

undercut market competition, profitability and the rule of law.

In the next chapter, 'The Dilemma of Democracy', the focus falls upon the electoral politics of democracy, the tyranny of the majority, and onto public choice and interest group politics which move inexorably to undercutting the rule of law and towards an ever-expanding welfare state.

In his concluding chapter, Gregg reflects upon the often unnoticed but crucial role of cultural *moeurs* in helping the emergence of a commercial society, and sustaining it when established. Here again Gregg's sensitivity to the moral dimensions of civil society and its freedoms adds depth to the analysis.

Gregg's analysis reinforces the point that commercial societies cannot be established by mere fiat or forms of law that are simply documents that remain unincorporated in the hearts and minds of its citizens. It takes a long time, and a certain sort of history, to establish unconscious habits and unexamined customs of liberty, free exchange, law-abidingness, restraint and civility that are the essential strengths behind the formal institutions of commercial society.

Even if a commercial society is hit by disaster and demolished by war or political upheaval, the cultural memory of what is required, if the people survive, may nourish its re-appearance. Gregg refers to the example of Estonia where an earlier tradition of commercial activity was successfully revived after liberation from the Russian communists, while in Russia itself the attempt to do so continues to struggle and falter.

All of this, he concludes, 'suggests that we can speak of a

commercial school, a tradition of thought accurately labelled commercial humanism. Highly sceptical of the men of system, those of the commercial school regard commercial order as integral to any society that aspires to the title of civilised.'

This is a fine study, replete with facts and arguments relating to its subject matter that are not commonly to hand in a relatively short book. It is lucid and easy to read, and rewarding for both the non-specialist reader as well as those familiar with topics often not dealt with as competently and revealingly as they are here.

Reviewed by Barry Maley

Scorcher: The dirty politics of climate change

by **Clive Hamilton**

Black Inc Agenda

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The central theme of *Scorcher* is the impact that a special interest group consisting of carbon intensive industries has had on Australia's climate change policies. Dr Hamilton believes that a group of people known as the greenhouse mafia have successfully convinced the Australian Government not to take serious action to combat global warming. As such, *Scorcher* could be viewed as an attempt to provide a case study of private interest theories of regulation. If convincing, such a case study would be a very valuable addition to both the public policy and popular economics literature. Furthermore, it would have reinforced the very powerful message about the need to reduce greenhouse gas emissions conveyed in Al Gore's documentary and Professor Nicholas Stern's report.

I am broadly sympathetic to the idea that Australia should take sensible steps to reduce its greenhouse gas emissions. Indeed, I used to work for the Australian Greenhouse Office (AGO). During that time, I was involved in the production of some of the discussion papers on emissions trading that the AGO released in 1999. However, despite my sympathy for taking action to reduce greenhouse gas emissions, I found many of the arguments presented in *Scorcher* to be unconvincing. Indeed, in some parts, it reads like a conspiracy theory.

Scorcher begins with three chapters that are designed to provide context for the analysis that is presented in the remainder of the book. The first of these preliminary chapters identifies the villains of piece, the so-called 'Greenhouse Mafia'. Unsurprisingly, these largely consist of people who represent the major players in the fossil-fuel industries. The second of the preliminary chapters outlines the historical importance of fossil fuels to developed countries, the scientific consensus on global warming and the ethical principles that Dr Hamilton believes should apply to any analysis of climate change policy. The third preliminary chapter provides some descriptive statistics on the sources and size of Australia's greenhouse gas emissions.

The remaining chapters in *Scorcher* essentially provide an historical account of the evolution of Australia's climate change policies from Dr Hamilton's point of view. This account begins in the early 1980s and proceeds through to early 2007. However, the bulk of the book is devoted to the period from 1997 onwards. Thus *Scorcher* focuses on the years in which the Howard Government has been in power.

The central premise of *Scorcher* is that the Howard government has been captured by the fossil-fuel lobby and this has led to Australia choosing policies that do not promote the interests of most Australians. There is no doubt that people representing the major players in the fossil fuel industries have attempted to influence Australian climate change policies. Nor is there any doubt that their efforts have been at least partially successful. Unfortunately, *Scorcher* is not simply an account of these

attempts and an assessment of their success. Instead, Dr Hamilton attempts to convince the reader that the fossil-fuel industry, the Australian Government and at least some public servants are involved in a vast conspiracy to prevent Australia from taking any serious action to reduce its greenhouse gas emissions.

I find these aspects of *Scorcher* somewhat unconvincing. I can't help but wonder how much of the inside information on the activities of the so-called Greenhouse Mafia is simply bluster on the part of lobbyists. Certainly, the fact that the fossil fuel industries were seeking to influence Australian climate change policies was not a secret.

The Australian Industry Greenhouse Network, an umbrella group that claims to present industry views on climate change policies, includes many of the industries that are either major producers or major users of fossil fuels. This group has certainly participated in policy discussions, but that is hardly unusual. Indeed, I wonder whether most of the influence that the fossil fuel industries have had on Australian climate change policy has occurred through overt lobbying activities rather than covert manipulation of politicians and maybe some public servants.

Despite the fact that Dr Hamilton is an economist, he does not pay sufficient attention in *Scorcher* to the economic nature of the global warming problem. If Australia was to unilaterally reduce its greenhouse gas emissions, it would have very little impact on future global warming. Indeed, this is probably

true for many countries. This situation is what underlies the tragedy of the commons nature of global warming and makes it a difficult problem to solve. Dr Hamilton clearly recognises this point. Indeed, he criticises the Australian government for noting that Australia makes a very small contribution to total world greenhouse gas emissions. However, rather than discuss the problems this creates for designing policies to combat global warming that countries will choose to implement, he criticises the Australian government for making a perfectly valid point.

Ideally, most, if not all, countries should probably reduce their greenhouse gas emissions. As usual, there may be trade-offs between efficiency and equity. An equitable solution would probably involve developed countries, including Australia, bearing a larger than average share of the

burden compared to less developed countries. However, this is premised on the potential for a sufficient reduction in global emissions to take place so that that future global warming is significantly reduced. If this is unlikely to occur, then it would not make

sense for Australia to reduce its emissions. This is especially the case if there are no penalties, such as trade restrictions, for not ratifying Kyoto or not reducing Australia's emissions.

It is also worth noting that ratifying the Kyoto protocol by itself is essentially meaningless, except perhaps for the signal that it sends. Are all of the countries that ratified the Kyoto protocol going to meet their target? Are they all going to come close to meeting



their targets? Will Australia meet its Kyoto target? Will it come close to meeting its target? Clearly, the fairness of Australia's Kyoto target can be debated.

Dr Hamilton is of the view that Australia's emission cap under the Kyoto protocol is too generous. Nonetheless, when analysing the impact of Australia's decision not to ratify the Kyoto protocol, it seems reasonable to compare actual Australian emissions with the target emissions for Australia in the first commitment period. If Australia is closer to meeting its target than some countries that did ratify the protocol, why would the fact that Australia didn't ratify the protocol be particularly significant? Maybe it sent a particularly bad signal to other countries. But would this be a worse signal than that sent by countries that ratified the protocol and do not come close to meeting the target, if any such countries exist?

Ultimately, it is the emission reductions that matter, not the ratification of international treaties. Dr Hamilton does discuss how Australia is performing in terms of meeting its Kyoto target briefly in chapter 6 of *Scorcher*. He gives the impression that Australia will go close to meeting its Kyoto target, although it might slightly exceed it. However, Dr Hamilton notes that Australia will go close to meeting its target largely because emissions from land-clearing have declined substantially from their 1990 levels.

The fact that *Scorcher* reads like a conspiracy theory reduces its credibility. This is unfortunate because it means that the valid points it makes in places about the impact of special interest groups on public policy will be probably be either missed, dismissed or

ignored. It is unlikely that *Scorcher* will convince people of the need to take action to reduce our greenhouse gas emissions unless they were already predisposed to this position. As a result, Dr Hamilton fails where Mr Gore and Professor Stern succeeded.

Reviewed by Damien S Eldridge. Damien

has worked for two organisations mentioned in *Scorcher*, the Australian Greenhouse Office and Charles River Associates International.

Arndt's Story: The life of an Australian economist

by Peter Coleman, Selwyn Cornish and Peter Drake with Bettina Arndt

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\$45, 338pp

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Heinz Arndt was a fortunate man. He escaped the fate of most of those of Jewish extraction born in the Germany of 1915 by being able to move to Oxford in 1933 for his university education. Australia was a fortunate country because in 1946 Arndt, just married and embarking on a career as an economist, accepted a lectureship at Sydney University.

Heinz was brought up in the mores of the enlightenment that combined humanity with rational behaviour and inquiry, and the values of equality, freedom and democracy that were all brutally crushed by fascism in his youth and by communism until his late middle age. He was also fortunate because he not only saw the values he cherished triumph throughout Europe, but was also able to take part in seeing these values established in developing countries.

Heinz moved from the early communitarian socialist influences of his youth to join his wife in active support of social democracy in his middle years. However, unlike her, his experience in developing countries pushed him onto a more liberal and conservative stance. He joined the academic board of The Centre for Independent Studies. His courtesy, civility, urbanity and lively sense of humour made him a valuable contributor to many academic and public forums in this long journey.