

analysis is the only available economic paradigm.

For those near to the analysis of events in Fiji, the book provides a useful background. Established analysts will find that it broadens and deepens their understanding, particularly with its novel approach of looking at ameliorating factors in conflict. For those familiar with the first edition of the book, the analysis of the 1987 coup will be of interest, as will be the comparison between the racial conflicts in Fiji and Sri Lanka.

Missing the Major Villains

*David Armstrong, Emeritus Professor of Philosophy at the University of Sydney, reviews **The Decline of the University** by Philip de Lacey and Gabriël Moens (Law Press, Tahmoor, 1990).*

This is a quite useful book for those who want to think and/or write about the present condition of the Australian universities, and to some extent other universities, all the more so because it includes a list of references and an index.

The function of a university is first considered: education, inquiry and professional training. Sections are devoted to, among others, Newman, Whitehead, Leonie Kramer, David Penington and Harry Gelber. A phrase from Whitehead stands out: 'uniting the young and the old in the imaginative consideration of learning'. Certainly study at a university should not be only vocational training. But just that Philistine view, it is shown, is upheld in Europe by the European Court of Justice at the urging of the European Community Commission.

The next topic is the university bureaucracy. All Australian academics know how much the ad-

ministrative burden has increased in the last few years as a result of federally-imposed centralisation. University administrations have tamely submitted to the demand that universities turn toward technological training and immediately useful research.

Some cases where academic freedom has been infringed are outlined. One case is the NSW Parliament's 1943 censure of Professor John Anderson after he made an outspoken attack on the place of religion in education. (But there is no consideration of Anderson's own views on academic freedom.) A more recent affair is that involving Professor Michael Levin, who was censured by his university, the City College of New York, for expressing the view (in the magazine *Quadrant*) that the average black is less intelligent than the average white. Here the authors omit the most disturbing incident. Continuing attempts have been made to prevent or circumscribe Levin's teaching an introductory course in logic, on the grounds that blacks in the class might feel that he was prejudiced against them.

The authors are opposed to legislation to protect academic freedom (as was introduced in England by the Thatcher Government in 1986). They offer a strong slippery-slope argument that such legislation would lead to a demand by secondary, primary and even pre-school teachers to teach just as they see fit. They do permit themselves the strange remark 'it could be argued that even the shouting down of controversial speakers, while regrettable, represents an exercise of "academic freedom"' (p.82). I hope that this is not their considered opinion.

The next topic considered is the absurd and counterproductive drive by Canberra to amalgamate universities with teachers' colleges and Colleges of Advanced Education. This is a long and effective chapter. The authors bring out very vividly how different and opposed the traditions and ways of working of the universities are from those of

the colleges — which makes amalgamation mere folly.

There follows an effective discussion of affirmative action in the field of sex ('gender' in newspeak). The authors detail the power of Equal Employment Opportunity bureaucrats on campus. The situation is both comic and somewhat sinister. Finally, the issue of age discrimination is taken up, mainly in a history of the attempt by the University of Wollongong to have one of the authors, de Lacey, retire at 60.

This book is less good than a number of its parts, because, I believe, the authors have failed to identify the major villains. These are the university staff. The main trouble with the Australian universities today is that they are for the most part funded, and as a result increasingly controlled, from a single central source. The staff, however, are quite unable to mount any effective opposition to this **because they are statist themselves**. Overwhelmingly, the staff belong to that political tradition that sees virtue and social improvement flowing from the state. They welcomed every increase in federal funding, from the 1957 Murray Report on. They welcomed the abolition of all student fees, despite — or secretly, perhaps, partly because of — the fact that these were largely a subsidy to the middle classes. They wanted the funding of the universities to come from a single central source. That, it was thought, was rational and democratic.

As with other arrangements in contemporary society, you get the goodies first and you pay later. Canberra has finally presented the universities with the bill. Vague protestations about academic freedom are heard, along with continuing loud demands for more central money. There is a last-minute and somewhat reluctant attempt to re-diversify sources of funding. But the fundamental problem for the universities is that, deep in their thinking and feeling, they have legitimised central control.

They were wrong to do so.

Universities function best when they have a large measure of the idiosyncratic, the traditional and the local. But contemporary university persons give allegiance to central power, which is inevitably hostile to such things. It is this, I submit, that 'puzzles the will'. Until this has been worked through, there is likely to be little prospect of arresting the decline of our universities.

The Scope of Spontaneous Order

Andrew Norton, a post-graduate student of politics at the Australian Defence Force Academy, reviews Order—With or Without Design? Selections from F.A. Hayek's Contribution to the Theory and Application of Spontaneous Orders compiled and introduced by Naomi Moldofsky, with a Comment by Sudha R. Shenoy (Centre for Research into Communist Economies, London, 1989)

Hayek distinguishes between two different types of order. The kind of order to be found in an organisation is primarily 'artificial' in that it is man-made to achieve particular purposes. 'Spontaneous' orders, in contrast, provide a framework for the activities of individuals and groups; expectations can be derived from them that are likely to be correct; but they are not the product of human design. Spontaneous orders do not serve *particular* purposes; rather, they provide an order within which many purposes can be served. For example, the law of contract provides a framework that facilitates the making of agreements, but does not itself specify the content of those agreements.

Order – With or Without Design? compiles extracts from

Hayek's works that develop the contrast between the two types of organisation, drawing out some of the implications that flow from it, especially for economic policy. It is these economic implications that Naomi Moldofsky, a former teacher of economics at the University of Melbourne, concentrates on in her introductory essay. Along with Hayek, she thinks that it is a serious error to regard national economies as analogous to organisations rather than spontaneous orders. Hayek argues that a national economy is not itself an organisation, but a 'network of many interlaced economies' (p.116). This he prefers to call a **catallaxy** so as to emphasise the distinction.

Hayek argues that attempts to treat national economies as organisations are doomed to failure, since the central planners can never possess all the knowledge required to manage the economy. This knowledge does not exist in a form that is accessible to them. As Moldofsky says, much of the knowledge on which economic life depends is 'practical knowledge, entailing skills and habits, and concerning concrete situations of time and place — that never exists in concentrated or integrated form; it is tacit knowledge of a strictly personal and inarticulable nature' (p.15). Moreover, this knowledge can change rapidly, as people vary their preferences according to altered tastes and different circumstances.

The spontaneous order of the market, in contrast, is able to gain access to this information. In Moldofsky's words, 'market competition facilitates the discovery of all those things which the central authorities have to decide about — prices, quantities, cheaper methods of production, who wants more of what, and who can supply it — and brings about, through market prices, a degree of coordination of divergent plans and actions' (p.18). By providing a framework for the coordination of transactions, parties are able to function in an orderly way with very little knowledge beyond

their own wants and needs. The spontaneous order of the market, then, can deal with complexity in a way unavailable to central planners.

Moldofsky puts these theories into context by examining the performance of the former Soviet Union's planned economy. Not surprisingly, this reveals that Hayek and his fellow members of the Austrian school of economics were correct in their belief that the Soviet system would be unable to facilitate rational economic calculation. She also critically examines *perestroika*, correctly foreseeing that as it preserved central planning it would not succeed in improving the Soviet economy.

Moldofsky's discussion of the Soviet Union is worthwhile as an illustration of a general theory, but I am not sure of its topicality in 1992. Very few serious defenders of central planning remain, and nobody at all doubts that there is an economic crisis in the republics of the former Soviet Union. The issues now are much more specific: precisely which alternatives are better, and how are they to be introduced? In her commentary Sudha Shenoy touches on the question of what needs to be done in Eastern Europe, but like Moldofsky she lacks the benefit of knowing about the events since late 1989.

More generally, I am not sure that an introduction to Hayek's theories on spontaneous order should have concentrated so heavily on the Soviet example. The debates over communist central planning were significant when there was a substantial body of opinion in the West sympathetic to it. However, on that front there is probably little left for the Hayekians to do but gloat. This is not to say, though, that Hayek's theories of spontaneous order lack contemporary relevance. His ideas on the information problems facing central planners are relevant to the critique of, for example, centralised wage fixing in Australia.

Further, it would be a mistake to leave readers with the impression that spontaneous order theory is