

can be corrected by more attention being paid to specific problems. In other words, we need to do more of the same, just better.

This is entirely the wrong conclusion.

Had the report disaggregated data, it would have shown that the policies of the last 30 years share much of the blame for current circumstances.

The PC report wants 'a society where Aboriginal and Torres Strait Islander peoples should enjoy a similar standard of living to that of other Australians, without losing their cultural identity'. This implies that Aboriginal culture is static, and must be protected from modernity. However one does not have to be poor in order to preserve culture. In fact, culture can be more effectively pursued given sufficient economic resources and therefore the ability to choose a desired amount of cultural participation.

*Overcoming Indigenous Disadvantage* not only under-reports the extreme deprivation of those living in rural and remote communities, it also fails to acknowledge the success of those who identify in the census as Aborigine and Torres Strait Islander within mainstream Australian life. The divergence between the two groups is a more powerful indictment on the previous 30 years of Indigenous policy than the report suggests.

Reviewed by  
Gaurav Sodhi

**Endnote**

<sup>1</sup> H. Hughes, 'The Economics of Indigenous Deprivation and Proposals for Reform', *Issue Analysis* No. 63, 23 September 2005

*The Intelligent Australian Investor*

By Chris Leithner  
Wrightbooks,  
246pp. ISBN 0 7314 0303  
7, 2005, \$29.95

A mere investment book is not usually the type of work that would be fortunate enough to grace the review pages of *Policy*. In fact, when pushing for its inclusion, I was warned that I'd have to make a case for *The Intelligent Australian Investor*, by occasional CIS contributor Chris Leithner, on 'intellectual grounds as well as a piece of investment advice'. Fortunately, the book makes this task undemanding.

The idea that investment, or more correctly, the speculation that takes place on the Australian stock market on a day-to-day basis, is not 'intellectual' is hardly uncommon. An alarming number of people, many of them finance professionals, treat the market as nothing more than a large sophisticated casino. But Leithner's book is not aimed at these people.

*The Intelligent Australian Investor* is not so much a piece of 'investment advice' as it is an exploration of many of the fallacies surrounding investment in the Australian stock market. It is unlikely Leithner would be fond of the term 'mental framework', and he must forgive me for taking a linguistic mace to his otherwise eloquent investment philosophy, but the point is Leithner's approach is no get-rich-quick scheme—it is in his own words 'a how not to lose money book'.

Leithner is an advocate of the Ben

Graham school of value investing. Graham, regarded as the father of value investing, is renowned for pioneering modern share analysis. Graham's success centred on his acknowledgement that price and value are not synonymous, and that only rigorous and sceptical assessment of company accounts and operations would yield the intrinsic value of a company. Graham's goal was to identify through research, and invest in, companies trading at a sizable discount to their intrinsic worth. This difference between the price of a stock and his assessment of value allowed what Graham called a 'margin of safety' in case his analysis was incomplete or faulty.

It is this conservative and considered investment legacy that Leithner follows and expands upon. Having escaped life as an academic, Dr Leithner is not only an advocate of the Graham school, but also a practitioner and has, for the past five years, run his own

private investment company. So it is with academic and empirical experience that Leithner explores how one might approach investing in the Australian market.

In order to do this, Leithner draws from a number of disciplines, most notably economics, political philosophy, and psychology, to create a mental framework by which intelligent investors might assess the market and avoid the kind of obstacles that prevent successful investment decisions.

Leithner's willingness to draw from non-investment fields to illustrate a point may leave those looking for a strict step-by-step guide to stock selection disappointed. Regardless, those with an enquiring



mind and interests broader than pure finance will find Leithner's treatises on Austrian economics (good), business education (bad), free enterprise (admirable), business media (terrible) and politics and politicians (despicable) entertaining and thought provoking.

Not afraid to apply the blow torch, Leithner devotes several chapters to exploding the myths of modern financial theory, and haranguing the business schools which propagate such nonsense. Schools which, essentially, are devoted to turning out investment professionals who have been taught it is not worth their while to think. Similarly, Leithner has little time for market forecasters and economists, and reassures the reader that 'If you have never studied the dismal science [economics], rejoice — this means it is less likely you will have to unlearn the myths and nonsense that pervade the contemporary mainstream.'

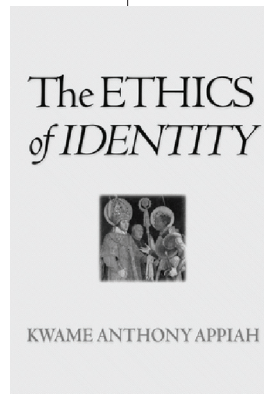
Leithner's thinking on finance and other subjects his book touches upon is rigorous and the expression of his ideas forthright. Details that market participants gloss over, such as the erroneous use of the term 'value' for 'price' or 'investment' for 'speculation' receive precise and revealing dissection. Fortunately, with his clarity of thought comes an exacting use of language and merciful brevity. It seems, despite his background, Dr Leithner has unlearned the nonsense of language that passes for written discourse among the academic mainstream.

Leithner is of the opinion, and shows, that individuals are better placed than institutions to avoid the kinds of self-destructive behaviours that pervade many financial institutions. Leithner demonstrates that much of the market is driven by fear, greed, and speculation, and not rational and considered assessment of fact.

A key, then, becomes mastering one's emotions to take advantage of such conditions and basing one's assessments on disciplined and conservative analysis.

Ben Graham once said 'There are two requirements for success in Wall Street. One, you have to think correctly; and secondly, you have to think independently'. Leithner's book is the best Australian text to allow investors to start to do this.

Reviewed by  
Chris Prunty



*The Ethics of Identity*  
By Kwame Anthony Appiah  
Princeton University Press  
2005, 358pp, US\$29.95,  
ISBN 0 691 12036 6

When reading the epistemic knots liberal scholars tie themselves into whenever they approach human rights, I'm mindful of the ethical banality of the tradition which has for the most part been shy of metaphysics. Great as political theory and often engaging as airplane reading, liberalism has no coherent foundation and therefore nothing that ultimately stretches beyond high-end pamphleteering.

Clearly, Kwame Anthony Appiah is in the same boat, or perhaps it's his convoluted prose. Either way *The Ethics of Identity* is a long, undisciplined but probably immediately important read.

For a reviewer schooled in the certainties of the natural law tradition, Appiah the philosopher reminds one of a terribly learned, but increasingly baggy professor, lost between two or thirty very meaningful ideas but seemingly unable to articulate many of them in a solid, careful manner. You know, however, that by the end of the semester you will have learned *something* valuable, or perhaps many things, even if you struggle to identify them later. They would be almost certain to make you sound clever during a Presidential debate, if such a thing were still desirable.

Perhaps this quality derives from that fact that liberalism, as Appiah acknowledges, 'is not so