

all courses of action, including inaction, bear a cost. They constitute an interest group whose motive seems to be advancing an alternative establishment, untrammelled by professional scruples or the potential cost of its policy preferences.

The difficulty for Australia is not the tyranny of distance but the tyranny of small market size. In a small market competition is limited. Unreasonable views need fear little contradiction. Critical debate is restricted in scale and can become viciously personalised. Given modern communications, overseas commentators could now intervene in local debates, but even if they trouble to follow them they have little incentive to take part. The poisoned blossoms of economic irrationalism can bear fruit in the Antipodes without fear of much weed-killer.

All this is dealt with so calmly that I cannot shrug off the feeling that the local irrationalists are let off lightly. Coleman is more at home dissecting the biographies and theories of 18th and 19th century anti-economists. Mischievous and bizarre though their views usually were, they at least had the merit of attempting to put up highly academic refutations of thinkers like Smith or Ricardo. Modern commentary—emotive environmentalism and the like—does not escape being scathed by Coleman's pen but its know-nothing quality is more baffling to any serious-minded author.

On reflection, this book—and I cannot begin to do justice to it in one thousand words—might have been better split into two. There is a most valuable history of economic thought here that could well have stood alone. The refutation of modern nonsenses could have appeared as a popular

tract. A nice extra would be a third volume on the social pathology of the readership for anti-economics. But these are quibbles that should deter no one from reading Coleman's impressive work as it stands.

Reviewed by Eric Jones

Hard Heads, Soft Hearts: A New Reform Agenda for Australia

Edited by Peter Dawkins and Paul Kelly

Allen & Unwin, 2003,
233pp, \$24.95
ISBN 1 74114 021 8

Most sensible analysts accept that 20 years of reform by Commonwealth governments have helped make the Australian economy more competitive, and hence sustainable. Some commentators also believe that the reforms were responsible for growing levels of hardship. Their conclusion? The governments that implemented the reforms possessed both hard heads and hard hearts. Ergo, somewhere out there is a possible policy mix whose advocates possess both hard heads and soft hearts.

This thesis not only ascribes the hardships directly to the reforms; it also suggests that the governments deliberately set out to cause those hardships. Both propositions are at best arguable, as is the notion that levels of hardship in Australia over the last 20 years have been abnormal, by either historical standards or by international comparison.

Consequently, and as few would describe their own views as hard-hearted, use of the motto 'hard heads, soft hearts' by the

Melbourne Institute of Applied Economic and Social Research does little to distinguish it from other research institutions and faculties. Application of the motto to the book is similarly futile.

Not that the book is futile. Rather, it is little more—or less—than a snapshot of the state of economic debate in early 2000s Australia, an introduction to the thoughts of some of the main protagonists, and a signpost to further readings and research across a diverse range of policy areas.

The book documents a conference held in 2002 by the Melbourne Institute. The core of the text is based on excerpts from papers presented by around 70 delegates, most of whom are academics, senior public servants, politicians or interest group representatives.

The book includes contributions by a few internationally-renowned experts such as Dr Catherine Hakim, complementing the 'who's who' of local policy-shapers.

The excerpts are woven together by editors Paul Kelly of *The Australian* and Peter Dawkins, director of the Melbourne Institute. Kelly and Dawkins provide introductions and conclusions to the chapters. These mostly consist of a summary of views put forward by the delegates, and of the issues that need to be resolved. In the final chapter, Kelly and Dawkins re-state these summaries and reach the less than startling conclusions that joblessness is the number one problem and that more reform is



needed in most of the policy issues debated.

Few readers would complain that the volume's breadth of policy is too narrow. Taxation, population growth, employment, education, the environment, work and family, health and microeconomic reform are some of the topics on offer. Nor is the range of viewpoints presented narrow. For example, the chapter on the Kyoto protocol is debated by representatives of the Australian Conservation Foundation, BP Australasia, and two academics with opposite stances on the merits of ratification.

Unfortunately, the book's subtitle, 'a new reform agenda for Australia' is rendered redundant by a paucity of content that could be described as 'new'. Sure, there is an agenda of issues listed in the chapter titles. Anybody with a basic interest in current affairs could come up with a similar list. Nor do the conclusions offer a coherent alternative, other than recognition that policy proposals benefit from thorough research and careful implementation.

One important area not covered in the book is industry policy. Reform in this area has been glacial, with levels of protection in some sectors still high and with a raft of industry expenditure programmes providing hundreds of millions of dollars in taxpayer-funded largesse. These programmes contribute to a welfarist culture that impedes reform in some of the other areas considered in the book; therefore, some discussion of their merits would have been justified.

A frustrating feature of the book is that the contributors whose excerpts are included are listed in alphabetical order at the front of the book, but not in the index. To find the excerpt from a particular contributor, you have to

guess where it would appear using the chapter titles and thumbing through the chapter, or by guessing their topic and checking the index.

On a more positive note, there is a comprehensive reference list of books, journal articles and conference papers which allow the reader who wants more detail to follow up points of interest. This, and the reminder that many areas of policy continue to cry out for reform, make the volume worthwhile enough.

**Reviewed by
Peter Taft**

Terror and Liberalism

By Paul Berman

New York & London, Norton, 2003, 128pp, \$US21, ISBN 0 393 05775 5

Paul Berman's *Terror and Liberalism* is an important, readable and indeed fascinating book. It is a reflection on September 11 and on the run-up to the invasion of Iraq. But its concerns run much wider than this. Berman argues for the need to draw parallels between the phenomenon of radical Islamism and nihilistic revolutionaries and totalitarianism in the early and mid 20th century. On this basis, together with a study of the appeasement of Hitler, Berman develops an argument for engagement: military, intellectual and organisational. It is an American left-liberal's case for endorsing, and going beyond, George W. Bush. In the rest of this review, I will give an impression of Berman's argument. I will then suggest why, despite its verve and

sophistication, it should be judged both misleading and dangerous.

Berman starts with a discussion of totalitarianism. Here, he revives Norman Cohn's thesis, from his *Pursuit of the Millennium*, that mankind is sometimes overwhelmed by non-rational attractions for millenarian ideas with totalitarian aspects to them. These have characteristic motifs of an oppressed people subject to various conspiratorial Satanic forces, and of a movement and leader who will rescue them and institute a new realm of peace. Berman makes the obvious links between Hitler, Stalin and others of that period. He also discusses the glorification of violence and of suicide in some revolutionary writers. He then considers the influence of some of these ideas and movements upon Muslim countries, and offers a fascinating and quite detailed discussion of the Islamist writer, Sayyid Qutb.

Qutb was a leader of the Muslim Brotherhood in Egypt who composed, *inter alia*, a massive commentary on the Qur'an, while in jail. Berman's account of Qutb's work makes him out to be an interesting and original social analyst, who brought together Islamic and Western themes in a striking way. At the same time, Berman singles out for attention some themes, such as the unacceptability of a liberal separation of church and state, and a distinctive understanding of toleration, which are standard ideas within Islam, rather than anything distinctive to Qutb.

After some further discussion of the views of Qutb and of some other Islamists, their international influence and their links to terrorism, Berman discusses attitudes towards the Nazis in France by some people on the Left