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REVIEW

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From the Editor

MIKE NAHAN

THE time has come to stop the advocacy charade. For far too long we have allowed ourselves to be manipulated, abused and fleeced by a growing gang of advocacy non-governmental organizations (NGOs).

We have allowed these group to make false claims about representing civil society or other mass causes. We have allowed them to undermine national sovereignty and democratic institutions, to 'dumb down' debate on vital but complex issues, to lie, to destroy property without just cause and to capture the imagination of the young.

In short, we have allowed them to undermine the essential institutions of a liberal, democratic society and to flourish in so doing.

Why? In large part we have allowed this to happen because we *are* an open, liberal, democratic country, tolerant of dissent and dissenters and concerned about the concentration of power. But in our tolerance we have failed to demand of advocacy NGOs minimal standards of honesty, behaviour and accountability.

Many NGOs (including some advocacy ones) have applied high standards as a matter of course, but far too many have failed to do so.

In this issue's feature article, Patrick Moore, co-founder of Greenpeace, outlines the wayward path taken by Greenpeace and other environmental groups over the last two decades. Greenpeace initially played a vital role in raising public awareness of real environmental issues, such as the danger of nuclear weapons testing, the over-exploitation of some whale populations, and the tendency to harvest government-owned forests in an unsustainable manner. But by the mid-1980s, Greenpeace became captured by extremists, focused itself on self-perpetuation and employed tactics that can best be described as insidious. Despite its waywardness, Greenpeace



has flourished. It has a worldwide budget in excess of US\$100 million, brand recognition on a par with Nike and McDonald's and has a role in important decision-making processes—including the Sydney 2000 Olympics.

The recent debate about human rights also highlighted the corrosive role played by many human rights NGOs. Australians, more than most peoples, are conscious of the state's tendency to abuse people's rights. We are, after all, a nation of immigrants, many of whom fled persecution and oppression. However, rather than focusing on real human rights violations and violators, too many human rights NGOs tend to demonize the very societies that have been the strongest proponents of human rights—such as Australia—while downplaying the real culprits. They have lost all sense of proportion.

Australia is heavily criticized for mandatory sentencing while incarceration without trial goes unquestioned in North Korea. The Howard Government's decision not to issue an apology for the so-called 'stolen generation' is condemned by NGOs who in turn are silent about the millions of people of forcibly ejected by Vietnam in the 1970s and 1980s.

Indeed, between 1995 and 1998 Australia was criticized twenty times by Amnesty International for human rights

violations, while some of this century's worst despots, including Kim Jong Il of North Korea and Saddam Hussein of Iraq, received little attention (see Peter Phelps, 'Amnesty Infomercial', *IPA Review*, Vol. 51, No. 3).

This bias may greatly aid the fundraising efforts and political interests of the people running human rights agencies, but it runs directly counter to the interests of Australia and does little to prevent real abuses of human rights.

There are, however, promising signs that people and politicians are becoming fed-up with the advocacy charade.

Greenpeace USA is experiencing difficulties. Its board recently resigned *en masse*, membership and funding have declined sharply and Patrick Moore's call for a more result-orientated approach that uses, rather than abuses, the market will intensify its dilemma. Greenpeace Canada has been stripped of its charity status by Revenue Canada (Roger Bate, 'It's Official: Greenpeace Serves No Public Purpose', *IPA Review*, Vol. 51, No. 4).

Concern about the standards and methods of advocacy NGOs is not restricted to Greenpeace or environmental groups.

Michael Edwards, Director of the Ford Foundation's Governance and Civil Society Unit, has written an important pamphlet—reviewed by Gary Johns in this edition of the *IPA Review*—calling for NGOs to improve their standards of behaviour, transparency and accountability. If they don't, he suggests they be ignored.

Most importantly, by refusing to participate in UN shame games, the Howard Government—along with its Canadian and US counterparts—is starting to bring an end to the whole advocacy charade. The IPA will strive for an open and transparent market in advocacy, based on honesty and integrity. Anything less is a sell-out to anti-democratic behaviour.

IPA

REVIEW

Environmentalism for the Twenty-first Century

PATRICK MOORE

AS we prepare for the twenty-first century, environmental thinkers are divided along a sharp fault line. There are the doomsayers who predict the collapse of the global ecosystem. There are the technological optimists who believe that we can feed twelve billion people and solve all our problems with science and technology. I do not believe that either of these extremes makes sense. There is a middle road based on science and logic, the combination of which is sometimes referred to as common sense. There are real environmental problems and there is much we can do to improve the state of the environment.

I was born and raised in the tiny fishing and logging village of Winter Harbour on the northwest tip of Vancouver Island, in the rainforest by the Pacific. I didn't realize what a blessed childhood I'd had, playing on the tidal flats by the salmon spawning streams in the rainforest, until I was shipped away to boarding school in Vancouver at age fourteen. I eventually attended the University of British Columbia studying the life sciences—biology, forestry, genetics—but it was when I discovered ecology that I realized that, through science, I could gain an insight into the mystery of the rainforest I had known as a child. I became a born-again ecologist, and in the late-1960s was soon transformed into a radical environmental activist.

I found myself in a church basement in Vancouver with a like-

minded group of people, planning a protest campaign against US hydrogen bomb testing in Alaska. We proved that a somewhat rag-tag looking group of activists could sail a leaky old halibut boat across the North Pacific Ocean and change the course of history. By creating a focal point for opposition to the tests, we got on national news and helped build a ground-swell of opposition to nuclear testing in the US and Canada. When that bomb went off in November 1971 it was the last hydrogen bomb ever detonated on planet Earth. Even though there were four more tests planned in the series, President Nixon cancelled them due to public opposition. This was the birth of Greenpeace.

Flushed with victory and knowing we could bring about change by getting up and doing something, we were welcomed into the longhouse of the Kwakiutl Nation at Alert Bay near the north end of Vancouver Island. We were made brothers of the tribe because they believed in what we were doing. This began the tradition of the Warriors of the Rainbow, after a Cree legend which predicted that one day when the skies are black and the birds fall dead to the ground and the rivers are poisoned, people of all races, colours and creeds will join together to form the Warriors of the Rainbow to save the Earth from environmental destruction. We named our ship the *Rainbow Warrior* and I spent fifteen years on the front lines of the eco-movement as we evolved from that church basement into the

world's largest environmental activist organization.

Next we took on French atmospheric nuclear testing in the South Pacific. They proved a bit more difficult than the US Atomic Energy Administration. But after many years of protest voyages and campaigning, involving loss of life on our side, the tests were first driven underground and eventually stopped altogether.

In 1975, we set sail deep-sea into the North Pacific against the Soviet Union's factory whaling fleets that were slaughtering the last of the sperm whales off California. We put ourselves in front of the harpoons in little rubber boats and made Walter Cronkite's evening news. That really put Greenpeace on the map. In 1979, the International Whaling Commission banned factory whaling in the North Pacific and soon it was banned in all the world's oceans.

In 1978, I was arrested off Newfoundland for sitting on a baby seal, trying to shield it from the hunter's club. I was convicted under the draconian Seal Protection Regulations that made it illegal to protect seals. In 1984, baby sealskins were banned from European markets, effectively ending the slaughter.

Can you believe that in the early 1980s, the countries of Western Europe were pooling their low- and medium-level nuclear wastes, putting them in thousands of oil drums, loading them on ships and dumping them in the Atlantic Ocean as a way of 'disposing' of the wastes? In 1984, a combined effort

by Greenpeace and the UK Seafarers' Union put an end to that practice for good.

By the mid-1980s Greenpeace had grown from that church basement into an organization with an income of over US\$100 million per year, offices in 21 countries and over 100 campaigns around the world, now tackling toxic waste, acid rain, uranium mining and drift net fishing as well as the original issues. We had won over a majority of the public in the industrialized democracies. Presidents and prime ministers were talking about the environment on a daily basis.

For me, it was time to make a change. I had been against at least three or four things every day of my life for 15 years; I decided I'd like to be in favour of something for a change. I made the transition from the politics of confrontation to the politics of building consensus. After all, when a majority of people decide they agree with you, it is probably time to stop hitting them over the head with a stick and sit down and talk to them about finding solutions to our environmental problems.

All social movements evolve from an earlier period of polarization and confrontation during which a minority struggles to convince society that its cause is true and just, eventually followed by a time of reconciliation if a majority of the population accepts the values of the new movement. For the environmental movement, this transition began to occur in the mid-1980s. The term 'sustainable development' was adopted to describe the challenge of taking the new environmental values we had popularized, and incorporating them into the traditional social and economic values that have always governed public policy and our daily behaviour. We cannot simply switch to basing all our actions on purely environmental values. Every day, six billion people wake up with real needs for food, energy and ma-

terials. The challenge for sustainability is to provide for those needs in ways that reduce negative impact on the environment. But any changes made must also be socially acceptable and technically and economically feasible. It is not

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always easy to balance environmental, social and economic priorities. Compromise and co-operation with the involvement of government, industry, academia and the environmental movement are required to achieve sustainability. It is this effort to find consensus among competing interests that has occupied my time for the past fifteen years.

Not all my former colleagues saw things that way. They rejected consensus politics and sustainable development in favour of continued confrontation and ever-increasing extremism. They ushered in an era of zero tolerance and left-wing politics. Some of the features of this environmental extremism are:

- Environmental extremists are anti-human. Humans are characterized as a cancer on the Earth. To quote eco-extremist Herb Hammond, 'of all the components of the ecosystem, humans are the only ones we know to be completely optional'. Isn't that a lovely thought?

- They are anti-science and technology. All large machines are seen as inherently destructive and unnatural. Science is invoked to justify positions that have nothing to do with science. Unfounded opinion is accepted over demonstrated fact.
- Environmental extremists are anti-trade, not just free trade but anti-trade in general. In the name of bioregionalism they would bring in an age of ultra-nationalist xenophobia. The original 'Whole Earth' vision of one world family is lost in a hysterical campaign against globalization and free trade.
- They are anti-business. All large corporations are depicted as inherently driven by greed and corruption. Profits are definitely not politically correct. The liberal democratic, market-based model is rejected even though no viable alternative is proposed to provide for the material needs of six billion people. As expressed by the Native Forest Network, 'it is necessary to adopt a global phase-out strategy of consumer-based industrial capitalism'. I think they mean civilization.
- And they are just plain anti-civilization. In the final analysis, eco-extremists project a naive vision of returning to the supposedly utopian existence in the garden of Eden, conveniently forgetting that, in the old days, people lived to an average age of 35, and there were no dentists. In their brave new world there will be no more chemicals, no more aeroplanes, and certainly no more polyester suits.

Let me give you some specific examples that highlight the movement's tendency to abandon science and logic and to get the priorities completely mixed up through the use of sensationalism, misinformation and downright lies.

THE BRENT SPAR OIL RIG

In 1995, Shell Oil was granted permission by the British Environment Ministry to dispose of the North Sea oil rig *Brent Spar* in deep water in the North Atlantic Ocean. Greenpeace immediately accused Shell of using the sea as a 'dustbin'. Greenpeace campaigners maintained that there were hundreds of tonnes of petroleum wastes on board the *Brent Spar* and that some of these were radioactive. They organized a consumer boycott of Shell, and service stations were fire-bombed in Germany. The boycott cost the company millions in sales. German Chancellor Helmut Kohl denounced the British government's decision to allow the dumping. Caught completely off guard, Shell ordered the tug that was already towing the rig to its burial site to turn back. It then announced that it had abandoned the plan for deep-sea disposal. This embarrassed British Prime Minister John Major.

Independent investigation revealed that the rig had been properly cleaned and did not contain the toxic and radioactive waste claimed by Greenpeace. Greenpeace wrote to Shell apologizing for the factual error. But it did not change its position on deep-sea disposal despite the fact that on-land disposal would cause far greater environmental impact.

During all the public outrage directed against Shell for daring to sink a large piece of steel and concrete it was never noted that Greenpeace had purposely sunk its own ship off the coast of New Zealand in 1986. When the French government bombed and sank the *Rainbow Warrior* in Auckland Harbour in 1985, the vessel was permanently disabled. It was later refloated, patched up, cleaned and towed to a marine park where it was sunk in shallow water as a dive site. Greenpeace said the ship would be an artificial reef and would support increased marine life.

The *Brent Spar* and the *Rainbow Warrior* are in no way fundamentally different from one another. The sinking of the *Brent Spar* could also be rationalized as providing habitat for marine creatures. It's just that the public relations people at Shell are not as clever as those at Greenpeace. And, in this case, Greenpeace got away with using misinformation even though it had to admit its error after the fact. After spending tens of millions of dollars on studies, Shell recently announced that it had abandoned any plan for deep-sea disposal and will support a proposal to re-use the rig as pylons in a dock extension project in Norway. Tens of millions of dollars and much precious time wasted over an issue that had nothing to do with the environment and everything to do with misinformation and fundraising hysteria.

To make matters worse, in 1998

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Greenpeace successfully campaigned for a ban on all marine disposal of disused oil installations. This will result in hundreds of millions, even billions of dollars in unnecessary costs. One obvious solution would be to designate an area in the North Sea for the creation of a large artificial reef and to sink oil rigs there after cleaning them. This would provide a breeding area

for fish and other marine life, enhancing the biological and economic productivity of the sea. But Greenpeace isn't looking for solutions, only conflicts and bad guys.

THE INVISIBLE POISONS

Beginning with the Natural Resources Defense Council's scare tactics about the use of the pesticide Alar on apples, the environmental movement has been very clever at inventing campaigns that make us afraid of our food. They conjure up invisible poisons that will give us cancer, birth defects, mutations, and otherwise kill us in our sleep. We will all soon be reduced to a hermaphroditic frenzy by endocrine-mimicking compounds as we approach the Toxic Saturation Point.

Meanwhile, the National Cancer Institute of Canada conducted a joint study with US counterparts beginning in 1994 to investigate the possible relationship between pesticide residues in food and cancer in humans. The findings, published in the peer-reviewed journal *Cancer* in 1997, concluded that it could not find 'any definitive evidence to suggest that synthetic pesticides contribute significantly to overall cancer mortality', a careful way of saying they found zero connection. And yet, the article pointed out, over 30 per cent of cancers in humans are caused by tobacco, a natural substance. And another 35 per cent are caused by poor diet, mainly too much fat and cholesterol and not enough fresh fruit and vegetables. The main effect of the environmental campaign against pesticides is to scare parents into avoiding fresh fruit and vegetables for themselves and their children.

The same kind of scare tactics are now being employed in the campaign against biotechnology and genetically modified foods. Even though there is no evidence of negative human health effects and environmental concerns are blown completely out of propor- ▶

tion, great fear has been whipped up in the public. Large corporations are in retreat and governments are scrambling to get control of the issue. Unfortunately, some biotechnology companies and associations continue to belittle public concerns and resist disclosure of food ingredients. There is no escaping the fact that this is a new technology and that it must be introduced carefully and sometimes slowly.

In response to the fact that there is no evidence of negative impacts, environmentalists invariably resort to the so-called 'precautionary principle', which is actually not a principle at all. If it were, we could do virtually nothing because we never know all future outcomes of actions taken today. It would be better if it were called the 'precautionary attitude' or the 'precautionary approach'. While it is perfectly legitimate to be cautious we cannot allow that to freeze us in our tracks. It is sobering to consider that the terrible side-effects of DDT, now largely corrected, are not a sufficient argument to ban pesticides altogether, any more than those caused by Thalidomide are sufficient to ban all pharmaceuticals.

FORESTS

In March 1996, the World Wildlife Fund held a media conference in Geneva during the first meeting of the UN Panel on Forests. It stated that there are now 50,000 species going extinct every year due to human activity, more than at any time since the dinosaurs went extinct 65 million years ago. Most significantly, WWF stated that the main cause of these extinctions is 'commercial logging'. This was largely due, according to WWF director-general Claude Martin, to 'massive deforestation in industrialized countries'. The statements made at the media conference were broadcast and printed around the world, giving millions of people the impression that forestry was the main cause of species extinction.

I have tried to determine the basis for this allegation, openly challenging the WWF to provide details of species extinctions caused by logging. To date it would appear that there is no scientific evidence on which to base such a claim. WWF

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has provided no list of species that have become extinct due to logging. In particular, the claim of 'massive deforestation' in industrialized countries runs counter to information provided by the Food and Agriculture Organization of the United Nations. According to the FAO, the area of forest in the industrialized world is actually growing by about 0.2 per cent per year, due to the reforestation of land that was previously cleared for farming.

In May 1996, I wrote to Prince Philip, the Duke of Edinburgh, in his capacity as President of WWF. I stated in part:

Myself and many colleagues who specialise in forest science are distressed at recent statements made by WWF regarding the environmental impact of forestry. These statements indicate a break with WWF's strong tradition of basing their policies on science and reason. To the best of our knowledge, not a single species has become extinct in North America due to forestry.

Prince Philip replied:

I have to admit I did not see the draft of the statement that [WWF spokesperson] Jean-Paul Jeanrenaud was to make at the meeting of the Intergovernmental Panel on Forestry in Geneva. The first two of his comments [50,000 species per year and the dinosaur comparison] are open to question, but they are not seriously relevant to the issue. However, I quite agree that his third statement [logging being the main cause of extinction] is certainly contentious and the points that you make are all good ones. All I can say is that he was probably thinking of tropical forests when he made the comment.

Since this exchange of correspondence, WWF has changed the way that it characterizes the impact of forestry in relation to species extinction. At its 'Forests for Life' conference in San Francisco in May 1997, there was no mention made of forestry being the main cause of species extinction. Instead, WWF unveiled a report stating that 'three quarters of the continent's forest ecoregions are threatened with extinction, showing for the first time that it is not just individual species but entire ecosystems that are at risk in North America'. The word 'extinction' is normally used to mean that something has been completely eliminated. It is entirely beyond reason to suggest that three-quarters of the forested areas of North America will become 'extinct', yet this is what WWF is proclaiming to the public.

BIODIVERSITY

I have been a subscriber to *National Geographic* since my father first gave it to me as a gift when I was in school. I have always looked forward to the latest edition, with all the wonders of the world between its covers. Lately, however, even this stalwart of objective science has fallen prey to the prophets of doom who believe a human-caused

'mass extinction' is already under way.

The February 1999 special edition on *Biodiversity—The Fragile Web*, contained a particularly unfortunate article titled 'The Sixth Extinction'. This refers to the fact that there have been five main extinction events during the past 500 million years, the two most severe of which are believed to have been caused by meteor impacts. It may well be that all five were of extra-terrestrial origin. During the most recent mass extinction, 65 million years ago, 17 per cent of all the taxonomic families of life were lost, including the dinosaurs. An even greater extinction occurred 250 million years ago when 54 per cent of all families perished, including the trilobites. ('Family' is a term used in taxonomy, two levels up from individual species, for example the cat family, the lily family, and the hummingbird family. Each family contains many, sometimes hundreds, of individual species).

The first two pages of the article contain a photo of Australian scientist Dr Tim Flannery looking over a collection of stuffed and pickled small extinct mammals. The caption under the photo reads: 'In the next century half of all species could be annihilated, as were these mammals seen in Tim Flannery's lab at the Australian Museum. Unlike the past five, this mass extinction is being fuelled by humans'. To be sure, mention is made later in the article that the Australian extinctions were caused by the introduction of cats and foxes when Europeans colonized the region over 200 years ago. This resulted in the loss of about 35 animal species, mainly of flightless birds and ground-dwelling marsupials that were not able to defend themselves against these new predators. This is hardly a 'mass extinction' and the cause was a one-time introduction of exotic species. The rate of extinction of Australian mammals has slowed considerably in recent decades, partly because the most vulner-

able species are already extinct, and partly because people started caring about endangered species and began working to prevent them from going extinct. In Australia today, there are programmes to control wild cats and foxes, some of which have resulted in the recovery of native animal populations.

The use of the Australian example to justify claims that we are experiencing a mass extinction is put into focus by Brian Groombridge, editor of the IUCN Red List of Threatened Species when he states, 'around 75% of recorded extinctions ... have occurred on islands. Very few extinctions have been recorded in continental tropical forest habitat, where mass extinction events are predicted to be underway'. It is clearly misleading to point to the specific and exceptional case of extinctions caused by the introduction of new species to islands as evidence of a worldwide mass extinction. The *National Geographic* article goes on to quote biologist Stuart

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Pimm: 'It's not just species on islands or in rain forests or just birds or big charismatic mammals. It's everything and it's everywhere. It is a worldwide epidemic of extinctions'. Yet nearly every example used in the article involves islands such as Aus-

tralia and Tasmania, Mauritius, Easter Island and the many islands of the South Pacific.

On pages 48 and 49 of the 'Sixth Extinction' article there is a graph depicting the number of taxonomic families that have existed on earth for the past 600 million years. The graph shows that despite the five great extinctions that have occurred during this period, the number of living families has risen steadily, from around 200 families 500 million years ago to over 1,000 families today. This tendency to diversify over time is one of the major features of evolution. The line of the graph is a thick, solid one until it reaches the present day whereupon it turns abruptly downward as if to indicate a loss of families due to the 'mass extinction' now under way. But the line does not remain thick and solid; it turns fuzzy right at the point where it turns down. I wrote to *National Geographic* and asked, 'Why does the line turn fuzzy? Is it because there are actually no known families that have become extinct in recent times? I do not know of any families of "beetles, amphibians, birds and large mammals" that have become extinct as implied in the text.'

The reply to my inquiry came from Robin Adler, one of the researchers who worked on the article. She thanked me for 'sharing my thoughts on this complicated and controversial issue' but offered no answer to my question about the graph. Instead she asked me to 'Rest assured that ... the many members of our editorial team ... worked closely with numerous experts in conservation biology, paleobiology, and related fields. The concept of a "sixth extinction" is widely discussed and, for the most part, strongly supported by our consultants and other experts in these areas, although specific details such as the time frame in which it will occur and the number of species that will be affected continues to be debated'.

Nowhere in the *National Geographic* article is there any mention ►

that the 'sixth extinction' is a controversial subject; it is presented as if it is a known fact. It is clear from the reply that the 'mass extinction' is actually in the future ('the time frame in which it *will* occur'). In other words, there is no evidence that a mass extinction is actually occurring now, even though the article plainly implies that it is. The reply also refers to the sixth extinction as a 'concept' implying that it is just an idea rather than a proven fact. Perhaps a better title for the article would have been 'No Mass Extinction Yet, Maybe Some Day'.

It is very frustrating when a trusted institution such as the *National Geographic* resorts to sensationalism, exaggeration and misleading illustrations. There is enough bad science and misinformation in the popular press as it is. One can only hope that the present tendency to ignore science and logic, rightly referred to as a 'bad intellectual climate' by environmental philosopher Henry H. Webster, will eventually come to an end.

ENVIRONMENTALISM FOR THE TWENTY-FIRST CENTURY

It's easy to see that the mainstream of the environmental movement has fallen prey to misguided priorities, misinformation, dogmatism and self-interest. Soon after I left Greenpeace in 1986, I found out that it had initiated a pension plan. I knew I had got out just in time. In the early days, many of us realized that our job was to work ourselves out of the job, not to give ourselves jobs for life. I feel the same way about my efforts to promote sustainability, sustainable forestry, and the application of science and logic to environmental issues. I am sometimes amazed by the fact that this seems more difficult than my original work to promote awareness of ecology and the environment. Perhaps this time I do have a job for life. Still no pension plan, however!

What are the main features of a rational environmental policy for

the twenty-first century? Some points to consider are as follows:

- Wherever possible, we should move towards an economy that is based on renewable energy and material resources. Sustainability is not synonymous with renewability but it is strongly linked to it. Where we do use non-renewable resources, they should be used wisely and recycled whenever practical.

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- We should learn to manage our population voluntarily. The UN Conference on Population, held in Cairo in 1994, concluded that the most effective way to manage population growth is the education and empowerment of women. This leaves no place for patriarchy, religious fundamentalism or dictatorships.
- We should develop a more globally unified analysis of the relationships among land use, energy and resource consumption, forests and biodiversity, and population. Policies that have global implications must not be logically inconsistent one with the other.
- We should learn to be better gardeners at both local and global scales. With six or eight billion mouths to feed, this will require more intensive agricultural production including the use of fertilizer, synthetic pesticides and

biotechnology. It is a simple fact of arithmetic that the less land we need to grow our food the more is available for forest and wilderness.

- Urban sprawl must be brought under control. We have allowed the automobile to determine urban form by default. 300,000 hectares of forest are lost in the United States every year, all of it due to 200 cities spreading out over the land. Denser, more livable, cities must be designed if population continues to grow.
- Deforestation in the tropics must eventually be stabilized or reversed. This can be accomplished by the transfer of intensive agricultural practices, the establishment of fast-growing, sustainable fuel-wood plantations, and the management of population growth.

As an ecologist and environmentalist, not a political scientist or political activist, I have always shied away from strong opinions on poverty and class. But it seems unacceptable to me that so many hundreds of millions of people live at a material standard that we in the industrialized countries would not consider acceptable for a dignified life. I believe that there is a great deal to be learned by exploring the relationships between ecology and politics. In some ways politics is the ecology of the human species. The two subjects have developed such completely different disciplines and terminologies that it is hard to think of them together. But I believe that we must if we are to gain a truly holistic understanding of the relationship between ourselves and our society, and the Earth on which we ultimately depend.

Patrick Moore (patrickmoore@home.com) was a co-founder of Greenpeace and founder of Greenspirit—'May The Forest Be With You'. A longer version of this article as well as many other excellent articles can be found at www.greenspirit.com.

IP A

REVIEW

Datacasting: The Bush and the Old Lose Out

JIM HOGGETT

RECENT Federal Government legislation on digital television simultaneously opened and closed the door on a golden opportunity to increase and enrich communications services to the home. It hits particularly hard at the regions and the retired.

The digital technology provided a one-off opportunity for a large and rapid upgrade of communications services across all of Australia. By allowing the television spectrum to be used more efficiently, it provided scope to send the Internet and its many benefits (including e-mail, Internet banking and shopping as well as 'webcasting') into every home that had a television.

Such a move would have been entirely consistent with providing the widest possible range of communications services to the largest public.

The conversion to digital also presented an opportunity to solve two problems that have worried the Government for some time.

First, Internet access over the television spectrum could have helped overcome the divide between the information-rich in the cities and the information-poor in the regions. Second, and perhaps equally significantly, Internet by way of television could have introduced older people to the Internet in a user-friendly way. These two categories generally do not have Internet access at a workplace as many city workers do. Nor do they generally have the equipment or expertise to go online at home.

According to the ABS:

- Only 26 per cent of non-metropolitan Australians have Internet access compared with 37 per cent in the cities.
- 77 per cent of adults aged 18–24 accessed the Internet in 1999 compared to just 16 per cent of adults aged 55 or over.

Even allowing for those who don't want Internet access, the gaps are large. Making access easier could help close the gaps.

Not surprisingly, the Internet industry in our country has strongly advocated opening up the digital television spectrum for Internet applications and it urged the Senate 'to recommend that the legislative instruments enabling a final spectrum allocation make express and adequate provision for Internet-related uses'.

The potential of the spectrum is recognized in the US. The Chairman of the US Federal Communications Commission, William Kennard, said:

Broadcasters have a big pipe that everybody needs—and unlike cable companies and phone companies, you don't have to invest in physical connections into every home.

Meanwhile, back in Australia, the Government, in allocating the spectrum, strangled it.

The capabilities of this digital spectrum constituted a significant threat to the advertising revenues of the most politically powerful medium in Australia today, the free-to-air commercial broadcasters. The potential for webcasting to viewers from the Internet via the newly released spectrum would have represented serious competition.

So the Government conceived its Datacasting 2000 Bill; a regulatory artifice hitherto unknown in the world. This contains draconian restrictions on content. It allows certain information flows and transactions via the Internet to the television set at home, but prohibits audio and video streaming which provide the commercial incentive to roll out the required set-top boxes.

The stated aim was to define a distinct (and entirely artificial) data-

casting service. The effect was to create a new service category that nobody would want to provide.

This protected commercial broadcasters at the expense of all Australians—especially those foolish enough to live in the regions or to be old. These unfortunates not only won't receive the enrichment of their television programmes but will, in practice, be denied the other services that the datacasting legislation does allow.

The withdrawal of industry from the datacasting trials demonstrates the unviability of the datacasting category.

As Peter Coroneos, Executive Director of the Internet Industry Association, warned earlier this year:

The losers will be Australians in regional areas who have struggled with slow and expensive access People in the bush have every right to be very, very angry over what is about to happen. Datacasting could have provided alternatives to the closure of bank branches and the loss of other services in the bush. While technically they can still receive these, the business case for fast rollout of the enhanced technologies is now dead in the water.

Perhaps more significant for our joint future is the message that this and other backward looking policy decisions send around the world to those at the cutting edge of this quintessential twenty-first-century industry, who might be thinking of investing here.

In Australia, local politics are always more important in the end than creating a favourable environment for innovation.

Jim Hoggett is Director, Economic Policy, Institute of Public Affairs.

I P A

Surprise!

VIRGINIA POSTREL

Uncertainty is an essential ingredient of progress

FROM the late nineteenth century through the middle of the twentieth, futurists imagined electric lighting, but no electric guitars; supersonic jets, but no hang gliders; laser weapons, but no laser surgery or compact discs; giant computer databases, but no Palm Pilots or video games; nuclear power, but no nuclear medicine; government surveillance cameras, but no baby monitors.

These stunted visions—produced by social critics and science-fiction writers—are neither random nor isolated. Optimists and pessimists alike conceived of the future—our present—as a uniform society, a flattened, unnuanced world designed by a few smart men. They didn't imagine the quirky products of creativity applied to small-scale, personal problems and passions. They didn't factor in the power of vanity, self-expression, chance, novelty or fun. Theirs was a future without surprise.

The infatuation with predictability has been deeply imprinted on modern times. From the communist regimes to corporate giants, we came up in an age of central design, planning and control. The leading futurists, the science-fiction writers, long depicted progress as the product of elites. In his book *Paris in the Twentieth Century*—written in 1863, but not published until 1996—science-fiction master Jules Verne wrote of 'an age when everything was centralized, thought as well as mechanical power'.

The unplanned outcomes that emerge from obsessive tinkering, competitive one-upmanship, incremental improvement and unarticulated longings have no place in a rigidly planned world. As it turns out, however, they define the world in which

we live—and they will define our future. For as we're now discovering, the future, in fact, is made of surprise.

Even the science-fiction writers nowadays recognize the inevitability of surprise. They 'see themselves more as conceptual gardeners, planting for fruitful growth, rather than engineers designing eternal, gray social machines,' writes Gregory Benford, the author of such popular science fiction as *Timescape* and *Cosm*. 'Their views of that future are often playful, seeking to achieve an almost impressionistic effect, imagining small scattered details ... that imply more than they can say'.

Small, scattered details aren't just writing techniques. They're also fuel for social and economic propulsion. Important things happen out of sight, often tapping occluded desires. Cultural critics, on the Right and Left, still argue over where 'the sixties' came from, as if someone designed them. Cigar-and-martini bars, *The Blair Witch Project* and green-and-purple nail polish from Urban Decay, an upstart cosmetics company in California, all took the world by surprise—unpredicted and unpredictable. So, less fleetingly, did the Web.

Technology pundits searched in Silicon Valley for a challenge to Washington State's Microsoft Corporation, but never expected the alternative: the free Linux computer operating system, created by hobbyists dispersed around the world who, for fun and hacker prestige, work incessantly to improve it. Linux keeps getting better because thousands of Linux hackers think it's cool to look for bugs. It's an 'open source' system, whose code is available to anyone who wants to see it. Linux welcomes ideas and improvements from people anywhere.

'Incessant search by many minds,' wrote the late political scientist Aaron Wildavsky, 'produces more [and more valuable] knowledge than the attempt to program the paths to discovery by a single one'. Professor Wildavsky, who taught at the University of California, Berkeley, could have been writing about Linux. But the open systems Professor Wildavsky had in mind were social: science, democracy, markets. These competitive systems encourage scattered knowledge to emerge. They allow for serendipity and thus for surprise.

Surprise drives progress because innovation depends on the sort of knowledge no one can gather in a central place. The Austrian-born economist Friedrich A. Hayek, who won the Nobel Prize in 1974, applied this insight to market prices. In his 1945 article, 'The Use of Knowledge in Society,' he argued that markets operate as a 'system of telecommunications'. Prices relay scattered information about what people want, what producers have to offer, and how relative scarcities are changing.

But prices aren't the only way markets transmit information. Markets also allow people with new ideas to test their hypotheses. While other discount retailers concentrated on urban markets, Sam Walton, the founder of Wal-Mart, built stores in small towns, clustering them around central warehouses. He guessed correctly that he had a good model for improving retailing. But only by trying it out, in competition with other retailers, could he be sure.

This divining function of the market has been overlooked by futurist visions, some of which imagined new products arising from obvious, articulated consumer demands, not entrepre-

neurial inventions. Edward Bellamy's 1888 novel *Looking Backward*, a monster bestseller in its day, hails a year 2000 in which nothing new is created unless someone explicitly asks the authorities to provide it. 'Suppose an article not before produced is demanded,' explains a character to Mr Bellamy's nineteenth-century time traveller. 'If the administration doubts the reality of the demand, a popular petition guaranteeing a certain basis of consumption compels it to produce the desired article'.

Not surprisingly, no one fills out a request for rock music, jacuzzis or Vidal Sassoon-style blunt haircuts. Bellamy's 2000 is a year in which furniture and clothing have barely changed in a century.

Just as producers often give consumers things they want, but didn't think to ask for, consumers sometimes come up with surprising uses for new inventions. When a new product appears, it can uncover dissatisfactions and desires no-one knew were there. Minnesota Mining and Manufacturing Company (3M) first developed cellophane tape so a bakery could seal moisture-proof packages. The bakery, like Bellamy's order-placing consumers, was indeed able to articulate its demand for something that didn't yet exist. But a lot of other potential customers wanted things they hadn't expressed. No sooner was Scotch tape on the market than people started finding new uses for it: wrapping packages, repairing ripped curtains, making labels, even lining the ribs of dirigibles.

Similarly, Starbucks originally envisioned its shops as take-out stores in busy business districts. It found instead that customers wanted neighbourhood hangouts—stores in residential areas did much better than expected—and adjusted its strategy accordingly. No customer, and certainly no planner, 'ordered' neighbourhood Starbucks. The company itself was taken by surprise.

To discover what people really want, markets have to be left open to new ideas. Picking winners in advance, as political planners often attempt, can

shut down surprise and discovery. Laws tend to get in the way of this innovative process and only rarely get changed.

When Starbucks first moved into San Francisco, it found that its neighbourhood hangouts were illegal: new restaurants had been outlawed in residential areas. Under these zoning restrictions, Starbucks could sell coffee, but it couldn't put in chairs. By that time, Starbucks was a well-established brand, with enough clout to get the law changed. The city created a new category, 'beverage houses'. The change accommodated Starbucks, but it won't help the next upstart with a new idea.

Central control also must keep categories rigid. The characters Mr Bellamy depicted in 1888 could listen to any music they liked at any time of

The quiet, unpredictable way that desires and creativity match up in the marketplace disturbs and baffles many people

the day or night—performed live and delivered via the telephone system. They could choose, for instance, between a waltz and organ music—extraordinary choices for a nineteenth-century person who was lucky to sing around a parlour piano. But the songs came from orchestras that played the same old genres, and the playlist would fill a single bin in a contemporary music store.

In the actual world, by contrast, dynamic new markets for radio and recordings gave rise to new genres, new instruments, new institutions. In Japan, Sony Corporation took the kind of 'serious' cutting-edge technologies that planners would have reserved for

military and scientific purposes, and applied them to making music personal, first through transistor radios and later through an equally small cassette player called the Walkman.

Even the science underlying Sony's inventions was fundamentally unpredictable, a product of 'incessant search by many minds'. As physicist Freeman Dyson, of the Institute for Advanced Studies in Princeton, N.J., has noted, 'A 19th-century development program aimed at the mechanical reproduction of music might have produced a superbly engineered music box or Pianola [player piano], but it would never have imagined a transistor radio'. Neither, he notes, would such a programme have subsidized the electromagnetic research of James Clerk Maxwell, the nineteenth-century Scottish physicist whose work led to the development of the transistor radio.

The quiet, unpredictable way that desires and creativity match up in the marketplace disturbs and baffles many people. It especially confounds people who excel in articulation, since those who are good at self-expression have an advantage in a world where everything is explained in words. They would rather stick to plans made in public, with everything spelled out in advance and all new ideas firmly under control. That planning, which intellectuals sometimes equate with 'democracy', rewards the ability to explain and argue. It discourages the restless pursuit and real-world testing of new ideas.

This wariness of uncontrolled creativity recalls the Bellamy model: carefully articulated wants, approved in advance by a central administration. In an ironic twist, our mainstream literary culture clings to the ideal of an engineered future, while the actual engineers and money-grubbers embrace creativity and surprise. It's a strange world indeed.

Virginia Postrel is Editor of Reason Magazine in Los Angeles. She will be conducting a lecture tour in Australia, as a guest of the IPA, in November 2000.

IPA



The Left has always been astonishingly successful in seizing the 'moral' high ground in public policy debate. As Hayek argued in *The Fatal Conceit*, leftist notions of unity, sacrifice of the individual for the good of the group and the value of authoritarian social structures tap into a biological longing developed during humanity's millennia of living in tribal societies.

The effective collapse of socialism as an economic and social system has done nothing about the Left's pretensions to being the sole followers of the 'good'. The 'good' has merely been redirected into other areas of policy—in particular, the environment.

The Left supposes that the 'good' can only be achieved at a political level or, they may sometimes grudgingly allow, by purely voluntary action untainted by an element of commercialism. Leftish environmentalists devote their activities to prodding governments to do their bidding, excoriating those that don't implement their demands (in part or in full), and staging media events to raise money. One often suspects that the major aim is the fight, not the outcome.

Now, I must confess to being a lazy individual. I must also confess that my sense of value adheres to such outmoded concepts as being concerned with results. And since I share with most people the general desire for a cleaner, nicer and more attractive environment, in my laziness I look for shortcuts in environmental assessment.

One such is to approximate environmental value with monetary value. For example, should

I engage in an activity in *This* way or *That*? Let us say *This* costs me \$10 but *That* only costs \$5. I go for *That*. Yes, it is cheaper, but the chances are it is also environmentally more friendly than *This*. After all, both material and energy inputs not only have environmental implications, an increase in them costs real, honest dollars.

Is recycling good? A quick and dirty approximation can be made by working out whether recycling initiatives turn a profit. If the petrol used in the recycling trucks costs more than the pulp value of the used paper products the truck delivers, is it not likely that the trucks are causing more damage to the environment than the recycled paper is saving?

Fortunately, the sites reported here go well beyond my lazy capitalist calculus.

POLITICAL ECONOMY RESEARCH CENTER

A funny title when you're looking at environmentalism, but PERC's main mission is, as it puts it, 'Free market solutions to environmental problems'. Look closer and you find that the strongest resistance to environmental extremism is offered by economists, particularly political economists.



PERC carries papers on land use, over-fishing, the US's version of the 'National Estate' and other matters of pressing concern. For the flavour, which is temperate and considered, consider the title of one study: 'A Market in Antiquities Could Aid Preservation'.

Go to:

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

COMPETITIVE ENTERPRISE INSTITUTE

Another organization in the United States, the CEI is concerned with more than merely the environment, but correctly recognizes the impact of environmentalism on the economy. So it carries quite a few papers on the issue, as well as the positive impacts a free economy can have on the environment.

Perhaps its most important project, though, is in hosting the site for the Center for Environmental Education Research, a body which seeks to reverse the indoctrination of youth in environmentalist sentiment. Go to:

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

EARTH SANCTUARIES LIMITED

To commercialize environmentalism is a brave act indeed. Since it appears most environmentalists hold the view that capitalism is inherently sinful, and that only 'community', 'grass-roots' and 'voluntary' involvement in moral causes are morally worthy, creating a listed company such as Earth Sanctuaries Limited designed to help people to 'do well by doing good' garners little support from



that quarter. Yet with its cute-Australian-animal photos on its front page, ESL could easily bring the likes of me to dismiss it as an ACF or WWF in disguise.



But it isn't. John Wamsley's business creation may succeed in the marketplace. Or it may fail. Whichever, it is not trying to coerce people into following its aims but giving them the opportunity to do so. For that alone it deserves applause and my best wishes.

Go to:

<http://www.esl.com.au/>

RESOURCES FOR THE FUTURE

A difficult question of strategy arises in the examination of environmental issues. Sometimes, even if you disagree with many claims of environmentalists, you have to recognize the sway they have over public opinion and adopt a position of harm minimization in respect of policy.

Without in any way suggesting that this is their intention, Resources for the Future, another US site, offers extraordinarily powerful ammunition for those choosing this approach. While taking much environmental harm as a given, it proposes and analyses

policy initiatives that will at least deal with the problems rationally.

The site's tone is thoughtful and considered, with a tendency towards academic correctness rather than polemic. And its coverage is broad. Typically the issues dealt with are US-centred, but there is naturally a great deal of material on matters of global concern. Consider the paper proposing an alternative mechanism beyond standard cost-benefit techniques for determining the value of environmental policies where the benefits may not be derived for a century or more: the 'Mock Referenda'.

Nor is the site exclusively devoted to environmental issues. Another paper details testimony to a US House of Representatives Committee on how space can be commercialized ... it is called 'Resources for the Future', after all.

Go to:

<http://rff.org>

GREENSPIRIT

Back in the early 1970s, one of the co-founders of what is perhaps the organization most reviled by modern free-marketeers, Greenpeace, was an environmental scientist named Patrick Moore. In his own words 'Dr Truth', as he came to be disparagingly called by his environmental colleagues, now accuses the 'environmental movement' of 'abandon[ing] science and logic somewhere in the mid-1980s, just as mainstream society was adopting all the more reasonable items on the environmental agenda'.

In recent years he has come to be whole-heartedly reviled himself by many environmental groups,

called a 'liar' and an 'eco-Judas'. It is a similar process to that of the 'True Believers' and 'Day of Ragers' of the late seventies and early eighties who hated and hounded Sir John Kerr more than Malcolm Fraser, principally because the former was seen as a Labor man turned traitor.

Moore supports the careful development of genetically modified foodstuffs and such no-nos as sustainable logging, especially for use as paper pulp. As he points out, alternatives such as hemp or cotton involve clearing forests for these crops. He adds, 'we are en-



tering an era now where pagan beliefs and junk science are influencing public policy'. This issue of the *IPA Review* also carries a feature article by him.

Go to Moore's Website to learn not just about his views, but the facts. Did you know that the alleged deforestation of the Amazon Basin, for example, comes to a total of five per cent? It's at:

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

FEEDBACK

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

Industrial Relations Reform: Do the Critics Have a Case?

MARK WOODEN

THE 1990s have seen a marked change in the structures and processes that underpin industrial relations arrangements in Australia—notably that wage bargaining shifted from the collective to the workplace and enterprise level. These changes have generally been endorsed by a wide cross-section of the community, including employer groups, the ACTU and both sides of Parliament. In recent times, however, the mood appears to be changing. The ACTU, for example, has indicated that its policy is now to seek additional options in the wages system that will provide for multi-employer and industry-wide agreements. Similarly, the Labor Party, at its 2000 National Conference, adopted a platform which endorsed the concept of collective bargaining defined to include not just workplace and enterprise agreements, but industry-wide agreements.

In part, these changes in policy stances have been justified by a growing perception that enterprise bargaining has not delivered benefits to all Australians. Concerns have been expressed about the adverse consequences both for firms, in the form of increased risk of industrial disruption, and for workers, in the form of reduced job security, lengthening working hours and rising earnings inequality (see, for example, ACIRRT, 1999, Campbell and Brosnan, 1999). Such fears are not well-founded: empirical support for these propositions is generally either non-existent or not convincing.

JOB SECURITY

It is widely believed that employment has become far less secure today than

at any other point in the post-war period. According to a recent News-poll, 70 per cent of Australians believe that jobs were less secure in 2000 than they were ten years earlier. But other opinion poll data, this time collected on an annual basis, reveal that the proportion of workers who believe that their own jobs are at risk has not changed much over time: worker perceptions about job security tend to rise and fall with aggregate unemployment, but do not reveal a marked downward trend over the last 25 years.

Such findings are consistent with more objective data collected by the Australian Bureau of Statistics as part of its labour mobility survey which indicate that, compared with 1975:

- the average worker today has been in their current job slightly longer (about six months longer);
- the proportion of persons in short-term jobs (less than one year) is smaller; and
- the incidence of job changing has declined (from 25 per cent of employees in 1975 to 21 per cent in 1998).

There is very little in either economy-wide data (Wooden, 1998) or individual-level data (Wooden, 2000, page 133) to suggest that changes in bargaining structures have affected job security.

LONGER WORKING HOURS

It has also been claimed, by ACIRRT for example (1999, pages 112–114), that growing cost pressures have increased employer efforts to extract longer hours from their workforces, and that the new industrial relations climate that emerged in the 1990s facilitated such efforts.

The incidence of long working hours has increased. For example, just over 28 per cent of the employed workforce were recorded as working 45 hours or more during the survey week in the August 1999 Labour Force Survey, and that compares with less than 21 per cent in 1975. Furthermore, none of this growth would appear to be the result of compositional changes in the workforce—the incidence of long hours has risen in all major occupation categories.

Growth in the incidence of persons working long hours, however, was actually very pronounced during the 1980s, when bargaining arrangements were highly centralized. In contrast, and despite the spread of enterprise agreements, the period since 1995 has been associated with only a small increase in the proportion of the workforce working very long hours—clearly inconsistent with the claim that industrial relations reform has facilitated longer working weeks.

EARNINGS INEQUALITY

Perhaps the most often-heard criticism of more decentralized bargaining concerns its expected impact on the distribution of earnings. However, while there can be little doubt that the earnings gap between the most highly paid and the most lowly paid has been widening over the last few decades, it is difficult for critics to attribute most, let alone all, of the blame to changing bargaining structures. The widening in the gap between the most highly paid and the most lowly paid can be traced back to at least the mid-1970s and hence has occurred under both highly centralized structures and highly decentralized structures.

REVIEW

Indeed, there is evidence around to indicate that among full-time employees at least, inter-occupation wage relativities have not been changing much (see EPAC, 1996, page 98). Instead, the widening in the earnings distribution when measured across occupations has been driven by changes in the composition of employment. Low-paid employees are not worse off, it is just that there are more workers filling better-paid jobs, which in turn is shifting the mid-point of the earnings distribution to the right.

However, while wage relativities between occupations may not have changed much, the wage relativities of employees within occupations may have altered significantly (see Borland, 1999). I would be surprised if this were not the case, as variation in wage within occupations is one of the objectives of enterprise-based bargaining.

But so what? Wage regulation is a very poor device for redistributing income, with many low-wage earners found to live in households with relatively high disposable incomes (Harding and Richardson, 1998). Second, surely what matters most to workers is not the wage paid, but net income received, and this depends not only on the wage, but also on taxes and social transfers. Any efficiency benefits from more decentralized wage bargaining thus do not have to come at the expense of greater income inequality provided the tax-transfer system is used in a way to cushion the effect of increasing wage inequality. Indeed, this is exactly the way that the tax-transfer system has been used in Australia, and is reflected in evidence based on data from the Income Distribution Survey which shows remarkable success in compensating for increased inequality in market incomes between 1982 and 1996-97. The two lowest income deciles had the highest rates of growth—32 per cent for the lowest decile, 15 per cent for the second lowest. After adjusting for changes in taxation, income transfers and family size, there has been effectively no change in income inequal-

ity in Australia, despite a significant increase in inequality in income from employment and other private income sources.

INDUSTRIAL CONFLICT

Another reason frequently given for why the move to a more decentralized bargaining system should have been resisted is that the new arrangements will be conducive to the re-emergence of high levels of industrial conflict.

There has, however, been no surge in industrial dispute levels. Indeed, dispute levels continued to fall during the 1990s and, by 1998, were the lowest on record. Of course, as Mr Kim Beazley, the leader of the Federal Labor opposition has been keen to point out, strike activity did rise during 1999, but the level for the year was still well below the levels recorded throughout the 1980s and early 1990s.¹ Furthermore, the labour market has been steadily improving and it is empirically well established that strike activity varies pro-cyclically. In other words, some increase in strike activity from what were already record low levels was to be expected.

Mr Beazley has also associated the recent small rise in industrial dispute with a rise in more protracted and bitter disputes. Strikes have always tended to be short in Australia and, if anything, the current trend is towards shorter strikes still. In the year to December 1999, the average dispute lasted just 1.4 days, down from the levels recorded in each of the preceding 5 years. Indeed, the only period in post-war history when strikes were shorter was during the economic recession of the early 1990s.

CONCLUSION

Whether industrial relations reform has fulfilled its promise in terms of higher productivity and employment is still uncertain. What is clear, however, is that the adverse consequences of reform that were predicted of it by its critics have failed to materialize. The weight of empirical evidence strongly refutes arguments that the in-

creased prominence of enterprise bargaining has contributed to rising job insecurity, has facilitated management efforts to extend working hours, or has promoted a further widening in the distribution of income. Nor is there any evidence that the shift away from centralized bargaining has contributed to marked escalation in strike activity. The case for halting, let alone winding back, the reform process is thus extremely weak.

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NOTE

1. Mr Kim Beazley, Inaugural Fraser Lecture, Canberra Labor Club, 31 May 2000.

Mark Wooden is Professorial Research Fellow at the Melbourne Institute of Applied Economic and Social Research, University of Melbourne. This article is an edited extract from his Inaugural Lecture, University of Melbourne, 14 August 2000.

IPA

The 'R' Files

ALAN MORAN

Government Ownership

A Critique of Privatisation: Sell Off or Sell Out by Bob Walker and Betty Con Walker

This ABC-financed effort really is a pathetic masquerade of scholarship. Its tone is set at the outset. Those favouring privatization are from the loins of those two Great Satans: Reagan and Thatcher, and to boot are, in the main, interested parties. Indeed the authors argue that the proponents of privatization would have been labelled 'traitors' in wartime and consider their activities might be described today as 'economic treason' or, more charitably, 'economic vandalism'.

The litany of disservices that privatization has wreaked on the hapless public is said to include:

- massive wealth transfers (from the public to the rich and privileged);
- service losses;
- subversion of the planning process; and
- a whole host of others, including having 'arguably, contributed to environmental damage'.

Typical of its muddle-headed thinking are statements like 'the public sector should not act as a sheltered workshop' followed by a plea that it should so act. All this, and the authors have the gall to claim that 'both are self-confessed "economic rationalists"!'.

The shallowly based analyses and accusations pour from the book like larva from a volcano, making its targets too numerous to tackle one-by-one. Its main themes are that:

- most of the businesses that were sold would have been better left in the hands of government; and
- governments were too callow, or maybe too corrupt, in selling the entities they owned and thereby sold the taxpayer short.



It is easiest to examine this latter claim in the case of firms that were privatized through stock exchange floats.

By and large, the firms floated by Australian governments (and therefore the initial shareholders) have done well. The Walkers claim that the average increase in the price of government floats during the past three years was 23 per cent. Actually this is a bit higher than the average increase in share prices of 18 per cent in all the three-year periods from 1979.

Table 1 is a more up-to-date summary of price trends in government businesses that have been floated.

The average of government floats is boosted by the spectacular perform-

ance of CSL. This privatized firm has turned itself from a ramshackle collection of factories processing plasma and producing me-too pharmaceuticals to a significant player in global biotechnology. Its share-price increase is a stunning sixteenfold its value at the time of its float, a price that reflects the market's estimate of its potential, rather than current, earnings.

CSL is the Walkers' 'main award' for worst privatization. It was estimated to be worth \$100 million in 1992 but sold for \$299 million in 1994. Among their criticisms is the remuneration negotiated by the Chief Executive, who was awarded an interest-free loan to buy 600,000 shares at \$2.40 (now worth \$20 million, a handy bonus, as the Walkers say, but dwarfed by the firm's \$5 billion increase in share value under his stewardship). Indeed, anyone with the prescience to invest in the shares at the time the Walkers were writing about it would have seen the value of their investment increase 50 per cent. Perhaps this means that the new shareholders ripped off those who sold; perhaps the spiralling price of Microsoft has meant that the hapless Mr Gates has been cheated of value in progressively watering down his hold-

Table 1: Recent Floats and Outcomes as at 16 August 2000

		Capitalisation (\$m)	Sale price (\$m)	Increase in Value
Qantas	Dec-92	\$1,166	\$665	75%
	Jul-95	\$3,497	\$1,459	140%
CSL	Jun-94	\$5,217	\$299	1645%
Commonwealth Bank	1991-6	\$35,224	\$8,160	332%
Telstra	1997/8	\$30,975	\$14,300	117%
Telstra	1999/00	\$15,460	\$15,780	-2%
GIO	1992/93		\$1,260	
Tabcorp	Aug-94	\$3,604	\$675	434%
TAB Queensland	1999	\$275	\$268	3%
Suncorp-Metway	1999	\$2,844	\$2,072	37%
BankWest	1995	\$1,969	\$900	119%

ings by rewarding employees with share options while Microsoft's share price marched up several hundredfold.

Other shares that have done well include Tabcorp, the float price of which was depressed by the statements of the then Opposition that they would move to re-nationalize on returning to government. Like CSL, Tabcorp is in a highly competitive business and it is difficult to point to any firm owned by governments anywhere that operates successfully in such an environment. Indeed, in the early 1990s it was one of the failed industry champions of the Victorian Government. Qantas and the Commonwealth Bank have also been successful floats, as has Telstra Mark I. Telstra Mark II has, however, been a loss-maker for the buyers.

According to the Walkers, governments were also conned by the buyers of the businesses they sold in trade sales. The credibility of their rhetoric is even less plausible in this case. With energy businesses, virtually all privatizations have been through the sorts of 'little publicized deals ... that have produced massive wealth transfers within the community'. And yet all of these sales have been by auction with the integrity of the process doubly assured with a peculiarly Australian institution, probity auditors.

One of the most ludicrous statements in the book talks of, 'The earlier bargain-priced privatization of the Victorian base load (electricity) generators', and 'clumsy attempts to introduce competition'.

As the table below shows, the massive wealth transfers have been from the foreign-owned corporate sector to the Australian taxpayer, a direction that the Walkers' dogma would never have contemplated. Three of the four second-round sales have been at a discount. Other assets are also for sale at

prices believed to be below those originally paid.

Powercor recently sold for some 7 per cent greater than was paid in 1995. Although sold at a profit, the sale price must also incorporate a premium for the very successful retailing business that the company developed and the payout it received (thought to be worth between \$300 and \$500 million) from successful litigation with a NSW Government generator.

In addition to giving taxpayers a windfall, and contrary to the Walkers' assertion, the competition introduced in the Victorian and, later, national markets has contributed to a massive reduction in electricity prices (which have halved ex generator).

The privatization—and, to be fair, the corporatization that preceded it—has brought an unprecedented improvement in productivity. Electricity generation in Victoria, for example, has seen its labour force fall to a fifth of its earlier levels in spite of generating a third more power and markedly improving reliability.

Over in Western Australia, the Dampier-to-Bunbury Natural Gas Pipeline was sold for a colossal \$2.4 billion, the successful bidder paying at least \$500 million more than the under-bidder. Similarly, the Minister could scarcely contain his pleasure at the price received from UtiliCorp for the sale of 45 per cent of AlintaGas in July's sale. Indeed, the other 55 per cent is to be sold to Western Australian individuals for between 50 and 60 per cent of the price paid by UtiliCorp.

The Walkers use the success of the privatized firms to argue for maintaining the assets in public ownership and operating them in a similar way to their private-sector owners. This begs the question: why did they not perform as

well prior to privatization? And behind this question are the all-too-soon forgotten Vic, SA and WA Incs—government entrepreneurship that almost bankrupted three State governments and paved the way for coalition governments in the wake of the patent failures.

Government enterprises seem doomed either to mediocrity or to spectacular excesses. The reasons for this are clear: government is responsible for the taxpayers' passive money and must normally be risk-averse. Where governments let managers off the leash, as three State governments did in the 1980s, lessons have to be relearned about why these businesses should be managed very conservatively. Government owners do not have the direct incentive and the same shareholder oversight to adopt the same risk/prudence profiles and fierce cost-cutting agendas that are ever-present in private firms.

The publication of this book begs other questions: Why on earth is the national broadcaster sponsoring a book that constitutes an attack on privatization? Could it be a plea from its management? This might be answered by a passage near the end of the book which presents a case for retaining the ABC in public ownership because of changing technologies and 'the survival of independent and non-commercial media outlets, since the maintenance of independent voices in the media is fundamental to the preservation of free and open debate about our institutions.' This far cry from 'End air pollution: privatize the ABC!' is highly convenient to the ABC, which has been a strong protagonist against privatization in general and of itself. Not for the national broadcaster, the cold winds of commercialization and obtaining funding from willing customers. Most in the organization would rather obtain their incomes by pillaging the taxpayer.

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

Business	Original Price	Value at Re-Sale Price	Change
Powercor	\$2,150 m (1995)	\$2,300 m (2000)	7%
Citipower	\$1,575 m (1995)	\$1,600 m (1997)	-
Hazelwood Power	\$2,357 m (1996)	\$1,947 m (2000)	-17%
PowerNet	\$2,555 m (1997)	\$2,100 m (2000)	-18%

I P A

Governing the Professions: Does Self-regulation Equal Self-interest?

GRAEME SAMUEL

PROFESSIONALS such as doctors, lawyers, vets, architects, nurses and pharmacists deserve to hold respected and esteemed positions within our society.

Do they also deserve unique market privileges? Should they be excluded from competition and market disciplines? Probably not.

Whatever service they are delivering, whether it be brain surgery or conveyancing, the fact is that professionals work in a demand-driven marketplace—the workings of which can be easily manipulated.

Consider the hypothetical consequences of, for example, a decree by a new 'National Plumbers Association' that, as of next year, the number of apprentice plumbers would be kept to a certain limit—regardless of demand.

Basic economics tells us that, as the number of plumbers decreased, the availability of plumbing services would fall, waiting times would increase and plumbers could start to charge more and more for their services. Of course this would never happen, the community would never stand for it.

Yet, this power of market manipulation is what many professions have had since almost time immemorial. Their 'self-regulatory' powers allow them to set the rules and regulations for themselves. The powers can include, among other things, stipulating who can enter the profession, how they practise, qualification requirements, training requirements, locational requirements, restrictions on advertising and disciplinary processes.

Simply through virtue of their qualification, professionals have been considered to be deserving of market privileges and justified in excusing themselves from competition.

Obviously, particularly in the health and legal professions, we would want to ensure that professionals are competent and appropriately qualified, and that public health, safety and financial integrity are protected. Consumers of these services need to have confidence in the competence of professionals, because it is difficult for consumers to make judgements about these things without help.

But are professionals really so different from other service providers that we should not even question some of their regulatory practices?

For example, I know nothing about cars. When I take my car to a garage I have no way of knowing whether the mechanic who will be working on it is any good or not. I have to make an assumption which, I suppose, I base on their qualifications, the reputation of the establishment, membership of industry associations that assure quality and personal references. General prohibitions in the *Trade Practices Act* and other consumer legislation on anti-consumer market behaviour, such as misleading conduct, help me to make my judgement.

When I visit a doctor I again need to make an assumption based on not dissimilar criteria. The difference is, of course, that the potential for damage should the workmanship be incompetent or unethical is far greater.

Thus, government has an absolutely legitimate role to regulate the

professions in order to protect the public interest.

Equally, however, for the public to receive quality service at the lowest possible cost they have every right to require the Government to ensure that any regulation has a clear objective of harm minimization and is the minimum necessary to achieve that objective.

Consider the issue of training places for the medical specialities. As a general rule, the Specialist Colleges influence training numbers, either directly, or by having the responsibility for accrediting training hospitals.

Anaesthesia training is a good example. The Australian Medical Workforce Advisory Council reports that one in seven anaesthesia positions in public hospitals is permanently vacant. Data from the Federal Department of Health and Aged Care demonstrate that anaesthetists charge around \$100 million a year above the Medicare benefits and on average earn around \$250,000, although salaries can be much higher. It doesn't take much to detect a skewed demand/supply relationship there.

We also know that for a hospital to be accredited to train anaesthetists the College of Anaesthetists requires that there be a stipulated number of administrative staff per trainee, a library, designated exclusive study areas etc., etc. In Victoria, only four hospitals outside of the metropolitan area are allowed to train anaesthetists.

Consumers have every right to ask that the Government ensure that, for example, a study room in the hospital is a totally necessary requirement to train anaesthetists to an adequate

standard. To ensure that restrictions on training are there to protect the public—and do not simply serve to keep supply low and thus price high.

Another example is the restriction that prohibits new pharmacies from establishing within 2 kilometres of another pharmacy. Is this really protecting the public interest or could it actually be working against the public interest? Considering that the impact of this law is that populations in the older suburbs usually have some price competition and choice between pharmacies (because they were established before the geographical restrictions were introduced), residents of newer (and usually less affluent) suburbs will only ever have one pharmacy and no price or service competition.

These debates seem even stranger when one considers areas which have been reformed in some States but not in others, such as reservation of practice for lawyers.

In South Australia, since the turn of the century, licensed 'conveyancers' have been permitted to provide conveyancing services. In New South Wales, this area of practice was deregulated in the early 1990s. Since then, conveyancing costs have come down by an average of 17 per cent, regardless of whether they are provided by a licensed conveyancer or by a lawyer, a saving to consumers of about \$86 million a year. Yet, conveyancing is still reserved practice for lawyers in Queensland, Tasmania and the ACT.

Fear of uncharted ground is one thing, but when you have the luxury of observing successful deregulation in a neighbouring jurisdiction one has to ask how continued regulation and higher prices can be justified to consumers.

Asking these questions is essentially what National Competition Policy is all about.

Graeme Samuel is President of the National Competition Council.

I P A

The Role of Dry Philosophy

JOHN HYDE

The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually slaves to some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back.

John Maynard Keynes in the final paragraph of *The General Theory*.

JUST as a deceptively simple trophy once breached the walls of Troy, some three millennia later the deceptively simple beliefs of an apparently trivial minority brought down the Berlin Wall. Less spectacularly, in almost every country on almost every issue, these beliefs radically changed the way we are governed. In Australia, productivity nearly doubled in the 1990s and we survived the Asian crisis with barely a hiccup.

Dries, or as some say, economic rationalists are identified solely by the beliefs that they share, yet few attempts have been made to list their essential beliefs or to explain how they took the citadel.

For the first three-quarters of the twentieth century, philosophers and economists even of the standing of Adam Smith, Ludwig von Mises, Friedrich Hayek, Karl Popper and Milton Friedman had been portrayed as Canute-like figures admonishing the inevitable. The publications of the fledgling think-tanks of the 1960s and 1970s were dismissed as amusing intellectual games. The arguments of Bert Kelly, the Member for Wakefield in the Federal Parliament, were dismissed as quaint but irrelevant. Classical liberals every-

where were portrayed as barbarians, successfully starved of academic recognition and derided or ignored as suited their opponents. In the last quarter of the century, ideas of long-standing, that can in part be traced back to the Levellers in the 1640s for instance, took root and flourished among men and women of political action, right down to individual voters. How these ideas were sown and nurtured by a minuscule band of mostly happy warriors is a tale well worth the telling.

Dryism's roots reach deeply into beliefs about the nature of humanity, especially the Lockian notion that rights originate with the individual and that the function of authority is to protect the rights and liberties of citizens. A more arid philosophy could not have sustained the campaign. The powers of Crown, Parliaments and Courts are, therefore, held only in trust. The terms of this trust are the common ones that the entrusted powers will be exercised only on behalf of the intended beneficiaries and the beneficiaries are of one class—privilege is abhorrent. Nevertheless, dryism does not depend upon a metaphysical construct of society itself. Rather, society is what free and equal people make it, rather than some 'form'

or 'essence' that is not necessarily observable.

Loyalty to beliefs and the values embedded in them can be almost tribal. They identify 'us' who are different from and better than 'them'. It is, for instance, easy to imagine Margaret Thatcher asking disdainfully whether So-and-So 'is one of us?' They offer individuals an opportunity to belong and a cause, if not to die for, then at least one to struggle for. Ours was the Good Fight!

Beliefs impose consistency. For instance, against the common criterion of equal status in law, apartheid, ethnic subsidies and industry protection all seem unsatisfactory. And, among ends that almost

nobody disputes, it is worldviews that establish priorities. Faced with the recurring trade-off between security and freedom, socialists draw a line nearer to security and liberals another line that is nearer to freedom.

'Wet' is a public schoolboy term meaning feeble or timid. The quintessence of a drier is, therefore, that he or she will face facts and take necessary action at personal cost.

As the term has evolved, however, driers have become associated with particular interpretations of the facts and prescriptions of the necessary actions. Social systems, like ecosystems, developed by trial, error and elimination over a long time and driers doubt that man can redesign them to create Utopias. They note that attempts to do so have a dreadful record. History teaches them that people given authority over other people become tyrants even when they are well-intentioned. The driers' world view does not include men and women of such superior understanding, morality and wisdom (particularly not themselves) that can be trusted to identify—let alone to

run—the ideal society. Their formulae, therefore, tend to limit rather than to direct the employment of power and make fewest demands on the assumption of superior understanding.

They do, however, require the state to treat its people as legal equals and to maintain the rules within which citizens can pursue their own goals, particularly employments, without unnecessary duress from gov-

ernment or private sources. Because driers oppose privilege, they are bound to attract the ire of those who, through political influence, have won legally-enforced tariffs, occupational licences, ethnic subsidies and laws that prevent private

choices that must, by their nature, discriminate. Unlike the societies of all of the Utopian ideologies, the societies that have tended to offer their citizens lives that are the least brutish and short are those where the government is a humble one, leaving alone what can be left alone and intervening only on the basis of legal equality. Like ecosystems, societies are not particularly fragile but, also like ecosystems, it only requires sufficient arrogance to make a mess of them.

Liberty-loving driers could no more have been an entity without their philosophy than the communists could have existed without theirs. However, the voices in the air that challenge them warn of the frenzies of madmen in authority and proscribe rather than prescribe. Holding out no vision of Utopia, drier philosophy may be boring, but dangerous it is not. The enmity that driers attract derives entirely from their consistent proscription of privilege.

John Hyde is a Senior Fellow with the IPA.

I P A

Musing... **The Future of Unionism**

MICHAEL WARBY

Mike Nahan and I recently met with Joe de Bruyn, Vice-President of the ACTU and National Secretary, Shop Distributive and Allied Employees Association (SDAEA).

Less than 20 per cent of private-sector employees are union members: since 1990, the number of private-sector union members has fallen by 22 per cent, in the retail trade by 13 per cent. There has been a lot of comment about the difficulty that the union movement has had in attracting female workers, young workers and part-time or casual workers, yet 65 per cent of the SDAEA membership is female, 60 per cent is under 25, 80 per cent work part-time or casual.

The SDAEA's policy on casualization is surely the sensible one: if members want to work casual, that's fine; if they would prefer more permanent status, the union will work to get that for them. This contrasts with a least one major union which seeks to eliminate all casual positions.

Joe de Bruyn has been with the union for over 27 years and is up for re-election every four years. Talking to him, the focus on providing services for the members is very clear. This extends to the industry super-annuation fund being banned from direct investment in the retail industry, which eliminates misuse of the funds for industrial purposes.

The SDAEA shows that a service-oriented union can appeal to female, young, part-time and casual workers. Joe de Bruyn speaks for the future of unionism.

Michael Warby is a Fellow of the Institute of Public Affairs and a former workplace delegate.

Recanting Greenhouse?

BRIAN J. O'BRIEN

THE scientist credited (or blamed) with alarming the world in 1988 about greenhouse warming is now arguing that it is 'more practical to slow global warming than is sometimes assumed'.

In 1988, Dr Jim Hansen of NASA's Goddard Institute for Space Studies testified to a US Congressional committee that 'the Greenhouse Effect is here'. His calls for urgent actions were widely publicized, assisted by a heatwave and dust storms in the Midwest. The Toronto Conference ranked global warming as a threat second only to a global nuclear war. *Time* magazine made an overheated, doomed planet Earth its 'Man of the Year'. Greenhouse hysteria and talk of imminent catastrophes were warmly embraced by the United Nations.

On 15 August 2000, Hansen and his colleagues published 'an alternative scenario' to the politically-correct versions of global warming. Their 15-page article in the *Proceedings of the National Academy of Sciences USA*, is available for US\$5 at <www.pnas.org>. It should be compulsory reading for decision-makers.

The article describes effects which 'could lead to a decline in the rate of global warming, reducing the danger of dramatic climate change'.

First, when fossil fuels such as coal and oil are burned, they produce both warming effects from the greenhouse gas carbon dioxide, and cooling effects from aerosols, especially sulphates and organic aerosols. Aerosols can reflect sunlight and also affect cloud formations.

Hansen claims that the warming and cooling effects offset each other. Reducing carbon dioxide

emissions is an easier and less urgent task than previously thought. He states 'there are opportunities to achieve reduced emissions consistent with strong economic growth'.

Second, the authors consequently claim that most of any global warming over the past few decades is due to methane and other 'non-carbon dioxide' greenhouse gases. And the good news is that 'the growth rate [of these gases] has declined in the past decade.'

Hansen and his colleagues have not quite recanted in the manner of Galileo.

They now state that the global surface temperature has increased by about 0.5°C since 1975 in 'a burst of warming'. They claim this warming 'is at least in part a consequence of increasing anthropogenic greenhouse gases'.

One can validly argue with them about such an alleged 'burst of warming' since 1975.

The total set of data, in reports of the Intergovernmental Panel on Climate Change (IPCC), shows little change in global temperature between 1940 and 1976. Were no methane-producing rice paddies planted in this period? Was there no industrial development after the Second World War?

Their very own arguments question their conclusion. The annual growth rate of methane concentrations shows a dramatic decline that began about 1980, at the start of their 'burst of warming'.

The purpose of this article, however, is not to argue such scientific detail, but strategy and policy. After all, greenhouse policies were decoupled from science in 1990.

First, the new Hansen conclusions must put an end to the popu-

lar urban myth that global warming policies are based on 'consensus' views of 'most scientists'.

Second, the cloak of urgency and impending doom has now been lifted by the doom-maker himself. In 1988, Hansen argued that 'the time for waffling is over' and demanded urgent action. Now he wants 'equal emphasis on an alternative, more optimistic scenario'. The climate scenarios of 1988 are now out-of-date with the IPCC internationally and CSIRO in Australia, yet they still drive frantic government schedules.¹

Australian greenhouse governance remains frenetic.² The Hansen paper should cause an audit of such governance. Perhaps climate science will become more relevant to climate policy.

But I doubt it. The forces of bureaucratic determinism and political timidity will simply continue to ignore any good news. And besides, it might all be a plot to elect Al Gore!

NOTES

- 1 O'Brien, Brian J., 'Kyoto—Marching to the Drumbeat of Toronto', *IPA Review*, **50**, pages 18–19, October 1997.
- 2 O'Brien, Brian J., 'Australian Greenhouse Governance: The Twilight Zone', in *Focus*, Australian Academy of Technological Sciences and Engineering, December 1998.

Dr Brian J. O'Brien, FTSE, is a strategic and environmental consultant in Perth. He was the foundation Chairman and Director of the WA Environmental Protection Authority 1971–77, after being Professor of Space Science in Houston, Texas.

I P A

Cultural Wars

RON BRUNTON

Stolen Thunder

Justice Maurice O'Loughlin's recent judgment in the Cubillo and Gunner 'stolen generations' case suggests that the Federal Court has introduced a radical but totally unannounced innovation in its procedures.

It would seem that the Court has prepared two separate judgments. First there is the official judgment, available to the public on the Federal Court Website and elsewhere. Then there is the sanitized version released to café latte-set journalists and commentators, perhaps on the condition that they do not read the official judgment.

In the café latte version, the case failed because of a legal technicality, and the facts of the judgment did not compromise any claims made by the 'stolen generations' industry and its supporters. Indeed Sir Ronald Wilson, co-author of the industry's bible, the egregious *Bringing Them Home* report, thought that Justice O'Loughlin's judgment 'stands as an independent and informed confirmation of the history' presented in that report.

The official version is a far more complex document which, though in no way directed at assessing *Bringing Them Home*, demonstrates that many of the key claims in that report were half-truths, misrepresentations, or outright falsehoods. And while showing great sympathy for the plaintiffs' undeniable suffering, it also made scathing criticisms about many aspects of their evidence, criticisms which must have been omitted from the café latte judgment. At one point, Justice O'Loughlin regretfully concluded that Mrs Cubillo 'deliberately at-

tempted to mislead the court'; at another, relating to the critical issue of Peter Gunner's ongoing separation from his mother, Gunner was branded 'a very unreliable witness'.

Robert Manne, obviously working from the latte version, wrote that Justice O'Loughlin 'rejects' the Commonwealth's contention that when Peter Gunner was born his mother left him to die. The official version contains no such statement.

Rather, Justice O'Loughlin said that the evidence on the question of whether Gunner's mother Topsy had tried to kill him 'was too confusing to make any finding at all'. He did state 'there was evidence that Topsy had rejected Peter as a small baby', although he also thought that over the years this could have changed to 'feelings of maternal love'. But against the statements in *Bringing Them Home* that 'half-caste' children were recognized as 'Indigenous children' and 'not in any sense' separate, and the applicants' claim that it was 'a myth' to suggest that 'half-castes' were rejected, Justice O'Loughlin was clear. 'I limit myself to rejecting the claim that it was a "myth" to think of a part Aboriginal child as an outcast in Aboriginal communities. There was evidence both ways: evidence of warmth and loving care for the children on the one hand: evidence of death and rejection on the other'.

From my reading of the official judgment, the Commonwealth was pusillanimous in not following a sensible decision of the Canadian Government. Faced with comparable litigation from its indigenous citizens over the so-called 'residential schools', Ottawa dragged in as third parties the churches who ran these schools under contract. As a

result, some Canadian churches are facing bankruptcy.

For although Justice O'Loughlin freely praised a few missionaries who worked in the church-run institutions to which part-Aboriginal children were sent, it is clear that, on the whole, administration personnel had a considerably more enlightened approach to Aboriginal interests and welfare. It was church organizations who employed totally unsuitable people in their institutions and who turned a blind eye to the excesses, including criminal acts, that some of their personnel appear to have inflicted on Aboriginal children.

Justice O'Loughlin concludes, for instance, that Kevin Constable, a missionary at the Anglican-run St Mary's Hostel was engaged in 'grossly improper' sexual misconduct against some of the boys, including Peter Gunner. Justice O'Loughlin also comments on 'the air of superior rectitude' assumed by Des Walter, a missionary at the Australian Inland Mission Rhetta Dixon Home, when justifying his use of corporal punishment before the court.

Unfortunately, sanctimoniousness is all too common among certain church personnel, including those who have been most vocal in taking up the cause of the 'stolen generations'. If Australian taxpayers are to compensate members of the 'stolen generations'—whether through the courts or through a tribunal—we should insist that a substantial portion of any payments should come from the churches.

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

I P A

REVIEW

Family and Work

ANDREW McINTYRE

Glass Ceiling? Or Is It Glass Mirror?

The press regularly decries the discrimination that women suffer in the workplace. To prove it, statistics are often thrown up about the number of female cents earned in the male dollar. Although there are undoubtedly pockets of discrimination, can the statistics show that it is widespread, or that it is systemic?

Commonly, these cents-in-a-dollar earnings simply combine all types of employment for all people of all ages and then compare average outcomes for men and women. Forgotten are the choices made by women and men—part-time or full-time work, geographical convenience to school or home, flexible hours, shift work, type of work, the desire (or lack of it) for responsibilities and commitment, ambition, etc.

The most critical influence on these choices, one so often ignored, is that around 70 per cent of all Australian women favour looking after their children and family rather than working. If we simply compare full-time work, for instance, men work longer hours than do women.

Without children in the background, a recent American study showed that for young graduate women who have never had a child, their earnings approach 98 per cent of men's. In another study, older, childless women were as successful, performed as well and earned as much as men on the corporate ladder. In other words, the difference had less to do with sex than with having children.

In May, the results of an annual salary survey by the Australian Institute of Management appeared with the headline, 'Female pay scales

fail to keep up'. Senate Democrat leader Meg Lees said that it was a national disgrace. The Chief Executive of the Equal Opportunity for Women in the Workplace Agency, Fiona Krautil, thought it a shocking finding.

This latest survey claimed that a salary gap had been found between men and women in the same job. It was the first time in the 36-year history of the AIM's annual survey that

The AIM study clearly makes a mockery of market realities because of a muddled notion of comparable worth ...

men's and women's wages had been directly compared, and it was found that, in some cases, women were paid 50 per cent of male wages for the same work.

Now, as it is illegal in Australia to discriminate on pay rates for the same job, either something is funny about the research or thousands of employers are flagrantly breaking the law.

Sure enough, a closer inspection of the data reveals that 'the same job' really only means the same title given to a job. So, accountants or administration managers for BHP or Qantas are, in this study, indistinguishable from their counterparts in a suburban supermarket. Forget about how people commonly work

up the corporate ladder by moving from job to job in bigger or more prestigious companies, with more responsibilities, bigger budgets and, of course, higher salaries, and forget about seniority or any other variable. The AIM study clearly makes a mockery of market realities because of a muddled notion of comparable worth, based presumably on perceived injustices of the past.

The only sensible question to be asked in all of this—which nobody has ever attempted—is just what level of participation and earning by women is reasonable, now, or in the future? The best analysis done in Australia even to hint at an answer came two years ago by Ian Dobson as policy adviser in the Vice-Chancellor's Office at Monash University. Dobson demonstrated that if we allowed for the extreme (and impossible) case where every new university position was filled by a woman, it would still take ten to fourteen years for a 50/50 result. Even on a rugged, socially engineered 'your turn, my turn' basis, it would take several decades. Given that women with children choose not to participate equally in the workforce, however, one can hardly expect equal outcomes—ever.

Could it not be thought, in present day Australia, that the so-called glass ceiling is really a glass mirror? Some women, when looking up, see themselves reflected in it. Equal opportunity and a society free from sex discrimination are obvious, necessary and good things. A dogged belief in equal outcomes is ultimately profoundly reactionary and patronizing.

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

I P A

Education Agenda

KEVIN DONNELLY

'Harm Workers' or Heroes?

What does our education system have to say about Australia's defence and those who fight to protect their country? Given the release of the Federal Government's Green Paper on defence, the question is more than academic.

One approach is the traditional one that many older Australians will remember. Books like the *Victorian Readers* celebrated the Anzac legend with Bean's accounts of the AIF and the story of Gallipoli, and Simpson and his donkey. On Remembrance Day, students throughout the land would stand to attention at the sounds of the Last Post.

Closely related to this was the way in which education extolled such virtues as loyalty, mateship and the need for self-sacrifice. What we had achieved as a nation was something of which to be proud and the duty of all was to protect and defend our democratic way of life.

During the sixties and seventies a second, more socially critical approach to war developed in Australia's schools. The 'cultural-revolution' associated with Woodstock, Vietnam moratoriums and 'flower-power' led to a situation where teachers and the curriculum concentrated on subjects like peace studies and the horror and futility of war.

One Victorian publication, *New Wave Geography*, described soldiers as 'harm workers'. Books like *All Quiet on the Western Front* were taught in an attempt to convince students that war was unjustified and that patriotism was 'the last refuge of a scoundrel'.

More recently, with Australia's so-called national curriculum in what used to be called social studies and the

Queensland syllabus entitled *Studies of Society and the Environment*, history is largely forgotten and students no longer learn about our war heroes or the deeds completed to keep the nation safe.

As argued by an editorial in the *Courier-Mail*, the approach associated with the Queensland syllabus represents a 'left-pacifist' view of war, and readers can search in vain for anything about the bravery and honour that come from defending one's country.

Instead of Monash, students are more likely to learn about Chairman Mao or Ho Chi Minh. Instead of spending on defence, students are taught

One Victorian publication, New Wave Geography, described soldiers as 'harm workers'

about the cost of global warming, holes in the ozone layer and the need to spend more on the environment, reconciliation, etc.

Forgotten is that the most effective way to preserve security and peace is to have a strong deterrent. The reality, so graphically demonstrated by events in East Timor, Fiji and the Solomon Islands, is that peace can only be protected by vigilance and the threat of superior force.

Thankfully, some recent events suggest that the pendulum is swinging back to a more balanced view of defence.

First, as part of its civics and citizenship project, Discovering Democracy, the Federal Government released

The Australian Readers. The Readers include stories about heroes like Weary Dunlop, Nancy Wake and Albert Facey. Such lives tell students about the courage and compassion that enable people to survive even the harshest and most brutal conditions.

Second, community-based programmes like the Victorian Youth Development Program (VYDP) have grown in popularity around the nation. These programmes involve students working with organizations like the Air Cadets, Special Emergency Services and the Country Fire Brigade and involve weekend camps and community self-help projects, and teach young Australians the importance of working together in a disciplined environment.

Finally, young Australians are demonstrating their pride in Australia's war heritage and are happy to acknowledge, and participate in, our military rituals. Whether it is backpackers at Anzac Cove or the thousands who now attend the Dawn Service, the fact is that many students are voting with their feet in order to honour those who have gone before.

As stated by Wellington, 'The battle of Waterloo was won on the playing fields of Eton'. In part, he meant that education has a vital role to play in nation-building and passing on values such as bravery, personal responsibility and love of one's country.

More significantly, the Australian Defence Force will only be properly resourced in manpower and money if young Australians see the need for a strong, viable and effective deterrent. For this, we need an education system that deals with defence in a balanced and fair way.

Dr Kevin Donnelly is Director of a Melbourne-based consulting group, Education Strategies. This article is based on a speech given at a Defence Symposium organized by the Australian Defence Academy.

I P A

REVIEW

Letter from London

JOHN NURICK

The Joy of European Integration; the Gloom of Health Service Reform

This summer's holiday was what was once called a motor tour on the Continent. We took the Newhaven-Dieppe ferry and then drove through France to Monaco, on into Italy, and back through Switzerland and France—3500 km in two weeks.

Three cheers for European integration! There was no paperwork for the car: my UK insurance policy and driving licence are valid throughout the European Union and in half a dozen other countries. Ferry trips aside, no-one looked at our passports. The only time we even had to stop at a frontier was on the way into Switzerland from Italy, and that was just to pay the motorway tax (about \$80, for which you get a windshield sticker valid for a year). The tax collector saw that we didn't have a sticker and flagged us down, ready to do business in five languages and six currencies. That apart, frontier crossings were like crossing State borders in Australia—without having to place fresh fruit in the bins provided.

On the way back, we stopped at a hypermarket to fill the car with cheap drink. The British government taxes drink and tobacco at far higher rates than the French and Belgians, but under the rules of the European single market it has to allow you to bring as much as you like back with you provided it's for your personal use. I bought a couple of hundred bottles of lager and a few cases of wine for a third of the price in Britain.



A huge amount of beer and tobacco is imported this way, often by organized gangs who later sell it illegally. The government seems unwilling either to cut the 'sin' taxes on alcohol and tobacco or to employ more Customs officers to crack down on the smuggling.

Back home, Tony Blair finally unveiled Labour's plan for what he rightly called 'the chronic system failures' of the National Health Service. The overall spending plans had already been given in the Budget in March: over the next five years, 'real-terms' spending is to increase by approximately a third. The day before the 1997 election, Mr Blair told us we had '24 hours to save the NHS'. Three years later, what's the prescription? Believe it or not, 'a panel of celebrity chefs to advise on improving hospital food'.

OK, I admit that's not all there is in the plan, but it does rather catch the deeply depressing flavour of it. The NHS currently serves about 300 million meals a year—often unsuitable for the people they are served to, often barely fit for pig-swill. The cost per meal is £1.66 (\$4.15)—less than a tenth what celebrity chefs charge. As well as the celebrity panel, Labour proposes 'a 24-hour NHS catering service', with 'ward

housekeepers' to ensure that patients actually get meals they can eat. Since the budget for all this is £10 million—a 2 per cent increase—the one thing that's certain is that if there's any improvement, it won't be a dramatic one.

And that is true of the entire package. There are no truly radical changes. For better or worse, the NHS will remain the last great nationalized industry. In fact, the plan will actually increase the degree of state control by reducing the power of hospital consultants and the self-regulating professional bodies (about time too, many people will say). Rather than give people real 'consumer' power, it will give them PALS, a 'patient advocacy and liaison service' with a branch in every hospital. It also promises—in the sweet by-and-by—'a personal bedside TV and telephone for every patient'.

That said, there are some good things. Demarcations within and between the health professions—little changed for a century—are no longer sacred. Crucially, the plan envisages much closer co-operation with the private healthcare sector, including routine treatment of NHS patients in private facilities (at no charge to the patient). The rest of the plan can do no more than postpone the next NHS crisis for an election or two, but the 'concordat' with the private sector may in time just be the seed of something more lasting—though I don't think Mr Blair sees it that way.

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

IPA

Letter on America

NIGEL ASHFORD

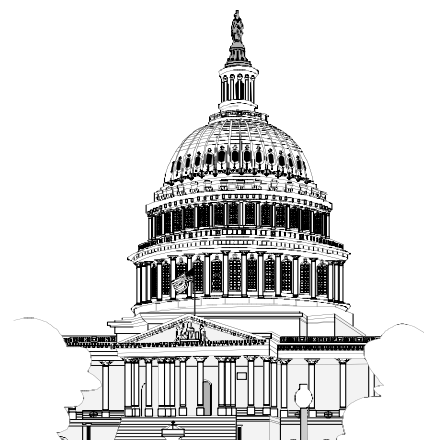
Party Conventions: Substance over Style?

Style and no substance. Visual images and no concrete policies. All fuzzy warmth, no hard decisions. This is the image presented by the mass media of national party conventions in the USA. The journalists complain that there is nothing to report, some refusing to attend.

Amid the hoopla and the photo-ops, there was, in fact, considerable substance in terms of policies and programmes. The media is too lazy, incompetent or unimaginative to find ways to convey policy debates to a mass audience. They suggest that there is little difference between the Republican and Democratic parties or their standard bearers, George W. Bush and Al Gore. Yet all around them, if they looked, were policies galore.

I attended the Republican convention in Philadelphia in August as a Faculty Fellow in a programme run by the Washington Center in which 200 students studied and interned at the convention in order to gain knowledge and experience of this event. Most commented on the contrast between the picture of the convention conveyed by the media and their own personal experiences. They enjoyed the parties, the singers and dancers, the celebrities and the nationally prominent politicians, but they could also see that policies were being presented that could have a significant impact on their lives.

One source for this was Bush's acceptance speech. Much of it was directed at demonstrating his character as a compassionate conservative who sought to spread the American Dream to all Americans, to tear down the wall between wealth, technology, education and ambition on the one side and



poverty, prisons, addiction and despair on the other. But he also made a series of very specific policy proposals:

- The option for workers to invest part of their payroll taxes in the stock market, providing higher returns, and creating a property right in that investment.
- Accountability for federal dollars spent on low-performing schools, with the possibility of converting those dollars into vouchers for parents to send children to the school of their choice.
- Abolition of the estate (or death) tax, a maximum one-third in federal taxes for any individual, a reduction on the lowest rate of income tax from 15 per cent to 10 per cent and doubling of the child tax credit.
- Better equipment, better training and better pay for the armed services.
- The deployment of missile defences against rogue states.
- Tax credits for low-income Americans to buy private health insurance.
- Help for low-income families to buy their homes.
- Tax incentives to donate to charity.
- Promoting adoption, parental notification of abortion and a ban on partial birth abortions.

If these commitments were considered too vague, the media could have examined the detail in a book of policy

addresses by Bush called *Renewing America's Purpose*. Every speech was followed by a detailed policy paper. Topics covered were education, civil society, social security, Medicare, the economy, environment, entrepreneurship, governmental reform and foreign and defence policy. Most of the over 100 policy commitments are quite specific. Examples include investing \$5 billion over five years to conquer illiteracy; eliminating barriers to federal government support for faith-based programmes; tax deductibility for long-term health care; biennial budgeting; and reviewing overseas deployments in Kosovo and Bosnia. Hundreds of free copies were available for the media. But at the end of the convention week, most of the copies were lying on the table, uncollected and unread. It was also available on the Website: www.georgewbush.com.

Many of the policies I applaud; some I firmly oppose; and on some I remain unconvinced. The Bush agenda is not one directed at substantially increasing freedom for Americans and the other inhabitants of the globe, which is my criterion for evaluation. A Bush Administration, however, would be one based on principles, policies and programmes, and these are available for all to see and hear and read and discuss. The media would prefer to present a different picture: that elections are about personalities and only they are the true guardians of the public interest. Fortunately, in the new world of the Internet, the public is no longer dependent on the media gatekeepers who used to decide what we could and could not know, and should and should not believe.

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I P A

REVIEW

Compiled by IPA staff, columnists and consultants ...

LATEST RIGHTS

After a Schneiders Hot Dog promotion machine (the Blaster, intended to shoot free frankfurts into the stands at Toronto's SkyDome during baseball games) went awry in April, chopping up the frankfurts and spraying fragments on fans, a vegetarian spectator told Alberta's *National Post* newspaper that she would sue if she got spritzed. 'What if I had my mouth open and a piece of hot dog landed in my mouth?'

You would just be unlucky?

In May, according to Toronto's *Globe and Mail*, the Quebec Supreme Court and Quebec's Administrative Tribunal ruled that Alain Desbiens had the right to have his tattoo removed at government expense in that the tattoo adversely affects his psychological well-being. The estimated cost to Canadian taxpayers of erasing the blue-and-grey caricature of a death's head above his right bicep was estimated at \$2,000 to \$3,000.

Taxpayer beware is clearly much stronger than *caveat emptor* nowadays.

According to an April *Seattle Times* report, the Great Ape Legal Project, headed by a Seattle lawyer, is moving toward a goal of demonstrating, within the next decade, that chimpanzees should have some of the same legal rights as humans (beyond being mere property), according to the *Times*, 'to [becoming] people with rights to life and liberty and perhaps even the pursuit of happiness'. Though it would be possible for a chimp to sue his guardian, a reassuring spokesperson said that animals such as cockroaches and ants 'will never be eligible for any kind of rights'.

That makes us all feel so much better, of course.

Felicia Vitale, 41, told New York reporters in February that she would sue the New York Police Department for wrongly arresting her after she walked away from a sting operation at Staten Island Mall carrying a planted purse containing \$2. She admitted that the purse did not belong to her but denied she intended to steal it and pointed out that she suffers from obsessive-compulsive disorder and thus must go through a list of tasks in rigid order every day and that she simply had many other things to do before she got around to returning the purse.

Surely expecting accurate psychiatric diagnosis is a little excessive a requirement for arresting officers.

COCAINE 'ON ALMOST ALL BANKNOTES IN LONDON'

An item in *The Daily Telegraph* (4 October 1999) reported that more than 99 per cent of banknotes in London are tainted with cocaine, according to a survey.

More than 500 notes in all four denominations—£5, £10, £20 and £50—were examined. Only four of those tested by Mass Spec Analytical, based in Bristol, showed no trace of the drug.

One in 20 showed high levels, indicating that the notes, supplied by the Bank of England's Returned Notes centre in Loughton, Essex, had been handled by dealers or used to 'snort' the drug. It is believed that one of the reasons that so many notes show traces of the drug is because it is transmitted from note to note either by bank sorting machines or dealers hand-counting notes.

BBC Newsroom South East, which carried out the investigation, also revealed that the drug has plummeted in price from £80 a gram to £40 a gram.

Puts the idea of tainted money into a whole new context.

AIRLINE TICKETS TO BE TESTED FOR DRUGS

A later article (27 March 2000) by *Daily Telegraph* correspondent Jon Hibbs reported on a suggestion that airline passengers arriving in Britain could have their boarding passes checked for traces of illegal drugs. Trials were to be organized of the machine which can check for heroin, cocaine, cannabis and ecstasy. Now that would provide an interesting extra danger for the unwary passenger!

THE COUNTRYSIDE AS THEME PARK

While many country Australians no doubt suspect that their city cousins view the country as a theme park, either as a pleasant place to holiday—'look Ma!, I can see a cow; no dear, that's a sheep'—or something to act out their environmental fantasies—wicked woodchoppers—or their indigenous rights vanities, the US has provided, yet again, a glimpse of the future. (As John Kenneth Galbraith said, a benefit of living on the same planet as the US is you know what is going to happen to you 20 years in advance.) According to *The Age* (8 August 2000) city people in Colorado complained that country weekends were being ruined by farm noises and smells. So the State legislature passed a law setting up fines of up to A\$900 for having animals that so offend.

And you thought the tale about the US State legislature which passed a law declaring the value of pi to be 3.0 was just a joke!

IPA

Summaries and excerpts from interesting reports

MONEY DOESN'T ENSURE GOOD EDUCATION

A Cato Policy Analysis on Kansas City's efforts shows that there is a lot more to providing a good education than expenditure levels:

For decades critics of the public schools have been saying, 'You can't solve educational problems by throwing money at them'. The education establishment and its supporters have replied, 'No-one's ever tried.' In Kansas City they did try. To improve the education of black students and encourage desegregation, a federal judge invited the Kansas City, Missouri, School District to come up with a cost-is-no-object educational plan and ordered local and State taxpayers to find the money to pay for it. Kansas City spent as much as \$11,700 per pupil—more money per pupil, on a cost-of-living-adjusted basis, than any other of the 280 largest districts in the country. The money bought higher teachers' salaries, 15 new schools, and such amenities as an Olympic-sized swimming pool with an underwater viewing room, television and animation studios, a robotics lab, a 25-acre wildlife sanctuary, a zoo, a model United Nations with simultaneous translation capability, and field trips to Mexico and Senegal. The student-teacher ratio was 12 or 13 to 1, the lowest of any major school district in the country. The results were dismal. Test scores did not rise; the black-white gap did not diminish; and there was less, not greater, integration. The Kansas City experiment suggests that, indeed, educational problems can't be solved by throwing money at them, that the structural problems of [public] educational systems are far more important than a lack of material resources, and that the focus on desegregation

diverted attention from the real problem: low achievement.

Source: (<http://www.cato.org/pubs/pas/pa-298.html>)

DAMN THOSE KANGAROOS!

The reuse of some object-oriented computer code has caused tactical headaches for Australia's armed forces. As virtual reality simulators assume larger roles in helicopter combat training, programmers have gone to great lengths to increase the realism of their scenarios, including detailed landscapes and, in the case of the Northern Territory's Operation Phoenix, herds of kangaroos (since disturbed animals might well give away a helicopter's position).

The head of the Defence Science and Technology Organization's Land Operations/Simulation division reportedly instructed developers to model the local marsupials' movements and reactions to helicopters.

Being efficient programmers, they just re-appropriated some code originally used to model infantry detachment reactions under the same stimuli, changed the mapped icon from a soldier to a kangaroo, and increased the figures' speed of movement.

Eager to demonstrate their flying skills for some visiting American pilots, the hotshot Aussies 'buzzed' the virtual kangaroos in low flight during a simulation. The kangaroos scattered, as predicted, and the visiting Americans nodded appreciatively ... then did a double-take as the kangaroos reappeared from behind a hill and launched a barrage of Stinger missiles at the hapless helicopter. (Apparently the programmers had forgotten to remove that part of the infantry coding.)

The lesson? Objects are defined with certain attributes, and any new object defined in terms of an old one inherits all the attributes. The embarrassed programmers had learned to be careful when reusing object-oriented code, and the Yanks left with a newfound respect for Australian wildlife.

Simulator supervisors report that pilots from that point onward have strictly avoided kangaroos, just as they were meant to.

Source: From 15 June 1999 Defence Science and Technology Organization Lecture Series, Melbourne, Australia, and staff reports

THE HUMAN COST OF GREEN IMPERIALISM

The US State Department, the World Bank and other aid organizations have often made aid to developing countries contingent on the creation of national parks. These efforts to protect wild lands have come at considerable human cost, say anthropologists.

- Environmentalists have succeeded in protecting an area altogether the size of China, the United States and Canada.
- Approximately 70 per cent of the protected areas are inhabited by *Homo sapiens* as well as other species.
- Between 1986 and 1996, about three million people were forced to move as a result of development and conservation projects, according to World Bank statistics.
- Many of these were extremely poor indigenous people.
- The world's first national park, Yellowstone, specifically excluded people from living there—and after the creation of the park in 1871, some 300 Shoshone residents were killed in conflicts with the Army.

- In Africa, the establishment of big game parks in Kenya and Tanzania involved mass expulsion of the Masai people.
- In Madagascar, rain forest villagers were forced to leave nature preserves in the 1940s—and 20,000 were killed in conflicts with colonial authorities.

Expulsions have continued at big parks in Kenya, Botswana, Indonesia and Sri Lanka, says Marcus Colchester of the Rain Forest People's Program, and in enlarging Kaieteur National Park, Guyana recently extinguished the rights of local residents.

But environmentalists say that they now recognize that local cooperation is essential. For instance, Nepal recently reversed its policy of preventing local residents from entering the forest: now they have certain weeks to collect grasses and plants for baskets and building materials, as long as they don't use mechanized tools.

Source: Alexander Stille, 'In the "Greened" World, It Isn't Easy to Be Human', *New York Times*, 15 July 2000.

IMPROVING LIVING STANDARDS BENEFIT THE POOR MOST

The twentieth century was an era of rising living standards for Americans, and the benefits weren't all economic. People spent less and less time working to support themselves and their families, and more and more time at play. Health and life expectancies improved dramatically. And those who have benefited most are—the poor. Such are the findings of University of Chicago Nobel Prize-winning economic historian Robert W. Fogel in his new book, *The Fourth Great Awakening and the Future of Egalitarianism* (University of Chicago Press). Fogel writes, 'In every measure we have

bearing on the standard of living, such as real income, homelessness, life expectancy and height, gains of the lower classes have been far greater than those experienced by the population as a whole, whose overall standard of living has also improved'.

Here are some of his findings:

- In 1880, covering the typical household's annual food bills cost 1,405 hours of labour—whereas a year's worth of food now costs a mere 260 hours of labour.
- This has helped allow the free time of a typical working man to triple over the last century—and he now spends more time at leisure than at work.
- Life expectancy has increased by 10 years since just 1950.
- The age at which chronic problems such as heart disease and arthritis set in keeps occurring later, and those ailments are less debilitating.

Fogel argues that to solve the puzzle of rising inequality one must look at how individuals chose to use their free time. Researcher Chulhee Lee, an associate of Fogel, reports that variations in how heads of households and their spouses worked accounted for 54 per cent of the rise in the spread between the highest 10 per cent of household incomes and the lowest 10 per cent. Changing wages, by contrast, accounted for less than 6 per cent of the increase in the gap.

Source: Virginia Postrel (*Reason* magazine), 'The Rich May Get Richer, But Numbers Suggest the Poor Are Doing Better, Too', *New York Times*, 10 August 2000.

ENVIRONMENTAL REGULATIONS PLAYED ROLE IN NEW MEXICO FIRES

Aside from the fact that the National Park Service set the fire which de-

stroyed 47,000 acres of New Mexico forests, restrictions designed to protect the environment made the disaster a certainty, experts report.

- While Interior Secretary Bruce Babbitt blamed the forests for being 'too thick' and explained that the reason is that 'fire has been excluded for 100 years and there's too much fuel in the forests, too many trees', analysts questioned what the National Park Service and the US Forest Service had been doing for 100 years while those trees were busy reproducing.
- New environmental mandates which restrict timber harvests—and even forbid salvaging trees blown to the ground—virtually assure such catastrophes, even as sawmills in the West are shutting down and loggers are being laid off.
- At one time, the Forest Service used herbicides to kill undergrowth and then burned it—but that practice was stopped, according to a 1999 General Accounting Office report, out of fears for water quality and upsetting the habitat of the northern spotted owl.
- The GAO report said that several officials and experts 'believe that emissions from controlled fires ... would violate federal air quality standards under the Clean Air Act'.

So the Forest Service is having to plead with the Environmental Protection Agency, which administers the Clean Air Act, not to put sanctions on it if it sets controlled fires.

Meanwhile, it has been estimated that the Los Alamos fire released carbon monoxide equivalent to that of 540 million cars idling for one hour.

Source: Kenneth Smith, 'Park Destruction Service', *Washington Times*, 25 May 2000.

IP A

Book Reviews

NGO Legitimacy

Gary Johns reviews

NGO Rights and Responsibilities: A New Deal for Global Governance

by Michael Edwards

The Foreign Policy Centre in association with The National Council for Voluntary Organisations, UK, 2000, 37 pages

Michael Edwards, Director of the Ford Foundation's Governance and Civil Society Unit, and formerly of the World Bank and The Save The Children Fund, proposes a 'new deal' between government and non-government organizations in global governance. The deal is a parallel parliament of 'civil society chambers' standing alongside the UN Assembly, the WTO and the boards of the World Bank and the IMF. He asserts, 'while NGOs cannot and should not be expected to take the place of governments, they *will* have a voice in world affairs'. The chambers are to be their voice.

Why a new deal? Edwards observes that NGOs are increasingly under attack as being 'self-selected, unaccountable and poorly rooted in society'. Governments and corporations question their legitimacy in debates on global development. Within the sector, Third World NGOs are at times highly critical of their Western big brothers. He notes the criticism is a considerable challenge to NGOs because, 'humility doesn't come easy to organisations that have been used to occupying the moral high ground.'

Further fault lies in their tendency to be ruled by fashion and sensation, and in campaigns to trade off rigour for speed and profile. He is also

aware that 'although civil society is often seen as the key to future progressive politics, the civic arena contains many different interests and agendas, some of which are decidedly non-progressive'. The US National Rifle Association has consultative status with the UN!

These honest admissions are an important start to a new deal. Edwards argues that the increased prominence of NGOs in world affairs has occurred because the 'Washing-

Edwards observes that NGOs are increasingly under attack as being 'self-selected, unaccountable and poorly rooted in society'

ton Consensus'—the belief that free markets and liberal democracy provide a universal recipe for growth and poverty-reduction—has declined. He also notes that governments and international institutions involve NGOs because it is cost-effective public relations and that 'few people now trust governments alone to represent the views of every interest in society'. While the rise of NGO strength and the decline in public confidence in the democratic process are real, the assumption that trust now resides in NGOs is highly questionable and decidedly self-serving. It is just as valid to argue that the decline in public trust in democratic and international institutions alike

are a result of criticism from NGOs. For example, institutions don't open their doors to NGOs, *ergo* they lack accountability.

Excusing, for the purposes of review, the circuitous rationale for NGO growth, Edwards's new deal is based on two assumptions. First, that the world is not headed for global government, rather a patchwork of agreements between governments, corporations and citizens' groups at different levels. Second, that there should be a way to harness the NGO voice in more responsible and constructive ways. These are an admission that NGOs are suffering a crisis of legitimacy in international governance. Edwards is aware of the tenuous rationale for the involvement of NGOs in global governance, so he sets out to find something a little stronger.

He suggests three grounds for legitimacy:

- A voice, not a vote.
- Minimum standards for NGO integrity and performance.
- A level playing field for NGO involvement.

Edwards recognizes that NGOs cannot claim to represent the whole of civil society, but they can give voice to a wide range of opinion. He observes, 'there is no such thing as a common set of civic interests that cross national borders, still less a global civil society with uniform goals and values.' In the second, he proposes a trade-off: NGO participation in return for transparency and accountability of NGOs. In the third, NGOs from developing countries are to be given a helping hand so that their voices may be heard.

The democratic route to legitimacy is through representation. NGOs will find this very difficult. Another is to add valuable knowledge and skills to the debate. Some NGOs can claim this, particularly

where they perform a service. The answer lies in what they have to offer, not who they represent. Edwards' is an honest and brave account of the legitimacy problems of NGOs in the international arena. We may differ as to the nature of the problem and its solutions, but as they say at the Olympics, let the debate begin!

Gary Johns is a Senior Fellow with the IPA and leader of the IPA's NGO Project.

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Heroic and Inspiring

Hal Colebatch reviews

All in My Stride,

*John Gilmour's Story:
Changi to World Champion*

by Richard Harris

Hesperian Books, Perth, 1999, \$20.00

All in My Stride, the story of veteran runner John Gilmour, as told by well-known WA journalist Richard Harris and published by Perth's Hesperian Press, is a truly inspiring book. It is one of those handful of books that every Australian should read.

For me, it completely eclipses the much-praised *A Fortunate Life* as a great Australian story of the triumph of the human spirit over odds. Read it, and you will have a great deal of trouble feeling sorry for yourself again.

Harris has told Gilmour's story in the first person, and the book is the result of a close and happy co-operation between the two. It seems the best way to do his story justice since like many truly great men Gilmour is also very modest.

Born in Scotland in 1919, John Gilmour came to Western Australia as a child with his family in the Group Settlement scheme. His first years here were spent in a windowless tin hut at Rosa Glen in the South

West, where his family worked clearing a block with primitive, back-breaking toil. They eventually moved to the metropolitan area and he left school at 14.

Despite the Depression and all the limitations of life, Western Australia in the 1930s—and this is by no means the only book I have read which captures this feeling—seems to have had a lot of happiness. Gilmour was making a name for himself as an outstanding runner. He and his friends joined the Army Reserve and when the Second World War broke out he joined the 2/4 Machine Gun Battalion, fated to be captured at the fall of Singapore.

Of 976 men in the battalion, 400 were killed in action or died in Japanese hands. They had only a week's fighting, but enough to make the machine-gunners especially hated by the Japanese. Gilmour spent 15 months in Changi, and was then sent by sea, in an old ship under submarine attack, to work as a slave-labourer in Japan. By this time he was almost blind from malnutrition. He

*For me, it completely eclipses the much-praised **A Fortunate Life** as a great Australian story of the triumph of the human spirit over odds*

had seen many of his mates die from starvation and disease or tortured to death. Chinese who tried to help them were killed slowly with bayonets. 'Sometimes when we were marching to work we would see Chinese heads impaled on steel picket fences'. His eyes were covered with

styes and he had dysentery. To add to his mental strain and suffering, his brother was also a prisoner.

It seems typical of Gilmour's greatness of spirit that, amidst all the almost unimaginable horrors he lived through and describes, he goes out of his way to praise those Japanese who did treat prisoners humanely: 'He was tough but he looked after us', he says of one. Another was 'one of the most decent men I ever met'. He also mentions that crews of German warships based in Japan intervened to protect the Allied prisoners. Once he recalled waking after being tortured:

The 'hospital' was one room.

There were six of us patients lying on mats on the floor. I was in a lot of pain from a foul blow. But I was still alive and determined to return to Australia one day. I dreamed of how I would run barefoot through the pine forest at Melville but when I opened my eyes all I saw was a man with a fixed glass eye watching over me with sympathy and concern. It was 'Nelson', the Japanese guard with an artificial arm. He'd come to visit me. With his good hand he gave me a packet of cigarettes. I accepted them with thanks. Not that I ever planned to smoke them ... But the pack of cigarettes was worth half a bowl of sugar—maybe a small bowl of peanuts—and that's the kind of trading that enabled me to stay alive.

Meanwhile, prisoners working on the wharves were able to do their bit for the war effort by creatively sabotaging the cargoes they were unloading. Gilmour's proudest moment was to destroy, at incredible risk to himself, a major Tokyo Steel furnace by contriving to have a heavy naval shell loaded into it. The whole plant was wrecked. Weirdly, the only punishment for this was a slap across the face and 'We had to sign a paper saying we would never sabotage anything in Japan in future'. Gilmour was regarded as a 'yoroshi' (good) worker and apparently the Japanese

thought it was an accident. The prisoners were all very near death when the atom bombs ended the war.

Gilmour, who had begun the war as one of Australia's most promising young athletes, ended it a physical wreck, beaten, tortured, traumatized and permanently almost blind. He was helped off the ship at Fremantle weighing 41 kilograms. He was, he says, glad his eyes were so bad he couldn't see the look on his mother's face when she saw him.

The first part of the book is a tremendous story of survival. The second part is equally one of tremendous achievement. 'Not being able to see' as he put it, 'is definitely a handicap in running'. He resumed his athletic career while convalescing, against the advice of a doctor who told him: 'Your body has already suffered too much punishment'.

Gilmour says: 'Over the years I've had numerous falls, run into wire, torn the seat out of my shorts through misjudging a barbed-wire fence, but ... whenever I fell on my back I'd tell myself: "Get up, Gilmour. In no way is running a race going to defeat you after what you've been through."' He began serious competition running again in 1946, representing Western Australia in National Championships.

My time over the 15 miles that year was 1:28:36. As a veteran, 20 and 30 years later, I ran that distance four or five minutes faster ...

Gilmour proved not only one of our greatest sportsmen, but as a veteran he has proved an astonishing achiever and may be held up as an inspiration to veterans, to the blind, and to anybody capable of understanding heroism. He received the Order of Australia in 1979 and has a vast array of sporting awards, but, probably because he is a Western Australian, his recognition beyond the sporting area has been modest.

At the age of 60, Gilmour was putting up Olympic times and could have represented Australia at the Olympics. He celebrated his 60th

birthday in Hanover by winning every event at the World Games from the 800 metres through the marathon in 'a rampage unequalled

Gilmour, who had begun the war as one of Australia's most promising young athletes, ended it a physical wreck, beaten, tortured, traumatized and permanently almost blind

in the masters' track and field,' with new world records in four of five events. He took 19 seconds off the 1500 metre record, running it in 4 minutes 32 seconds, the first 60-year-old to break 4.50. As reporter John Woods wrote:

In the 5K your correspondent had the honour of being placed in the fast heat, and Gilmour just nipped him at the wire by two feet. Of course, your correspondent then completed the race by running two more laps!

He was, Woods commented, 'the most unobtrusive champion at the meet'.

Perhaps ironically, at the veterans' athletics in Japan in 1982, as Gilmour recounted it: 'the Japanese veterans seemed more intent on encouraging me than concentrating on their own performance ... after the race I was surrounded by Japanese men of my own age and older. They wanted me to autograph their program. Maybe I'd met some of them during the war'. As usual he won his age group for the event and the Japanese gave him 'a gold medal big as a frying pan'.

At the age of 80 he is still breaking International records, and one imagines that if he ever slows down it will simply be under the weight of medals and International awards he has won: 'I have yet to burn out. Burning out is in your mind through listening to others talking instead of your own body. You burn out when you're looking for an excuse ...'

This nearly blind old man still has what seems a young athlete's body, buoyed up by an utterly unquenchable spirit. If Gilmour's survival in the war is the first part of this book, and his athletic achievements the second, it is that great spirit that is the third part of it, uniting the rest of the story. Also—and perhaps this is the most important thing of all—it is the story of a good man, modest, unassuming, a devoted husband and father who has put a tremendous effort not only into his own sport but into helping people.

As he says here, 'I hope my story will encourage others'. Herb Elliott, in the foreword to this book, rightly says that his life is one that shows us how to deal with hardship and obstacles. As an indomitable inspiration, I think it is possible to see him in the same light as Douglas Bader.

My mother introduced me to John Gilmour when he and she were at the Hollywood Repatriation Hospital in the 1950s (since he could not see to drive, he worked there as a gardener), and while I have always followed his career with admiration, it needed this book to tell us—not only us in Perth—what a Man he is. Here is a real Australian hero for the world.

While this heroic story is Gilmour's, great credit must go to Richard Harris for having told it so well, and to Hesperian Press for having published a truly magnificent book, a classic and a tonic to read. Forget 'Chariots of Fire'. What a film this could make!

Hal Colebatch is a Perth writer.

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REVIEW