>
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<tr>
<td></td>
<td>Electorate Officers (PS)</td>
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<tr>
<td></td>
<td>Education Services</td>
<td>-2</td>
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<tr>
<td>Manufacturing</td>
<td>Brush &amp; Broom Making</td>
<td>-7</td>
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<td>Glue &amp; Gelatine</td>
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<td>Paint Manufacturing</td>
<td>-6</td>
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<td></td>
<td>Rubber, Plastic &amp; Cable Making</td>
<td>-6</td>
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<td></td>
<td>Rubber, Plastic &amp; Cable Making</td>
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<tr>
<td></td>
<td>Clothing</td>
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<td></td>
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<td></td>
<td>Textile</td>
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<td>Saddlery, Leather &amp; Canvas</td>
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<td>Rope, Cordage &amp; Thread</td>
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<td>Grocery Products Manufacturing</td>
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<td>Mould</td>
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<td>Veterinary Surgeons</td>
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In the election on 5 May, I was for the first time a truly floating voter. All three major parties seemed equally unattractive: Labour’s cynical manipulation, authoritarianism and increasing regulation; the Conservatives’ small-mindedness; and the Liberal Democrats’ hypocrisy.

The difficulty of the decision was proof of Tony Blair’s greatest achievement: making ‘New Labour’ a centre party and thus destroying the old pattern, when Labour was left of centre, the Conservatives centre and right, and the Lib Dems between the two.

Neither of the other parties has yet achieved an effective response to this. At first, the Conservatives tried to create ‘clear blue water’ on their left, apparently not realising that this was the same as leaving the mainstream to Labour. The 2001 election showed the bankruptcy of this strategy. This time, the Tory party’s economic and social policies were almost indistinguishable from Labour’s. In 1997, Labour promised not to spend more than the Conservatives planned to; this time, the Conservatives promised not to spend less than Labour on health and social services. On tax and spending, the election was fought on a projected difference of less than 0.5 per cent of GDP in 2011—in other words, in the parliament after next. Talk about angels on pinheads…

Meanwhile, the Lib Dems have been trying to position themselves simultaneously left and right of Labour.

When the vote was counted, all three parties claimed success but all had failed. Labour was returned for a third term with an overall majority of 67 seats—but only 21.6 per cent of registered electors gave Labour their vote (35.2 per cent on a 61.3 per cent turnout) compared with 23.6 per cent in 2001. The Conservatives ran a united, professional campaign and gained 33 seats—but attracted only 19.8 per cent of registered electors (33.2 per cent of votes cast) as against 18.7 per cent in 2001. The Liberal Democrats campaigned hard for votes from people who oppose the Iraq war and Tony Blair, but don’t like today’s Conservative party, and had their best results in 80 years—but failed to achieve their long-sought ‘breakthrough’. They attracted 13.8 per cent of registered electors (22.6 per cent of votes cast).

Our stupid first-past-the-post system translated this into 356 seats for Labour, Conservatives 197, Lib Dems 62: an overall majority of 67. Australian-style preferential voting would have given the Conservatives a few more seats and the Lib Dems substantially more, denying Labour an overall majority.

Both major parties want to learn from failure—if their internal dynamics will allow them to do so.

Many Labour MPs and activists have always disliked Tony Blair and his ‘modernization’ of their party. As long as he delivered the electoral goods, they put up with it, but many of them now feel that they won the election despite his leadership, not because of it. As Mr Blair has promised to resign before the next election, some Labour traditionalists are preparing to fight to move the party back to the left, anti-war, anti-Europe, anti-American, anti-globalisation, and all. There are enough potential rebels in the parliamentary party to wipe out the government’s majority of 67.

This means that there’s a chance that the Labour party will start to tear itself apart. An economic downturn looks ever more likely. So some Conservatives just want to hold firm ready for ‘one more heave’ to win in 2009.

Others want change. So far the signs are encouraging. After defeats in 1997 and 2001, the Conservative leaders resigned immediately. This made the party conduct its post-defeat reappraisals in the guise of leadership contests staged under cumbrous rules. This time, Michael Howard wants to stay as leader until the rules have been changed—and that would give time for strategic thinking.

Damian Green, a former frontbencher, says that Tories need to show ‘a generosity of spirit at the heart of policy-making’ and ‘make it clear that they are happy living in modern Britain’. He’s right: without it, they will never appeal to the just-left-of-centre voters that a majority government needs.

But it’s early days. As I write this, the BBC news reports some Tories who agree with Mr Green, others who say the party should be more Eurosceptic, and others who want Mr Howard to resign at once, showing they’ve learnt nothing since 1997.

John Nurick is a management consultant based in the south of England.
It is one of the peculiarities of human life that the people responsible for doing the greatest good for their fellow humans are frequently considered to be at best engaged in trivia, and are often regarded as effectively evil. This phenomenon is most obvious with regard to business, where much popular opinion assumes nothing but evil motives on the part of businessmen.

Another category of worthy, but disreputable, individuals is the scientist. Even the practical scientist, the engineer, is often viewed by elites as offering no real contribution. It is the artist who makes life worth living, not the engineer. Of course, this is flatly contradicted by the overwhelming preponderance of professional engineers working in private, unsubsidized jobs, and the equally overwhelming preponderance of professional artists receiving public subsidy.

Perhaps the thing most in common between business and the business of science is that both cause continuous, unrelenting and widespread change. Virginia Postrel highlighted this in her book *The Future and its Enemies*, calling those uncomfortable with change ‘stasists’ while their opposites were ‘dynamists’. Change is of course unsettling. But without change, things can never get better.

In this column I shall be examining change in the context of technology. What technologies are coming, and what changes will they entail? I’m rather more confident that my technological predictions will have some validity than those regarding their consequences. I can guarantee that I will be wrong on many things, but the purpose is to highlight that there will be new technologies, that they will cause changes, and that those changes may be really quite radical.

Of course, there are also mundane changes directly attributable to technology. For example, my previous column, Free_Enterprise.com, first appeared in these pages in the March 1997 edition as a guide to useful websites. That was appropriate in those days, but a new technology has reduced its usefulness. What was first intended as a small guide to parts of the Internet has been made redundant by the very development of the Internet.

These days, the best point of entry to matters of interest on the Internet to free-marketeers, conservatives, libertarians and, indeed, even those of opposed philosophies, is via the blog. Find one that is broadly compatible with your views, and you will find it heavily linked to related blogs that will also be of interest. If you follow half a dozen blogs, you will soon find links to such an abundance of primary documents, news reports and other sources of information, that you will find yourself cancelling subscriptions to some of your favourite journals (but not this one!) due to lack of reading time.

So my column, which has appeared for nearly eight years, has gone. Change. Change caused by technology.

But that very same change has opened a new opportunity for me in writing this column.

What technologies am I talking about? Over the coming issues I will discuss, in depth, amongst other things, the following:

**COMMUNICATIONS**

The computer revolution of the past couple of decades is perhaps better thought of as a communications revolution. The desktop computer delivered to people outside the relevant industries the ability to play with numbers and designs and art and words in ways never previously available to them. This will continue, with animation and film editing becoming increasingly popular in the home.

But they were capabilities that allowed people to generate things. The Internet allowed people to learn things. One result has been the very blogging that contributed to the demise of my previous column, and has already shaken the foundations of some media empires (Dan Rather and Jordan Easson resigning their positions from CBS and CNN respectively, for example).

But that’s just the start.
The current mechanisms for movie and music distribution will be upset with results that are hard to imagine, but which will continue to generate governmental policy responses, many of them bad. And the role of the mainstream media will change to something that may be only marginally recognizable to a reporter from the 1960s. But what will be their new role, if any?

LIFE EXTENSION
Have you heard of the Methuselah Mouse Prize? Biogerontologist (a profession which studies the biological causes of ageing) Aubrey de Grey is behind this, an attempt to kick-start a true fountain-of-youth technology. The Prize is a large cash award for the first person or team to double the life-span of mouse. De Grey suggests that with new realms of knowledge opening up due to the increased understanding of biology, in part due to a rapid growth in the understanding of the genome, methods of eliminating ageing are just around the corner. In his optimistic moments he feels that, within two decades, the advances in life extension (healthy, not wheel-chair-bound) will be exceeding the rate of ageing: more than one life-year will be added to the state of the art for each year of elapsed time.

The implications are staggering. What will be the policy responses to this?

SPACE TRAVEL
In a couple of years, Virgin Galactic will be making what seems at first glance a trivial contribution to the commercialization of space: sub-orbital tourist flights at $US250,000 per person. But can anyone truly believe that this will be the end of the matter? Will we—or our children—be able actually to live in space? Should we?

GENETIC MANIPULATION
This is a current battleground between the stasists and the dynamists, with victories on both sides. But the technology itself is in its infancy. Will we be able, one day, to program genes like we presently do computers?

NANOTECHNOLOGY
Grey goo is unlikely to take over the world. But the field of microscopic machines could produce tiny gismos that live in your body, keeping you healthy. Or, more darkly, floating everywhere as a heavily networked mist of information-gatherers eliminating privacy. Should it be banned?

MATERIAL SCIENCE
Materials are nowhere near as strong as they could be. Within decades there will be materials strong enough to act as a cable, lifting an elevator all the way into space. But this would wrap all the way around the world. Will this be permitted?

AUTOMATED FACTORIES
What if the gizmo you need is not assembled by workers, but by an automated factory which was built by another automated factory? Will secondary industry become obsolete?

HUMAN STUDIES
Exciting work in such fields as evolutionary psychology and experimental economics is revealing a more nuanced view of humans in their interactions with others, reducing the need for the broad categorizations traditionally used by economists, sociologists and politicians. Will these results be hijacked by those who seek to control us?

THE ART OF PREDICTION
Although I have named this column after H.G. Wells’ grossly inaccurate forecast, I hope to do a little better than him by keeping in mind the words of the late US physicist Gerard K. O’Neill in his 1981 book 2081: … most prophets overestimated how much the world would be transformed by social and political change and underestimated the forces of technological change.

Of one thing we may be certain: every new technological development will be accompanied by prophets of doom. Many will be Green, but not all. Some will be conservative, such as the Chair of President Bush’s Council on Bioethics, Leon Kass, who on moral grounds has strongly expressed opposition to life extension as a goal. There will consequently be, as there has been throughout history, extraordinarily silly policy responses from governments.

Because, equally, we may be certain that every technology that humans can think of and that is capable of being realized will, eventually, appear. They may be banned from one jurisdiction, but that will only delay and shift them to another. They cannot be banned from the world, and even if they could be, we will not always be tied to the planet Earth.

Stephen Dawson is a freelance writer based in Canberra.
Apart from his columns in The New York Times, Thomas L. Friedman is particularly known for his redefining the nature of modern globalization in the book The Lexus and the Olive Tree. In this new and startling book, he shows us just how fast globalization is moving, thanks to the Internet revolution. Reading the book is at the same time exciting and somewhat daunting. We are all quite familiar with the impact of computers, but with the rise of the Internet, the diffusion of the Windows operating system, the establishment of global fibre-optic networks, and the creation of interoperable software applications, most of us do not quite realize to what extent these innovations make it easy for people from anywhere in the world, not simply to communicate, but to work alongside us. Forget the physical immigration of highly trained workers. As Friedman points out, they appear to be in the office next door, but in fact can now stay, for one major example, in India close to their families and still eat curry and rice. This book reveals to us the extent to which this is happening and the profound effects that these innovations are having on both the non-Western world and, subsequently, ourselves.

Just to warm the reader up, digest this. In 2003, around 25,000 individual tax returns were outsourced from US tax accountancies to India. In 2004, the number was 100,000. By 2005, according to Friedman, it will be around 400,000. In India, there are 70,000 new accounting graduates coming out each year with starting salaries at around $100 per week. Already there a quarter of a million Indians working in telephone call centres, servicing calls from all over the world, solving enquiries about your bills, booking tickets for the latest show in your town, helping travellers with lost baggage at airports. They are the pick of the local crop in educational attainment, with an excellent command of English. Want a personal remote executive assistant for some overnight research and to rustle up a PowerPoint presentation for tomorrow? You can get it in India from a pool of Indian college graduates. There are 89,000 MBAs produced each year, and a total of 2.5 million fresh university graduates. This pool of talent can access the globe instantaneously and sell their intellectual wares and talents. Physical distance is now irrelevant and we have, according to Friedman, created the ultimate level playing field. The world is flat, he declares.

Broadly, Friedman argues for three stages of globalization. Globalization 1.0 lasted from 1492—when Columbus set sail from the Old to the New world—until around 1800. It shrunk the world from a large size to a medium size. It was about countries and muscles; how much horsepower, wind power or later, steam power a country had and how it could develop it. The second great era, Globalization 2.0, lasted roughly from 1800 to 2000, shrinking the world from a ‘medium size’ to small. The key agents of change were multinational companies. These went global for markets and labour; in the first half fuelled by falling transportation costs and in the second half by a fall in communications costs. This was the birth of a truly global economy. Friedman reminds us that when Bill Clinton was elected President in 1992, virtually no-one outside of government and the academy had e-mail. Globalization 3.0 is a whole new era when the world went from a small size to a tiny size, its unique character being in a new-found power for individuals to collaborate and compete globally. The new lever was not horsepower or hardware, but software and global fibre-optics. This allows new players from non-Western
countries to get in and ‘plug and play’. Friedman explains,

I was in Bangalore, India, the Silicon Valley of India, when I realized that the world was flat. After 60 hours of interviews with Indian entrepreneurs who wanted to write my software from Bangalore, do my taxes from Bangalore, trace my lost luggage from Bangalore, read my X-rays from Bangalore, and draw my Disney cartoons from Bangalore, I realized that something big had happened—that the world had been flattened—and I needed to write about it.

The author discusses in some detail the power of new technology to create ‘just in time’ manufacturing, ordering and stocking. WalMart in America is the biggest retailer in the world, and for those readers who have only a vague idea of what it is about, the detail and the extent of efficiency gains is truly mind-boggling. Just two facts on Wal-mart: the central distribution centre in Bentonville, Arkansas, at 120,000 square metres, has more than 20 kilometres of computer-guided conveyor belts, sorting and distributing 2.3 billion general merchandise cartons a year down its supply chain into stores. If it were considered to be an individual economy, it would rank as China’s eighth largest trading partner, ahead of Russia, Australia and Canada.

Friedman tells the detailed story of his own order for a personalized Dell computer, from the initial phone order to the gathering of parts sourced from a huge number of countries from every part of the globe, assembled in Kuala Lumpur and shipped to the US along with 110 tonnes of other computers in a once-a-week chartered 747 from China Air. His was one of 140,000–150,000 computers sold by Dell every day. Whilst this sort of ‘just in time’ organization is in itself some sort of tour de force, it is only possible in a flat world. He goes on to theorize that no two countries who are both links in this dynamic, profitable, wealth- and job-creating global supply chain can henceforth begin to think about going to war. The cost would simply be too high. He coins this his ‘Dell Theory for Conflict Prevention’. He gives a case study of India and Pakistan, with their recent war of words over border territory and threat of nuclear escalation. The IT industry in India reminded the government of exactly what was at stake with the increasing uncertainties developing over the dispute. The government looked around and ‘realized that the vast majority of India’s billion people were saying, “I want a better future, not more territory”’. He believes that his Dell Theory will work with China and Taiwan. The same reality will apply to the present chest-puffing between China and Japan.

Although bad comes with good—he discusses the globalization of terrorism that uses the very same technological advances, and the inevitable displacement, restructuring and impact on workers and society in First World countries—the book is a timely reminder of just how fast things are moving. His advice to his two daughters is ‘Girls, finish your homework—people in India and China are starving for your jobs’.

The sub-title, A Brief History of the Twenty-first Century, is amusing but close to the truth, such is the speed of change. Friedman collects telling anecdotes from a range of people from many countries by asking them when it was, precisely, that they came to the realization that the world was flat. When did you?

Andrew McIntyre is a Melbourne writer and a regular contributor to the IPA Review.

B.C. by Johnny Hart

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One day in 1989, at the behest of his graduate advisor, Sudhir Vankatesh, a young PhD student, strolled into a housing project on the shore of Lake Michigan carrying a multiple choice, seventy-question survey. The first question on the survey was:

How do you feel about being black and poor?

a. Very bad
b. Bad
c. Neither bad nor good
d. Somewhat good
e. Very good

The lifts didn’t work, so he took the stairs. On his way up he stumbled across what turned out to be a gang of junior-level crack dealers, who were using a stairwell as a base for operations in an ongoing gang war. After a long period trying to convince them that he wasn’t a threat, he attempted to read out his questionnaire. As he would later tell his University of Chicago colleagues, the test should have looked like this instead:

How do you feel about being black and poor?

a. Very bad
b. Bad
c. Neither bad nor good
d. Somewhat good
e. Very good
f. F—you

After this inauspicious start, Vankatesh befriended the gang, and eventually its leader, J.T. After two years of unfettered access to all the gang’s activities, he emerged with a stack of well-worn spiral notebooks—a complete record of the gang’s financial transactions over a period of four years. Wages, sales, dues, death benefits paid out to the families of murdered members, everything. With such priceless documents, Vankatesh quickly came into contact with Steven Levitt, a young Chicago economist.

Steven Levitt has made a career of asking peculiar questions. Which is more dangerous—a gun or a swimming pool? Do black children’s names hurt their career prospects? Do parents matter? With Vankatesh’s spiral notebooks, he posed the question—why do drug dealers still live with their mothers?

The book, which he wrote with New York Times journalist Stephen J. Dubner, is an anarchic, disorganized, and immensely entertaining survey of Levitt’s research. As the authors enthusiastically proclaim, the book has no ‘unifying theme’, but is, instead, an exploration of the hidden side of conventional wisdom.

Often, the topics for analysis seem mundane. They spend a chapter studying what conclusions can be drawn from children’s names. For instance, the parents of a child named Angel have, on average, 11.38 years of education, compared with Lucienne’s parents, who have 16.6 years. Similarly, how a name is spelt can be an indicator of parents’ education levels—Jasmine’s parents have, on average, one more year of schooling than Jazzmin, and nearly two more years than Jazzmine.

But their left-field analysis isn’t restricted to the mundane. Levitt gained an enormous amount of publicity from a 1999 study which concluded that rather than innovative policing strategies or police numbers, tougher gun controls or a booming economy, the single most important factor in the massive reduction in crime over the last decade had been legalized abortion.

His logic is simple. Women who are most likely to seek an abortion—poor, single, often minorities, and young—are also the most likely to be those whose children would grow up to be criminals.

The controversial nature of this conclusion, if it wasn’t lost on Levitt when he completed the study, was certainly reinforced after the publication of his 1999 paper. He was called, by both sides of politics, an ideologue, a eugenicist, and a racist.

As a ‘rogue economist’, Levitt has done remarkably well. He has been offered jobs by both Bill Clinton and George W. Bush. His undergraduate paper, which asked ‘Do more police translate into less crime?’, is still cited as the rebuttal to the liberalized punishment system of the 1960s and 70s.

Freakonomics is a controversial and provocative book. Levitt’s only real message is to encourage confrontational questions, and this is certain to secure him a permanent following.

It should be noted that the authors have a blog dedicated to expanding and defending the arguments in the book—it is available at http://www.freakonomics.com/blog.php
AS RELIABLE AS THE GROUNDHOG: KYOTO’S PROPONENTS ARE BACK
by Charli E. Coon
http://www.heritage.org/Research/Energy-andEnvironment/wm530.cfm

Unlike the pesky cicadas that have the courtesy to annoy the nation’s capital only once every seventeen years, misguided legislative proposals are an everyday occurrence on Capitol Hill. The periodic re-emergence of a certain piece of irresponsible climate change legislation is no exception.

FUNDING THE NATIONAL PARK SYSTEM: IMPROVING SERVICES AND ACCOUNTABILITY WITH USER FEES
by Adam Summers
http://www.rppi.org/ps325.pdf

The National Park Service and other federal land management agencies have implemented the Fee Demo Program since 1996, allowing agencies to collect over $1.1 billion in user fees and affording them greater management flexibility and financial accountability. This study suggests improvements to the user fee programme that would allow national parks to take further steps towards self-sufficiency and foster greater preservation of America’s natural wonders.

MELTDOWN: THE PREDICTABLE DISTORTION OF GLOBAL WARMING BY SCIENTISTS, POLITICIANS, AND THE MEDIA
By Patrick J. Michaels
http://www.catostore.org/

Why is news about global warming always bad? Why do scientists so often offer dire predictions about the future of the environment? In Meltdown, climatologist Patrick J. Michaels says it’s only natural. He argues that the way we do science today—when issues compete with each other for monopoly funding by the federal government—creates a culture of exaggeration and a political community that then takes credit for having saved us from certain doom.

WHY LIMIT GOVERNMENT?
by Lawrence W. Reed
http://www.heritage.org/Research/PoliticalPhilosophy/hl843.cfm

Whenever we make the case for limiting government, we ought to use the opportunity to remind others that we are opposed to excessive government because we are in favour of some very positive, important things. We want to limit government—ultimately—because we support freedom and the free society.

ONE NATION UNDER THERAPY: HOW THE HELPING CULTURE IS ERODING SELF-RELIANCE
Christina Hoff Sommers and Dr. Sally Satel

Drawing on established science and common sense, Christina Hoff Sommers and Dr. Sally Satel reveal how ‘therapism’ and the burgeoning trauma industry have come to pervade our lives. Help is offered everywhere under the presumption that we need it: in children’s classrooms, the workplace, churches, courtrooms, the media, the military. But with all the ‘help’ comes a host of troubling consequences.

DISEASES OF POVERTY AND THE 10/90 GAP
Philip Stevens

The ‘10/90 Gap’ is the idea that only 10% of global health research is devoted to conditions accounting for 90% of the global disease burden. A new report from the Campaign for Fighting Diseases (CFD) shows that the 10/90 Gap is a myth, and that it is often overbearing government that stands in the way of gaining access to essential medicines.

TEN PRINCIPLES OF SCHOOL CHOICE
Joseph L. Bast and Herbert J. Walberg
http://www.heartland.org/Article.cfm?artId=16856

This lists the 10 most important principles of the school choice movement in the United States, explaining each principle in plain yet precise language. It also contains an extensive bibliography for further research, including many links to documents available on the Web, and a directory of the Web sites of national organizations that support school choice.

EXPANDING THE MARKET’S ROLE IN ADVANCING INTELLECTUAL PROPERTY
James Plummer

The debate over copyright is one of technology and economics. The rapid progression of technology and, concomitantly, consumer attitudes and behaviour, poses problems for the content industries’ dominant paradigms and business models as configured today. Enforcement costs for protection of old models are mounting. To reverse this trend, lawmakers should consider dismantling regulatory barriers obstructing the development of potentially superior alternatives to legal copyright protection.
**CHOOSE YOUR POISON**

In the US, the use of chlorine has long been targeted by environmentalists, who have been trying for decades to generate concern that chlorine causes cancer in humans. So Washington DC's drinking water was switched in late 2000 from chlorine to chloramine, a combination of chlorine and ammonia. But guess what? The ammonia made the water more corrosive, which in turn seems to have increased the level of lead leaching from the pipes into the water. Oops! A good demonstration of the potential unintended consequences of implementing junk-science-based environmental policy.

**OZ MOVIES AND THE YARTZ**

According to Bernie Slattery on his blog (www.slattsnews.observation-deck.org), in a previous life he worked for a year in the ABC's staging department which was a refuge for several young actors and writers trying to get their first big break. He was constantly astounded at how these supposedly brilliant young minds had such a corny, clichéd view of society: the working class were brutes, the business class rapacious and traditional institutions corrupt. They firmly believed that society could only be saved by the artistic endeavours of a talented class dedicated to social justice and arts grants who were rewarded with multi-million dollar contracts and adoration by the masses. Unfortunately, such nonsense has found its way into the Yartz mainstream. A reason why Australians are making so many stinker movies?

**PC AGAIN**

A re-enactment of the Battle of Trafalgar is not an opportunity for 'French-bashing', according to the Royal Navy. Instead of the British taking on a French/Spanish fleet at an event to mark the battle's bicentenary, a 'red' force will take on a 'blue'. Navy organizers fear that visiting officials may be embarrassed at seeing their side beaten, The Sunday Times reported. Portsmouth MP Mike Hancock said an event which did not acknowledge who the enemy was is 'absolute twaddle'.

**HOWARD GOOD FOR ENVIRONMENT SAYS AUSTRALIA INSTITUTE**

In a short but confused analysis, the Australia Institute has looked at data collected by Roy Morgan Research on attitudes to the environment. They observe that, 'Despite the increase in both scientific and political attention paid to environmental problems and a heightened emphasis on the environment in school curricula, barely 40 per cent of young Australians are likely to see themselves as environmentalists'. Not for Clive Hamilton the obvious explanation that the constant false alarms and hysteria has made our youth a little more wary of a Left that can only cry 'Wolf!' It's simple. It's all the fault of John Howard!!

**NOS ANCIETRES LES GAULOIS [OUR ANCESTORS THE GAULS]**

What has France's recent European Constitution referendum got to do with the Wayampi Indians in tropical rainforests of Guyana? Well may you ask. The women often give birth at ten and are grandparents in their twenties (actually, they sound more like English girls). They wear red loincloths and, rather than going on strike, they list hunting and gathering as their favourite pastimes. However, these tribesmen have full voting status, and President Chirac had hoped that these people would help tip the balance in the now-lost referendum, despite 'ill concealed bribes'.

**THE Y-EFRONTERY**

Piers Akerman has rightly pointed out that when Saddam Hussein was in the box seat, as it were, happily murdering Iraqis, invading Kuwait and prosecuting the lengthy war against Iran, he posed for the camera in his bathers, à la Mao, swimming the Yangtse. Macho stuff. Man of Iron. There were no complaints about lack of modesty from the international salon of sorry sisters then. Nor were the handwringers too worried about reports of torture—to the point of murder—being carried out by Saddam's jailers in Abu Ghraib.

**THE AGE IS AGEING**

Professor Bunyip (bunyip.blogspot.com) notes that, thanks to the eager contribution of Education editrix Roslyn Guy, The Age gives a worshipful interview with Aleida Guevara, the butcher's daughter, over the silly headline, 'Aleida Guevara continues her father's fight for freedom'. She continues: 'The daughter of Ernesto Che Guevara may well be Cuba's best weapon ... against the United States, whose economic blockade ... has made life a constant struggle for ordinary Cubans.' Hmm. No property rights, no free speech, a wicked old man who executes his enemies, tortures librarians, and incarcerates homosexuals—but none of that has anything whatsoever to do with the country's failure. Why does The Age pander to this utter stupidity?