

Rights Act of the ACT, which entered into force on 1 July 2004. Describing the ACT Bill of Rights as, 'a promising start,' Williams' proposed Bill of Rights is clearly influenced by the juxtaposition of the grand failures of the past with the success of the more, 'modest and incremental', ACT approach.

The Bill of Rights proposed by Williams is a hybrid which incorporates elements of the Bills of Rights adopted in Canada, the United Kingdom and New Zealand. The key features of the proposed Bill of Rights are that it would be a legislative act of the Commonwealth Parliament, rather than a constitutional amendment made directly by the Australian people; it would provide for courts to strike down legislation inconsistent with the rights protected, but only in the last resort if inconsistency could not be avoided; and would militate against concerns of judicial dominance by providing for explicit legislative power to override its provisions if Parliament considered it necessary to do so.

Williams illustrates why these are natural choices for the Australian context, sensitive to our constitutional arrangements and experiences. The proposal for a legislative Bill of Rights is an openly pragmatic one, adopted in light of the history of unsuccessful attempts at a constitutional Bill of Rights. The proposed judicial power of declaring legislation invalid in the event of unavoidable inconsistency represents a role not greatly different to the role the High Court has performed in constitutional interpretation for over a century. The proposed legislative power of overriding the Bill of Rights when considered necessary to do so is a strong protection against judicial abuse of the power of invalidation and ensures that power ultimately remains in the hands of the elected representatives of the people.



The book discusses a series of headline injustices, including the imprisonment of a 21 year old for one year for the theft of cordial and biscuits valued at \$23 under the mandatory sentencing legislation in the Northern Territory. There is a risk that mainstream opinion will not be moved by the example of injustices which are committed primarily against minority groups. One answer to this was suggested by Thomas Paine, who declared that:

He that would make his own liberty secure must guard even his enemy from oppression; for if he violates this duty he establishes a precedent that will reach to himself.

In the concluding passages of his book, Williams makes a broader argument which links back to the earlier theme about the potential for a Bill of Rights to improve the quality of domestic

political debate, pointing out that, 'the most important contribution a Bill of Rights can make is not the benefit it brings to the small number of people who succeed in invoking rights in court.' The true benefit lies in the capacity of a Bill of Rights to contribute to an effective framework within which society as a whole can resolve human rights issues which impact on the underlying principles of our liberal democratic society.

In the end, a Bill of Rights must be the product of a determination by the Australian people to protect those human rights which are fundamental to our society. In this book, which has the capacity to make an important contribution toward broader community understanding of the issues involved, George Williams presents a strong case for an Australian Bill of Rights.

Reviewed by Matthew Stubbs

Finishing the Job: Real-World Policy Solutions in Health, Housing, Education and Transport

by Joshua Gans and Stephen King
Melbourne, Melbourne University Press, 2004
142pp, \$29.95
ISBN 0 522 85146 0

The Howard Government's re-election has raised expectations of a renewed focus on economic reform. It is therefore timely that Joshua Gans and Stephen King, two well-known Australian microeconomists, have written a book that develops policy proposals for housing, health, education and transport, which are all sectors that could benefit from reform.

The authors make a number of worthy points. Funding of health and education services can and should be separated from management and provision. The first homebuyers' grant is a waste of money. Parents should have greater freedom in school choice. Congestion charging for roads would promote more efficient urban transport decisions. While hardly novel, most market-minded reformers would readily agree with these propositions.

It is at the next level of detail, where problems and policies are explained, that the book begins to trouble even sympathetic readers.

For example, the chapter on housing proposes a 'housing lifeline' to provide modest loans in cases where *average* household income is sufficient to meet housing costs, but the household *sometimes* lacks funds to meet rent or mortgage commitments. Amounts borrowed could be repaid on an income-contingent HECS-style basis.

Yet the reader is left wondering how it would be possible to limit the lifeline to those who fit Gans and King's criteria. Almost all those who are long-term unemployed once had a job, so it is unclear how the Government could reliably distinguish

between recently-unemployed people who were undergoing short-term housing stress and those that would have longer-term problems. Moreover, even if such a distinction could be made, it is unlikely that there is a market failure in the provision of short-term credit to such people, given the easy availability of credit cards, some with initial low interest rate periods.

The strong impression given by the housing chapter is that Gans and King have sought to use a novel extension of the HECS idea to solve a problem that does not need solving.

The key proposal from the health chapter is for public insurance (Medicare) to cover a basic level of care at whichever hospital—public or private—can provide the service at the best price, with no ability for any hospital to levy additional charges for the ‘basic’ service. Meanwhile, private insurance would only cover ‘procedures or services not covered by public insurance’, thereby becoming a supplement to, rather than a substitute for, public insurance.

The question this raises in the reader’s mind is what is the ‘basic service’ and by implication, what is privately insurable? Is choice of doctor or private room an ‘additional service’? What about ‘queue-jumping’ for elective surgery?

The book is by no means clear on the answers to these questions. If the answers were yes, Gans and King’s proposal would effectively result in a hospital voucher scheme, where patients would be free to add to the Government’s subsidy to seek better or more prompt service. This could be a worthwhile change, but it would be likely to result in more ‘queue-jumping’ than presently occurs, with implications for equity and the universal service principle. The

authors do not address or acknowledge these issues.

On the other hand, if private insurance only covered services that were not provided by Medicare *at all*, it would be limited to current ancillary treatments (dental, physiotherapy, psychology, etc), cosmetic surgery and fertility treatments. The result would be a health system much closer to the British National Health Service.

The authors provide little empirical support for their analysis. For example, they suggest that the key problem with the current health system is that high-risk individuals (the ‘old sick’) who buy private insurance cross-subsidise the public health services provided to low-risk individuals (the ‘young well’). Given the still largely intact policy of community rating for private health insurance—which itself is never questioned—this assertion requires data to justify.

The authors also claim the current system is inequitable, because it allows the ‘young rich’ to receive the same public health benefits as the poor. However, given that individuals earning more than \$50,000 per annum without private health insurance are subject to the 1% Medicare surcharge on gross income, this claim also appears unsubstantiated.

The education chapter also suffers from confusing explanation. While the discussion on the conventional reasons for government intervention in education is helpful, the authors claim that these conventional reasons do not explain the level and type of intervention we observe. Rather, governments intervene because education is a ‘club good’, a good that is most efficiently provided to a group. However, they go on to say that markets tend to provide fairly efficient levels of club goods, making the reader question the analytical value of the five pages devoted to this concept.

Gans and King’s main education proposal is for a modified school voucher scheme, where the Government provides a ‘differential allowance’ for each child’s tuition based on family income that does

not discriminate between public and private schools. Schools could choose to charge fees higher than the basic allowance and parents would be able to supplement the allowance through ‘top-up’ fees, which could also be ‘taxed’ by the Government to meet equity objectives.

While this proposal would improve the transparency of education funding, it would be likely to entrench anti-work incentives, an issue that has recently received much attention in the welfare reform debate. A parent considering working more to spend on her child’s education is taxed once on income earned, effectively a second time through the provision of a differential per-student allowance (based on family income) and a third time by the tax on top-up fees. In the health chapter, the authors argue persuasively that ‘the use of the health insurance system as an income redistribution device is bad economics’ and that assistance to the poor should instead be provided transparently. However, they do not apply this commendable approach to their own education proposal.

Incidentally, the housing lifeline is another proposal that could reduce incentives to work.

Finally, while the transport chapter usefully points out that road congestion has costs that should be priced, it makes some proposals that appear to be based on questionable analysis. Gans and King suggest that public transport fares should be set below marginal passenger costs to reflect the ‘external benefits’ of public transport, such as reducing road congestion and pollution. But if congestion is priced through the proposed congestion charge and petrol is taxed sufficiently to reflect pollution costs (as it may already be), such benefits will *already* be internalised by commuters and further subsidisation of public transport would be unnecessary and inefficient.

Data should also have been provided to support the proposition that current public transport fares are ‘well above’ marginal cost.



On balance, implementing Gans and King's proposals would probably incrementally improve on the status quo in the sectors they consider. However, the authors could have taken greater care in developing and explaining their ideas and could certainly have suggested bolder reforms.

Reviewed by Rajat Sood

The Geopolitics of East Asia: The Search for Equilibrium
by **Robyn Lim**
Routledge, London, 2003
198 pp, \$89.00
ISBN 0 415297 176

Professor Robyn Lim, an Australian, holds the chair in international relations at Nanzan University in Japan. Prior to this she held posts with the Office of National Assessments, the Department of Prime Minister and Cabinet, and the Department of Foreign Affairs and Trade and at various Australian and South-East Asian universities.

In a time of strategic flux and the relative decline of ideology as a major cause of strategic friction, *The Geopolitics of East Asia*, and the message of its subtitle, provide a timely reminder of the geo-strategic tectonic plates underlying the East Asian region irrespective of the ideologies, personalities or diplomatic fads of any particular time.

The book's thesis is that the geopolitics of East Asia has several underlying themes of geostrategic continuity underwritten by geography, economics, culture and the continual search for strategic balance between the great powers since the 17th century. A key argument deployed is that there is an East Asian

quadrilateral comprising Russia, China, Japan and the United States, and that the tensions between them result from the quest for equilibrium irrespective of their comparative strengths or the ideologies governing each one at any particular juncture.

This is a daunting task in a book the publishers specified must come in under 80,000 words. Professor Lim accomplishes her aim with an introductory essay, five historical chapters, a chapter covering contemporary issues and a conclusion. All include the broad perspectives, incisive analysis and forthright language that make Professor Lim stand out among what often passes for contemporary tenured academic thought and discourse. While a book of this length on such a broad topic must, of necessity, include much synthesised content her summaries also feature original observations that add to our understanding of the broad and bold themes explored.

Chapter 1 discusses East Asian history from the beginning of the 16th century to the Treaty of Portsmouth in 1905 following Japan's defeat of Russia. In her second chapter Professor Lim discusses the unstable balance in East Asia between 1905 and the mid 1930s that led, almost inexorably, to World War II. The strategic contest between Japan and the United States, egged on by Stalinist Russia, is covered in Chapter 3 with most of the discussion centering on the contests of the 1935-41 period, rather than the detail of the cross-ocean maritime campaigns that destroyed Japanese power over the ensuing four years.

The final two chapters cover the Cold War. The penultimate summarises the myriad political currents swirling round decolonisation, the rise of communist aggression and the resultant offensive and defensive wars to contain it. The last discusses the latter phases of the Cold War from the West's defeat in Vietnam to its eventual triumph over the Soviet Union (and belligerent

Maoist zealotry) by the late 1980s.

In the final chapter Professor Lim touches with a sure hand on most of the major contemporary strategic issues, developments and trends. These include the seemingly perpetual misunderstandings between China and Japan; the various unification imperatives, WMD threats and intelligence gathering complications stemming from the division of Korea; the continuing strategic and moral dilemmas over Taiwan; the effects of the Islamist terrorist threat on great power cooperation overall; and China's strategic ambitions in its surrounding seas, South-East Asia and the western Pacific.

In her conclusion she notes that fluctuations among the powers comprising the quadrilateral can be expected to continue and neatly pierces several recurring myths and delusions that reinforce the quest for diplomatic certainties and comfort rather than a propensity to confront this and other strategic realities. Professor Lim warns that growing economic interdependence, the spread of democracy and multilateralist urges will not necessarily guarantee stability and peace in the region or more broadly. She also counsels against neoisolationist urges in the US, and the doubtful opposing beliefs that enduring strategic accommodation between the US and China is either inherently unobtainable or can be easily achieved.

The 14 pages of notes buttress the high standard of the book overall. As well as the usual citations they include numerous brief explanations and the background to issues that would otherwise clutter the main text. The five-page bibliography is comprehensive. It is also laid out in a format that is easily readable, an increasingly uncommon phenomenon in modern publishing. Finally the eight-page index is effective in a work of this length, especially in a subject area bedevilled by changes in the historical usages of spelling foreign names among two alphabets and three character systems.