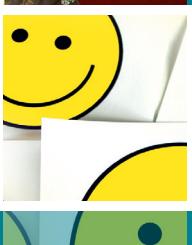
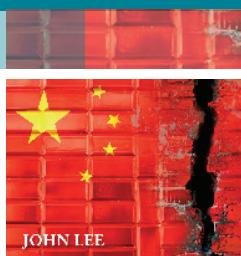
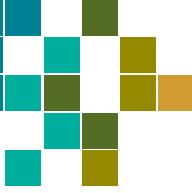


Précis

The Centre for Independent Studies



ANNUAL REVIEW 2007



THE CENTRE FOR INDEPENDENT STUDIES

July–December 2007

The Centre for Independent Studies (CIS) is Australasia's leading public policy research institute or think tank. Founded in 1976 by Greg Lindsay, the Centre's major concern is with the principles and institutions underlying a free and open society, with a particular focus on Australia and New Zealand.

Our goals

- An economy based on free markets
- Democratic government under the rule of law
- An autonomous and free civil society

Activities

- Research
- Publishing
- Lectures and seminars
- Liberty and Society student program

Funding and independence

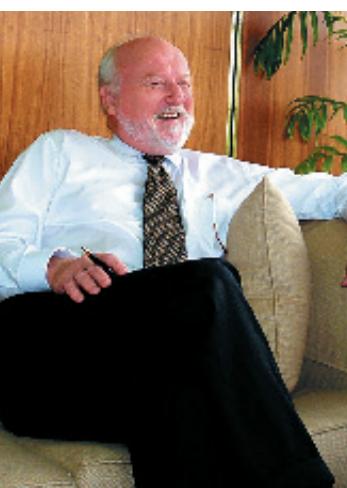
CIS is funded by private sector donations—from individuals, companies, and charitable trusts—as well as subscriptions and book sales.

Independent in our name means:

- We are politically non-partisan.
- Research is not directed by our supporters.



FROM THE EXECUTIVE DIRECTOR



The CIS had an important and successful year in 2007, expanding, creating ideas, and challenging the status quo as never before.

Of the many books, activities, and events to come out of the Centre in the past year, the work of those in our Indigenous affairs program is particularly worth highlighting. In May 2007, the CIS published Helen Hughes' *Lands of Shame: Aboriginal and Torres Strait Islander 'Homelands' in Transition*. In considerable detail, it outlines the destructive ideology of separation that lies behind the tragic conditions afflicting too many of Australia's Indigenous citizens. The program's publications to date have seriously dented the credibility of the current orthodoxy of wrong thinking about Indigenous issues, but consigning the legacy of those bad ideas to history will take many years of patient work yet, and so the CIS is increasing its commitment to the program in 2008.

In Indigenous affairs there is no question, as Keynes reminds us, that ideas do matter, for good and evil. The misery that bad ideas inflict on people is distressing, but, fortunately, governments and civil society are beginning to recognise and address this. Yet the problems our work on Indigenous issues has exposed are just the extreme end of a problem the Centre has been working on for much of its existence: that of establishing the proper relationship between individual and state, and the proper role of government in society. Our work on policy for welfare, education, health, and numerous other areas shows that individuals need to take control of their own lives.

What has happened to remote Indigenous communities in Australia is just the nation's most serious example of how state control of people's lives can reduce them to helplessness. This danger yet hangs over the whole community, and was visible in the recent Australian federal election campaign. Both major parties attempted to bribe the public with its own money, demonstrating spending habits that have become almost uncontrollable. This is a long-term recipe for disaster, and not just in the financial realm. Individuals know best how their money should be allocated, and to preserve their self-reliance government needs to let them make those decisions on their own.

It seems as though our capacity for self-determination is slowly and inexorably diminishing. Employment is high and real wages are rising, so our need for government services should be declining. But as Peter Saunders and others have pointed out, the numbers of people depending on government payments is actually growing. Government is elbowing people, families, and civil society out of the way so it can assume responsibility for the daily choices of life. Eating habits, driving, television viewing, and shopping are all areas where hordes of experts are poised to interfere. And we have handed over our agency on these matters almost without a struggle. So, with 2008 before us, the CIS will be focusing even more sharply on the need for individual self-determination and creativity to be the ordering impulses of a healthy, free society.

On a practical footing, CIS staff have been squeezing productivity out of every last square centimetre of our office space on the fourth floor of 38 Oxley Street, St Leonards. The Centre has outgrown its present accommodation, and this is to be celebrated. From January 2008, the CIS will have offices on the second floor of our building as well. With an enlarged function area on level 4, 2008 will allow us to host an increased number of events, and new office space on level 2 will allow us to accommodate new staff, adding to our research capacity. The Centre's prodigious output usually astonishes most people, so expect us to use our new, more congenial work environment to astound even further.

It almost goes without saying that the CIS would not be the organisation it has become today without the commitment of its many supporters, staff, and board members, and of all the others who are involved in some way in its work. My heartfelt thanks go to them all. I can assure you the Centre will be more energetic and thoughtful than ever in the new year.



' We do need an "education revolution" in the way university places are funded and allocated, but so far at least the choice is between the status quo and something slightly worse.'

Andrew Norton in The Age, 16 November 2007

' Labor and Liberal have each come up with some decent policy and some poor policy. The final verdict on education will hinge on funding.'

Jennifer Buckingham in the Courier-Mail, 13 September 2007

The Social Foundations program covers five core themes:

- Family policy
- Education
- Culture and community
- Health policy
- The welfare state (including taxation)

Family

CIS's earlier work on the family focused on the importance of marriage for the wellbeing of children, and on the reform of family law to strengthen marriage. CIS is now extending its focus to new debates about child care and 'work-family balance.'

In October, **Jennifer Buckingham** released her paper, *Child Care: Who Benefits?* The paper looks at the developmental and social effects of child care on children, and shows that many of the claims made by Australian 'experts' about its benefits do not have a strong basis in evidence. The argument for more public funding to enable all children to attend 'high quality' child care cannot be justified on the strength of existing research.

In a follow-up paper, Buckingham will examine trends in child care use and spending, evaluating the argument that 'affordable and accessible' child care increases female labour force participation and is therefore a good economic investment.

Education

In May, **Jennifer Buckingham** hosted a roundtable at CIS for visiting US education expert Chester E. Finn Jr. Her interview with Dr Finn was published in the Spring issue of *Policy* magazine. Buckingham was also invited by the federal education minister to be a member of the reference committee giving advice on the development and implementation of the Australian government's Summer Schools for Teachers.

Jennifer's future research on school education will focus on the social effects of school choice, as well as outlining the policy steps necessary to fully achieve it.



Cash could be better spent outside day care

Big tax breaks for universal child care may not be good policy, suggests Jennifer Buckingham

ARGINMENTS for the need for universal child care rest on the claim that it provides benefits to the individual child and that 'investment' in child care will pay off. Perhaps the most stated and prominent argument for universal child care is that it is beneficial to all children. However, a recent review of the research reveals that the evidence does not support this claim. The child care does not support their wage.

Again, the results achieved cannot be easily replicated with the general population. The Perry Preschool Project is an example. This study involved offering comprehensive services to low-income mothers and their children. The program included child care, home visits, and parent education. The results were dramatic: reduced risk of crime and incarceration, higher levels of cognitive benefits of children, and higher levels of educational achievement. Another large US study, conducted by the US Department of Health and Human Services, found that children from disadvantaged families, who had been identified as being at risk of disadvantageous outcomes, and the children in the

for disadvantaged three and four year olds, did not benefit from the intervention. This is a debatably common finding in studies of child care programs. James Heckman has even argued that the evidence of positive effects of disadvantaged children have been overstated. See his article in the *New York Times* website. Heckman is a Nobel laureate in Economics at the University of Chicago.

The point that can be easily seen



'You see, I am your government, which means I care about you and I know best what is good for you. It's my job to nag you and boss you around. That's what living in a free and democratic country means: I force you to vote, then I take your money, then I use it to tell you how to live your lives. You'll thank me for it one day.'

Peter Saunders in *The Australian*, 10 April 2007.

Welfare state

In June, **Peter Saunders** published *The Government Giveth and the Government Taketh Away*, a CIS Policy Monograph setting out the evidence on tax-welfare churning. Saunders explains why churning is economically and sociologically undesirable, and sets out proposals for minimising it through voluntary opt-outs and 'personal future funds.'

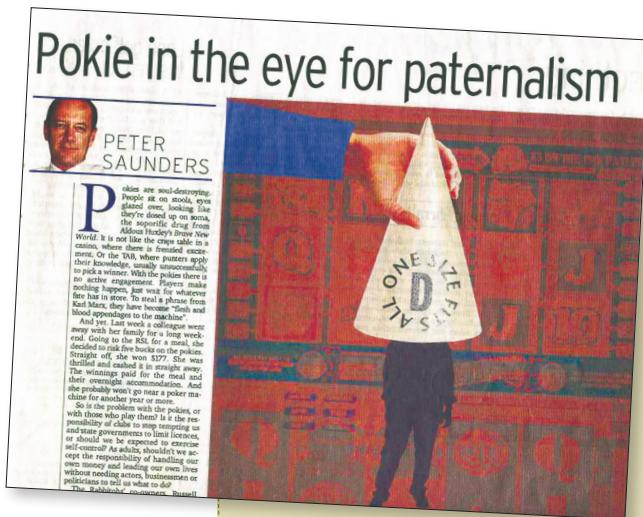
Two of America's leading welfare reform advocates spoke at CIS events in 2007. In June, **Lawrence Mead** of New York University gave a lunchtime seminar in Sydney discussing the legacy of US welfare reform and outlining the next steps to be taken. In August, Peter Saunders chaired a special seminar at Parliament House in Canberra, where **Charles Murray** of the American Enterprise Institute discussed the ideas in his latest book, *In Our Hands*.

Tax reform

Four papers were published in the 'Perspectives on Tax Reform' series in 2007. **Robert Carling**'s *Tax Earmarking: Is it Good Practice?* criticised the way governments use special levies to disguise tax rises and make them more palatable to voters. **Sinclair Davidson**'s *Tax Competition: Much to Do about Very Little* warned of the dangers in current moves to 'harmonise' international tax rates.

John Humphreys' *Exploring a Carbon Tax for Australia* compared carbon trading and carbon tax in search of the best policy. And Sinclair Davidson's *Fiscal Illusion* catalogued the ways big government makes tax look small.

The winter issue of *Policy* contained an essay by then-Treasurer Peter Costello, responding to earlier articles attacking high levels of government spending. This was followed by responses from **Andrew Norton** and **Robert Carling**, who reported that the federal tax take really has increased under this government, despite the Treasurer's protestations to the contrary.



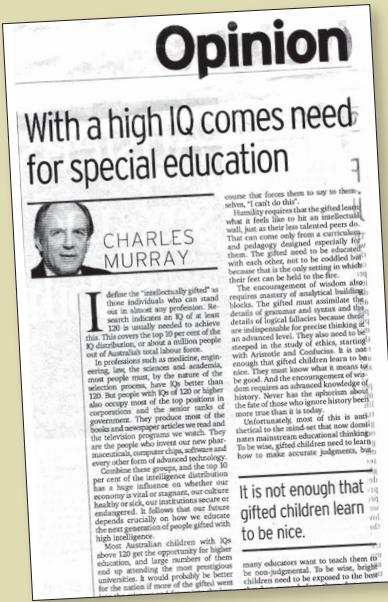
'Rather than planning for structural surpluses, both government and opposition would be doing the economy a bigger favour by seizing the opportunity for genuine, strategic tax reform that the underlying strength of federal finances presents.'

*Robert Carling,
Australian Financial Review,
17 September 2007*



Culture and Community

The CIS **Big Ideas Forum** in August explored a quintessentially Australian cultural debate about elitism. Filling the Sydney conservatorium to capacity, **In Praise of Elitism** was another hugely successful CIS event, bringing international thinkers at the top of their fields before a local audience to discuss the real issues of our time. Speakers included American scholar and author **Charles Murray**; Professor **Denis Dutton** from the University of Canterbury, publisher of online philosophy and culture digest *Arts & Letters Daily*; convener of the UK Battle of Ideas **Claire Fox**, and, CIS's own Social Research Director, Professor **Peter Saunders**. Contributions to the Big Ideas Forum will be published as an Occasional Paper by CIS and were broadcast by ABC Radio National. Also in August, Peter Saunders debated at Macquarie University, against the proposition that 'capitalism is bad for the soul,' facing a team including Clive Hamilton. This debate was also subsequently broadcast on the ABC.



'The real cause of delayed admission and long waiting times is high occupancy. The unavailability of acute and elective beds is exacerbated by the number of elderly patients who remain in hospital due to the shortage of "high-care" places in residential nursing homes.'

*Jeremy Sammut in
the Newcastle Herald,
8 September 2007.*



Health policy

This new direction in CIS social policy research began in July with the first two of a series of publications called *Papers in Health and Ageing*, modelled on the CIS Perspectives on Tax Reform series. The first paper, *The Organisation of Residential Aged Care for an Ageing Population*, by **Warren Hogan**, reiterated the case for residential bonds to help fund 'high care' for the elderly, as well as setting out other proposals aimed at averting the coming crisis of provision in the sector.

Medicare becoming a luxury we cannot afford





' Australia's double standard on trade is bad news for New Zealand, but the biggest losers are Australian consumers. They are the ones being ripped off, missing out on the choice and quality in fruit that other countries take for granted.'

Phil Rennie in the Otago Daily Times, 12 January 2007

In 2007, CIS New Zealand Policy Analyst **Phil Rennie** published three CIS Issue Analyses on improving transparency and accountability in government taxation and spending. Clearly tapping into deeper concerns in New Zealand social policy, Rennie's papers *New Zealand's Spending Binge* and *Taming New Zealand's Tax Monster* attracted some of the strongest media interest of CIS's 2007 publications.

Rennie's papers have also attracted attention from New Zealand politicians. ACT New Zealand party leader Rodney Hide has quoted Rennie's findings in Parliament and in speeches, while MP Gordon Copeland received wide media coverage for endorsing the *Tax Monster* paper in May. New Zealand Minister of Finance, Dr Michael Cullen, has responded to the papers in Parliament and on the letters page of the *New Zealand Herald*.

A feature article on tertiary education by Rennie in July featured in the *National Business Review*, the *Otago Daily Times*, and *Salient*, and was covered by Australia's *Online Opinion* website, New Zealand think tank the Education Forum, and in the US by *Education News*, the website *National Review*, and the National Association of Manufacturing.

Along with speaking at Consilium in August, Rennie addressed ACT's Waikato Regional Conference in September on 'Improving Government Transparency and Accountability.' Phil's sixth paper for the CIS, *Why is Australia So Much Richer Than New Zealand?* was published in December.

Wellington Welfare Forum

CIS debated the future of the welfare state in New Zealand in front of a large Wellington crowd in March 2007. Professor **Peter Saunders** and former New Zealand Finance Minister Sir **Roger Douglas** discussed ideas on how people could 'opt out' of the welfare state in return for tax reductions. Under this plan, needy households would still be supported, but there would be less money 'churned' back to those able to support themselves. Members of Parliament and senior bureaucrats attended the meeting, and a lively question time followed the discussion.



'In Australia, "reform" is not a dirty word for politicians, as it is in New Zealand; it is a badge of honour.'

Phil Rennie in The National Business Review, 7 December 2007



FOREIGN POLICY AND INTERNATIONAL RELATIONS

The Pacific

Gaurav Sodhi has continued his work as a Policy Analyst in the Foreign Affairs program, concentrating on developments in the Pacific. In July 2007, Sodhi took a field trip to the Solomon Islands and Fiji, spending twenty-three days speaking to local government and non-government parties, and visiting development projects and aid organisations in the area.

Five Out of Ten: A Performance Report on RAMSI, coming in early 2008, is CIS's most recent paper in this program. Based on Sodhi's field research, it assesses the reconstruction effort underway in the Solomon Islands, and argues that though RAMSI has made progress in improving law and order, these gains will not be secure without reforms to improve economic performance.

Foreign Policy: China, South East Asia, the USA, and Australia

In October, CIS released the book *Will China Fail?* by Visiting Fellow Dr John Lee. Part economic investigation and part political analysis, *Will China Fail?* is a timely warning against well-intentioned 'China blindness.' Lee makes a compelling case for the likelihood of turmoil and turbulent times ahead for the Chinese people.



'While much effort goes into attempting to ensure that "governance" aid is used wisely, more often than not such programs enrich consultants rather than help the poor.'

Gaurav Sodhi in
the Canberra Times,
31 May 2007.

China's syndrome of lawless growth



Media highlights

Will China Fail: The Limits and Contradictions of Market Socialism

A CIS Policy Monograph by John Lee, released 20 October 2007

Opinion pieces

- 'Why China's Economy Poses Growing Risks,' *West Australian* (9 October 2007).
- 'Hu Searches for New Harmony,' *Canberra Times* (24 October 2007).
- 'Capital Flows the Wrong Way,' *Australian Financial Review* (25 October 2007).

Print news stories

- 'China's Syndrome of Lawless Growth,' extract, the *Weekend Australian* (20–21 October 2007).
- 'What's Good for BHP is Good for Australia,' Alan Wood's column in the *Weekend Australian* (20–21 October 2007).

- 'President Tries to Be All Things to All People,' editorial, *The Australian* (22 October 2007).
- 'A Contrarian View of the Economic Miracle,' book review, *South China Morning Post* (22 October 2007).
- Letter to the editor in response to op-ed, the *Canberra Times* (25 October 2007).
- The *Independent Weekly* (27 October 2007).
- 'Reports of the Early Demise of China's Economy Are Greatly Exaggerated,' *The Australian* (29 October 2007).
- 'East is on Song, but Not Quite So Red,' *The Australian* (29 October 2007).

Radio

- ABC Radio National Breakfast
- ABC Tasmania
- Radio Australia Asia Pacific and Asia Connect
- ABC Mackay
- Radio 2RE

TV

- CNN
- SBS World News
- Sky News Business Report
- ABC TV Australia Network Business Today
- Channel Nine News

Online

- Extract on *Arts & Letters Daily*
- Opinion pieces in *New Matilda* and the *Business Spectator*



In 2007, Consilium, CIS's flagship annual conference, brought together a group of political, business, academic, and community leaders to discuss the wider issues facing humanity. Held at the Hyatt Regency in Coolum, this seventh Consilium was a great success, exploring big ideas in a relaxed environment.

The program included a series of breakfast talks, including an address by military strategist Dr **David Kilcullen**, a discussion on blogs, comment by leading journalists **Paul Kelly** and **Peter Hartcher** on the federal election, and UK think tank director **Julian Morris**'s alternative to Stern's gloomy forecast on global warming.

The opening session, 'In Praise of Elitism,' featured American academic and author Dr **Charles Murray**, Australia's favourite historian, Professor **Geoffrey Blainey**, professor of philosophy **Denis Dutton**, and CIS's own Social Research Director, Professor **Peter Saunders**.

As Australians, we pride ourselves on our 'egalitarianism.' We passionately believe everyone should have the opportunity to fulfil their potential. Egalitarianism makes us reluctant to judge performance. In education, politics, the media, and the arts, we shy away from 'elite' values, settling for mediocrity rather than merit. This session asked if it is possible, in a democratic society, to celebrate the best and condemn the worst, and why sport is the only activity where we feel comfortable with elitism.

The second Consilium session, 'Hey, Big Spender' asked if big government has triumphed. Even conservative parties have given up the fight against it. Paradoxically, the successful free market reforms of the 1980s and 1990s may have made big government more likely to arise. As tax revenues swell, so too do the promises governments make to spend the money. CIS researchers **Andrew Norton** and **Phil Rennie**, federal Labor MP Dr **Craig Emerson**, and RMIT's Professor **Sinclair Davidson** debated whether all this spending has done any good.

Consilium makes a habit of exploring issues at the frontier of science. This year, it was the the burgeoning area of human enhancement. Having mapped the human genome, and given the subsequent advent of





genomics and proteomics, we may be about to leap into our evolutionary future. Genomics allows us to identify, predict, and prevent disease. But will technological outcomes be compromised by a debate based on political expediency and religious dogma? In this session, the Chair of Ethics at Oxford University, Professor Julian Savulescu; head of the Garvan Institute, Professor John Shine; science writer Dr Elizabeth Finkel; and molecular biologist Professor John Mattick from the University of Queensland discussed the cases for and against modifying our DNA.

Linking contemporary political issues with their philosophical underpinnings is an important process, and the fourth Consilium session, 'Crossing Borders,' focused on the relationship between water policy and federalism in this country. Speakers included ANU water policy specialist Professor Jeff Bennett; Curtin University's Professor Greg Craven, one of Australia's leading commentators on federalism; Secretary of the Victorian Department of Premier and Cabinet Terry Moran; and Dr James Horne, Deputy Secretary of the federal Department of Environment and Water Resources.

The standout session at Consilium this year was on how false fears infantilise us and blind us to what we should truly be fearful of. When genuine fears are exaggerated and caricatured, they become false. In a more self-reliant culture, the trivial is manageable, and real threats are obvious. Speakers included Claire Fox, from the UK's Institute of Ideas; the IPA's Jennifer Marohasy; policy advisor and author Cassandra Wilkinson; Julian Morris, head of UK think tank the International Policy Network; and Anglican bishop Robert Forsyth.

Dr David Kilcullen, Chief Strategist of the Office of the Coordinator for Counter-Terrorism in the United States Department of State, set the scene for the final main session, 'Terrain, Tribes, and Terrorists.' Professor William Maley of the ANU; Samina Ahmed, head of the International Crisis Group in Islamabad; and Australia's then Foreign Minister Alexander Downer and then Shadow Foreign Affairs Minister Robert McClelland discussed Pakistan, India, and Afghanistan in the heart of South Asia.

This year, an extra discussion session was added to the program, which brought together three indigenous leaders: Warren Mundine, CEO of NSW Native Title Services; Western Australian parliamentarian Ben Wyatt; and Wesley Aird, head of Eastern Yugambeh Ltd, a Gold Coast native title group. They shared their responses to the Coalition government's policy announcement about intervention into the Northern Territory's most disadvantaged Indigenous communities.



Geoffrey Blainey, recipient of a 2007 McGregor Fellowship:

'My wife and I were in China a little while ago, and we went to an old city called Suzhou and everyone said look at the wonderful new buildings and the shops and the motor cars. But they made no mention of a little building huddled there, which was called "the Teahouse of the Fallow Field." And when you, Mr Chairman, in your opening remarks, read aloud those memorable words of John Maynard Keynes, written in 1936, I think on the last page of his *General Theory*, he spoke of the power of ideas, I suddenly thought of the Teahouse of the Fallow Field. Ideas are sown, and they may lie fallow for generations or for decades, missing harvest after harvest, and suddenly they're harvested. That's the main function, as I see it, of your Centre—that it sows ideas and discusses them and tries to exterminate them or fertilise them. Because, as your quotation said, nothing is more important than ideas. Long may your work continue.'



EVENTS

DATE	EVENT	LOCATION
18 January	Forum: Index of Economic Freedom	CIS
6 February	Nuclear Roundtable	CIS
8 February	Policymakers: Kevin Andrews	CBA Lightwell Auditorium, Sydney
2 March	A Perspective on Climate Change: Lunch Seminar with David Henderson	CIS
12 March	A Tribute to Milton Friedman	Minter Ellison
15 March	Lunch Forum with Craig Emerson, MP	CIS
25 March	Feral Food Festival	Mittagong, NSW
28 March	Welfare Forum with Peter Saunders	Wellington, NZ
29 March	CIS Members Cocktail Reception	Auckland, NZ
2 April	Doug Paal Lunch Forum	CIS
3 April	Preston Manning Lunch Forum	CIS
4 April	Access Card Roundtable	CIS
13–15 April	Liberty and Society Student Conference	Sydney
14 May	Policymakers Forum with Prime Minister John Howard	CBA Lightwell Auditorium, Sydney
3 June	John Spender Lunch Forum on Sarkozy	CIS
5 June	Roundtable with Ayaan Hirsi Ali	CIS
27 June	Lunch Forum with Lawrence Mead	CIS
27 June	24th Annual John Bonython Lecture: Lawrence Mead	Sofitel Wentworth, Sydney
28 June	24th Annual John Bonython Lecture: Lawrence Mead	Hilton, Auckland NZ
12 July	Lunch Forum with Craig Emerson	CIS
7 August	Welfare Forum with Charles Murray	Parliament House, Canberra
8 August	Libertarian Lunch Forum with Charles Murray	CIS
9–12 August	Consilium 2007	Hyatt Regency Coolum
13 August	Big Ideas Forum: In Praise of Elitism	Banco Court, Supreme Court NSW
15 August	Lunch Discussion with Samina Ahmed	CIS
16 August	Roundtable Forum with Wafa Sultan	CIS
14–16 September	Liberty and Society Student Conference	Sovereign Inn, Sydney
21 November	Bones of Contention Lunch with Tiffany Jenkins	CIS
22 November	Author Talk by John Lee on <i>Will China Fail?</i>	Asia Bookroom, Canberra
10 December	Acton Lecture by Bishop Tom Frame	Macquarie Bank, Sydney



Anglo Primacy at the End of History: The Deep Roots of Power

Professor Lawrence Mead



24th Annual John Bonython Lecture

**Anglo Primacy at the End of History:
The Deep Roots of Power**

Sydney: 27 June, Sofitel Wentworth Hotel

Whether the United States should lead the world is much debated. But American primacy in some form is unavoidable. It has roots deep in history, as did the British primacy that preceded it. Professor **Lawrence Mead** delivered 2007's John Bonython lecture to an audience of 350, on the phenomenon of 'Anglo power.' Professor Mead was introduced by CIS Social Research Director Professor **Peter Saunders**, and CIS Director **Michael Chaney** gave a vote of thanks. Professor Mead specialises in public policy and American government at New York University, as well as being a renowned scholar on welfare reform.



Auckland: 28 June, Hilton Hotel

Professor Mead also delivered the John Bonython Lecture in Auckland, marking its third year in New Zealand. The event concluded with a lively question and answer session on some of the big issues in the lecture: history, power, and the role of smaller nations like New Zealand in defining the geopolitical order.

'We have, in fact, returned to a world order not unlike the late Victorian period at the end of the nineteenth century. Then, as now, the world economy was globalizing, and English was its lingua franca. Britain was the strongest single country, and America was just becoming a world power. Today, America is first and Britain is second, but, remarkably, little else has changed. It is as if the whole twentieth century, with its calamitous wars and ideological conflicts, has faded away.'

Lawrence Mead



Wafa Sultan Roundtable

CIS held a roundtable forum with Dr **Wafa Sultan** in August. Sultan became famous in 2006 as the result of a fierce debate on Al Jazeera with Dr Ibrahim Al-Khouli about Samuel Huntington's 'clash of civilisations' theory. 'I don't care if you believe in rocks,' she said to Al-Khouli, 'as long as you don't throw them at me.' She believes that the world is witnessing a battle between modernity and barbarism, which violent and reactionary Islamists are bound to lose. Sultan is a Syrian-born psychiatrist who now lives in the United States.

Samina Ahmed Lunch

In August, Dr **Samina Ahmed**, head of the International Crisis Group in Islamabad, spoke about the political situation in Pakistan to a lunch group at the CIS. In many ways, she anticipated current events. Ahmed argued that General Musharaff's rule is unsustainable. Despite the faults of Pakistan's democratic parties, the checks and balances available within the democratic system made them a better choice in government. Ahmed also scrutinised the role of the army in Pakistani politics, arguing that restoring civil society in Pakistan is a stronger antidote to Islamic militancy than military rule is.

CIS Lunch—Bones of Contention: How the Dead Have Come to Have Human Rights in Museum Collections

Tiffany Jenkins is the director of the arts and society program at the Institute of Ideas, London, and a PhD candidate at the University of Kent at Canterbury. At a CIS lunch forum in November, Jenkins argued that senior archeologists and museum professionals are promoting the rights of human remains in response to their own crisis of cultural legitimacy. In renegotiating the basis of their authority so that it rests less in a search for the truth about history than in a mission to care for objects, these professionals court the danger of turning dead bodies into sacred objects whose needs and interests take priority over those of the living.

Ayaan Hirsi Ali

'Ensuring the sexual emancipation of women—that their body is theirs—is also critical. The individual adult should be able to decide when to marry, whom she marries, how many children she will have and when. That sexual independence requires another necessity, and that is financial independence. What we see now in communities of non-Western immigrants, even Muslim communities, is when women have these three things going for them, they have exactly the same preoccupations as Western women.'

Ayaan Hirsi Ali at CIS, 5 June 2007.



CIS held two student conferences as part of the Liberty and Society program this year, in April and September. A pleasing new aspect of the conferences is being able to invite young academics who are alumni of the Liberty and Society program to join us as lecturers. One of the objectives of Liberty and Society is to influence future leaders, and having a growing pool of young academics in our universities who believe in the market and liberal ideals is a very positive development.

The material presented varies widely with every conference. CIS gives the lecturers a general brief and then they have free rein. This creates a very dynamic and often challenging weekend, where students see that classical liberal thinking is not a doctrine where everyone has to agree on every issue. We hope the students go from the conference realising they have to think and read deeply, bounce ideas around with other people, and build their own intellectual framework.

Think tank hosts primer in pure liberalism

Bernard Lane

THE LIBERTY AND SOCIETY program is a glimpse of what may be in store for the legal academic who won't try to be too clever.

James Allen, QUT professor of law and CIS director, says the program was on show last month at a Sydney conference that brought together 100 students and 20 speakers to discuss pure classical liberalism.

"The idea was that the most persuasive (speaker) I hadn't come across would be someone like Zac Gross, 20, a student of economics and politics at the University of Queensland," Professor Allen said. "A bill of rights is now on the table in the Senate, so we had expected the Centre for Independent Studies conference to be 'more socialist than socialists' ... but it was also a spread of views among speakers and students."

The idea of the Liberty & Society conference is to introduce today's students to traditions of political thought that have been largely forgotten over most of the past century. "We do this so that they can make up their own minds and not just accept what others say," said Jenny Lindsay of the CIS.

Speaker Leon di Stefano, a former editor-in-chief of *Don't Panic* (Newly Launched), a monthly magazine edited by Jonathan Crowe (a UQ law colleague of Professor Allen) and Peter Saunders

What's it all about? Students discuss topics at the Centre for Independent Studies conference, including Zac Gross, front left, Leon di Stefano, front right, and Georgia Cat, rear right.

himself ahead of the federal election. "I started creating political blogs and writing for *Don't Panic* because I knew well the argument that intended to be made by the left and the right," he said. "I knew well the argument that intended to be made by the left and the right." Professor Norton (the occasional CIS commentator) was also present, and he recently published a book on the subject. "Peter Saunders too was preoccupied with the same issues, but from a more traditional perspective," di Stefano said. But Professor Saunders identified more well-known names in the direction of individualism and

For Georgia Cat, 24, the conference showed her liberalisation at work in other areas. "It was a great opportunity to meet and clarify and crystallise my understanding of what I wanted to do with my life," she said. The next conference is in April 2008. More on the Liberty & Society program can be found at cis.org.au.

Liberty and Society, 13–15 April, Sydney

Lecturers

Opening dinner speaker: **Tanveer Ahmed** on religion and terrorism

Liberal philosophy: Dr **Nicholas Southwood**, ANU (Liberty and Society alumnus)

Free market economics: Dr **Jason Potts**, UQ

Liberal law: Dr **Darryn Jensen**, UQ (Liberty and Society alumnus)

Social policy: Professor **Peter Saunders**, CIS

Liberty and Society, 14–16 September, Sydney

Lecturers

Opening dinner guest speaker: **Cassandra Wilkinson** on how she came to liberalism

Liberal philosophy: Dr **Jonathan Crowe**, UQ (Liberty and Society alumnus)

Free market economics: Professor **Wolfgang Kasper**, CIS

Liberal law: Professor **Jim Allen**, UQ

Social policy: Professor **Peter Saunders**, CIS

2007 Ross Parish Essay Competition

CIS's Ross Parish Essay Competition question this year was 'Have 200 years of liberal capitalism made us any happier?' Stephen Whittington from New Zealand won first prize (\$1500) and Kim Anderson of Victoria won second prize (\$1000). Their essays are included in *Policy* 23:4 (Summer 2007–08).

' Liberty and Society is a rare and incredibly valuable experience. Its virtue is that it is a meeting of like-minded individuals, which is not to say that everyone agrees with everyone else ... but rather that everyone believes that the most effective way to advance society is to ask questions, challenge the status quo, read widely, and ultimately be willing to accept that you may not have the right answers.'

Brock Schaefer
of Queensland



CIS is most grateful to the individuals and organisations who support the Liberty and Society program. If you are interested in knowing more about Liberty and Society, or in supporting the initiative, contact Jenny Lindsay at jlindsay@cis.org.au.



Teacher training must be assessed

JENNIFER BUCKINGHAM
COMMENT



In the past decade there has been increasing recognition that the quality of schooling is pretty much dependent on the quality of teaching.

Academics and teaching organisations are acknowledging what parents have long known. Some teachers are better than others and good teaching (and bad, for that matter) has a lasting and cumulative effect on students.

Now research by Bill Louden presented at the Our Schools Our Future Conference in Melbourne yesterday finds that an outstanding teacher can put students on a high achievement trajectory for years into the future.

We are getting a clearer picture of what good teaching looks like and what characterises a good teacher. However, we don't know how to create them.

Two conflicting sets of ideas are emerging about how to improve teacher education: whether pre-service, have little or no teacher effectiveness.

According to the new report, says that quality the result of quality assessment of individual teacher education programs and the calibre of their graduates.

We should be interested in the opinions of principals and teachers about how well the programs prepared them for the classroom.

Most importantly, we need to know the impact of teacher education on students.

There is a great resistance within the education profession to the idea that teachers should be evaluated according to how much their students learn, but what could be more important?

In a recent study of teacher education in the US, Arthur Levine found that, as in Australia, quality of teacher preparation was highly variable. He recommended that student achievement should be the primary measure of the success of teacher education.

Today's teacher education programs because they meet quality criteria and are in alignment with professional frameworks. These programs sound, look and feel good but whether they deliver the desired results, we simply do not know.

Program evaluation that follows graduate teachers into school and measures their effectiveness initially and over time is essential.

A little less conversation, a little more action, please.

Jennifer Buckingham is a research fellow at the Centre for Independent Studies

Push to link teachers' pay to performance

Sophie Morris

Teachers' pay would be linked to their performance under a federal bid to impose new conditions on schools funding agreement with the states and divide Labor in an election year.

The government is using the issue of school standards to try to divide Labor, claiming the federal opposition is failing to deliver reform because it refuses to challenge state Labor governments and powerful teaching unions.

However, Labor's education spokesman Stephen Smith broadly supported the reform proposals outlined by Ms Bishop, adding the unions were "not welcome".

Ms Bishop also announced she would set up a task force for businesses to work with schools — welcomed by the Australian Chamber of Commerce and Industry.

After all, last week it linked that federal funding could be linked to a nationally consistent school curriculum, Ms Bishop continued, urging state ministers to ask state ministers to meet in April.

While she accepted the fact year funding negotiations later that year government a strict budget.

The objective is for schools to publish information, such as student numbers and teacher results, and a performance element salaries. "The same pay is the same," Ms Bishop said.

"The concern is what sensible change can leverage the fe-



Julie Bishop at the National Press Club yesterday... the government is using the issue of school standards to try to divide Labor.

PHOTO: ANDREW TAYLOR

KEY POINTS

■ The federal Education Minister is asking principals the power



Capital flows the wrong way

The leadership's talk of transforming China's economy is just that, writes John Lee.

China has recently indicated that it intends to move away from an investment-driven strategy towards a consumption-based one in order to sustain the next stages of economic development. This was endorsed by President Hu Jintao at the just finished five-yearly plenum of the Chinese Communist Party in Beijing, where he told that China's "development pattern will be changed".

His prescription is spot on and economists around the world have applauded the sentiment. China desperately needs to implement a sustainable development strategy for economic and social reasons.

But the Chinese government does many different things, especially in China.

Reform has had to substantially be overcome by the Chinese leadership, due to overriding political priorities.

Let's start with the Chinese-made old growth strategy. It involves an inefficient and wasteful recycling of money from the state to the private Chinese growth comes from capital investment, state-owned enterprises (SOEs) and mainly state-owned enterprises (SOEs) which in turn pour money into the Chinese economy. There is no evidence that this state-directed model has been successful.

First, World Bank findings indicate that a third of all resources available are wasted and that is rising. In

the 1980s and 1990s it took between \$2 billion and \$3 billion to generate \$1 of additional growth. It now takes about \$5 billion to generate \$1 of additional growth.

Indeed, this is worse even than during the Mao period, when it took \$3 billion to generate \$1 of additional growth.

Second, China is suffering the effects of capital overinvestment, capital overcapacity and declining productivity.

Chinese companies keep pumping

China's board to dispose incomes for the state to invest in SOEs, especially to expand, modernise and develop private companies and sectors that compete with SOEs. This is a very difficult task given that SOEs are often only two feet without regime support.

According to the theory behind the Chinese model of price-setting, the standard rate that applied to all students in 1999 was introduced in 1999. HECS changes were a price change in the expense course nearly doubled in cost, while arts courses were more than 40 per cent, making them equal cheaper.

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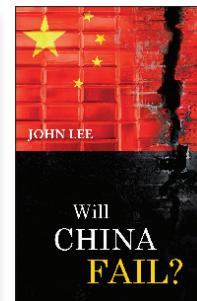
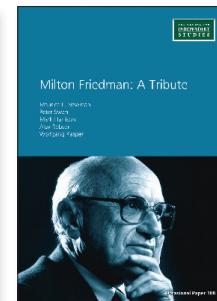
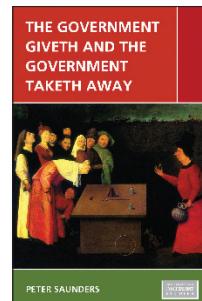
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CIS Publications in 2007

January	<i>State Taxation and Fiscal Federalism</i>	Robert Carling
	<i>Time for a Change in Tonga: From Monarchy to Modernity</i>	Gaurav Sodhi
	<i>Indigenous Governance at the Crossroads: The Way Forward</i>	John Cleary
	<i>A Welfare State for Those Who Want One, Opt-outs for Those Who Don't</i>	Peter Saunders
	<i>Teachers and the Waiting Game: Why Decentralisation is Vital for Public Schools</i>	Jennifer Buckingham
	<i>The HIV/AIDS Crisis in PNG</i>	Miranda Darling-Tobias
February	<i>Australia and the Future of Nuclear Deterrence</i>	Robyn Lim
March	<i>New Zealand's Spending Binge</i>	Phil Rennie
	<i>Mismatch: Australia's Graduates and the Job Market</i>	Andrew Norton
	<i>Reinventing New Zealand's Welfare State</i>	Peter Saunders
April	<i>What is Working in Good Schools in Remote Indigenous Communities?</i>	Kirsten Storry
May	<i>Taming New Zealand's Tax Monster</i>	Phil Rennie
June	<i>Lands of Shame</i>	Helen Hughes
	<i>The Government Giveth and the Government Taketh Away</i>	Peter Saunders
July	<i>Tax Emarking: Is it Good Practice?</i>	Robert Carling
	<i>The Organisation of Residential Aged Care for an Ageing Population</i>	Warren Hogan
October	<i>Kava and After in the Nhulunbuy (Gulf of Carpentaria) Hinterland</i>	Helen Hughes
	<i>Child Care: Who Benefits?</i>	Jennifer Buckingham
	<i>Will China Fail?</i>	John Lee
	<i>Tax Competition: Much to Do about Very Little</i>	Sinclair Davidson
	<i>The Coming Crisis of Medicare</i>	Jeremy Sammut
November	<i>Milton Friedman: A Tribute</i>	Maurice Newman, Peter Swan, Mark Harrison, Alex Robson and Wolfgang Kasper
	<i>Exploring a Carbon Tax For Australia</i>	John Humphreys
December	<i>Why is Australia So Much Richer than New Zealand?</i>	Phil Rennie
	<i>What Are Low Ability Workers To Do When Unskilled Jobs Disappear? Part 1</i>	Peter Saunders
	<i>Fiscal Illusion: How Big Government Makes Tax Look Small</i>	Sinclair Davidson

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ISSUEANALYSIS

Issue Analysis

Kava and After in the Nhulunbuy (Gulf of Carpentaria) Hinterland

For this paper, **Helen Hughes** researched the history, health outcomes, and government responses to kava use. She argues that the ending of kava sales will have positive effects only if the factors that make the Nhulunbuy hinterland dysfunctional are tackled. If underlying deprivation is not ended, alcohol and drugs are likely to replace kava.

Child Care: Who Benefits?

Jennifer Buckingham examines the arguments and evidence most often used to justify making child care more ‘accessible and affordable’ for all families through increased government funding, and finds that the research base of many claims about child care does not support their weight.

Why is Australia So Much Richer than New Zealand?

The average Australian earns roughly NZ\$12,000 a year more than the average New Zealander, and government policies are largely to blame for handicapping investment. **Phil Rennie** analyses some of the common theories on why New Zealand has underperformed, such as size, distance, and natural resources, but concludes that good policies are more important than good luck.

What Are Low Ability Workers To Do When Unskilled Jobs Disappear? Part 1: Why More Education and Training Isn't The Answer

This paper is the first in a two-part analysis of the bottom end of the labour market by **Peter Saunders**. Australia’s economic participation figures disguise the facts that welfare dependency has grown and many welfare recipients remain unskilled. Persistent calls for more education and training ignore the distribution of intelligence in the population. One quarter of people lack the intelligence required to perform skilled jobs, and many of them are now congregating on the welfare rolls. Their employment prospects will not be helped by more spending on education and vocational training courses, from which they are unlikely to benefit.



Policy Monographs

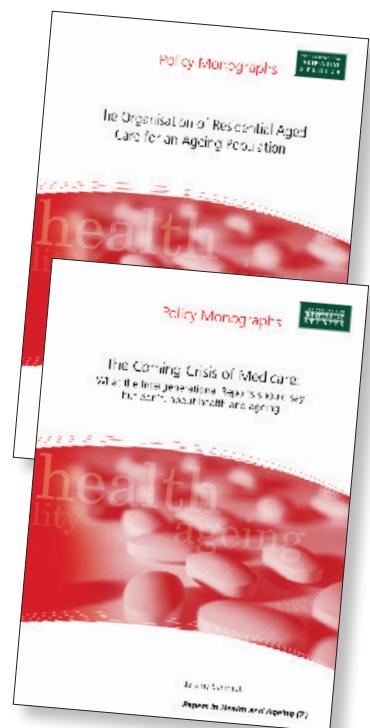
Papers on Health and Ageing

The Organisation of Residential Aged Care for an Ageing Population

Warren Hogan, head of the federal government's aged care review, wrote a report criticising the government's responses to dealing with an ageing population. He argues that the boards and management of aged-care facilities are being hamstrung by federal government policies that offer little flexibility to meet the rising demand.

The Coming Crisis of Medicare

Medicare is becoming an anachronism. The demographic and medical realities of the twenty-first century mean that Medicare can no longer provide every citizen with 'free' access to all the new medical treatments available. **Jeremy Sammut** writes that without reform, healthcare in the 2040s is likely to be increasingly about rationing. In this second report in the *Papers on Health and Ageing* series, Sammut outlines the effects demographic trends toward ageing and the increasing costs of new high-tech medical technology will have on healthcare supply and demand in the future.



Perspectives on Tax Reform

Tax Earmarking: Is It Good Practice?

In this, the twelfth paper in CIS's Perspectives on Tax Reform series, **Robert Carling** asks whether we should welcome 'earmarking' as a new trend in Australian tax policy. According to Carling, Australian earmarking practice has been of the opportunistic cherry-picking kind that obscures the true cost of services and has been designed to facilitate the growth of government spending.

Tax Competition: Much to Do about Very Little

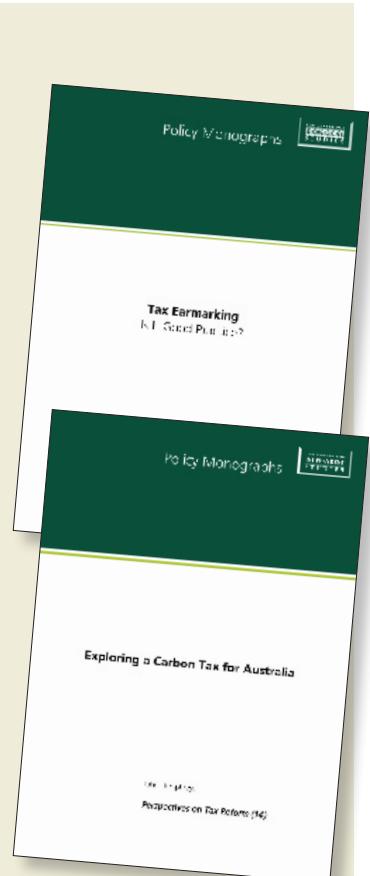
In this paper, **Sinclair Davidson** argues that while the Australian taxation authorities obviously need to counter tax evasion, international tax competition is a positive force and should not be stifled by an OECD-led tax 'harmonisation' drive.

Exploring a Carbon Tax

Despite including the word 'trading' in the name, a carbon trading system is not the best market solution for creating a carbon price. In this paper, **John Humphreys** argues that a revenue-neutral carbon tax would be more efficient and flexible than a carbon trading scheme.

Fiscal Illusion: How Big Government Makes Tax Look Small

Sinclair Davidson writes that creating fiscal illusion gives government the opportunity to distort citizens' fiscal consciousness to create the impression that taxes are not as onerous as they appear. In this way, big government can raise more tax revenue than it otherwise could.



PUBLICATIONS



Policy

Articles on a long-term subject of CIS research, the size of government, generated more interest than any other *Policy* theme during the year. Though the major pieces of writing on the subject—**Des Moore**'s on the rise of discretionary spending and **Andrew Norton**'s on 'big government conservatism'—were published in late 2006, most media attention given to them occurred in 2007.

The Howard government was clearly sensitive to criticism of its spending record. In February, its Finance Minister, Senator Nick Minchin, wrote an article for *The Australian* where he admitted that spending had increased, but argued that total spending was lower as a percentage of GDP than in the past. For the Winter 2007 issue of *Policy*, then-Treasurer **Peter Costello** wrote a reply to the articles by Moore and Norton, making a case similar to Minchin's. Norton and CIS Senior Fellow **Robert Carling** wrote responses to Costello that appeared in the same issue.



Website

CIS's new website went live on 6 September 2007, and has since received only positive reviews and feedback from visitors. Archiving work on the site continues, and should be completed by early 2008. CIS Publications Manager, **Abby French**, is continually updating the website and search engine database, increasing its usefulness as a comprehensive research tool. All of 2007's opinion pieces, Policy Monographs and Issue Analyses are available on the site.



Income and Expenditure Summary

INCOME	2007 Unaudited \$	2006 Audited \$
Donations	1,416,702	1,458,923
Book sales and Subscriptions	139,019	123,851
Consilium/Seminar/Lecture Income	707,466	589,904
Interest and Sundry Income	58,870	43,439
TOTAL INCOME	2,322,057	2,216,117
 EXPENSES		
Research, Functions, Publishing	509,209	614,658
Fundraising and Development	62,949	71,976
Salaries Including Research	1,373,906	1,213,682
Administration and Rent	231,777	260,586
TOTAL EXPENSES	2,177,841	2,150,049
SURPLUS	144,216	66,068

Capital Fund

CIS established a Capital Fund in 2006 with an aim to raise \$5 million toward ensuring the longevity of the Centre and its intellectual capital and to continue to promote the principles and institutions underlying a free and open society. To date, we have raised over \$4.5 million in donations and pledges. Contributions to the Capital Fund will strengthen the financial independence of the Centre and allow the CIS to expand its research programs.

INCOME	2007 Unaudited \$	2006 Audited \$
CAPITAL FUND		
TOTAL INCOME	1,748,257	1,026,344



CIS STAFF



Lauren Hill, Personal Assistant

Lauren is Greg Lindsay's Personal Assistant and the Centre's Events Assistant. She has a Bachelor of General Studies/Bachelor of Teaching (Primary Education) from the University of New England. Before joining the CIS in July 2007, Lauren worked in a variety of industries including advertising, education, and health.



Benjamin Hourigan, Editor

Benjamin holds a Bachelor of Arts with first-class honours in Asian studies and English from the University of Melbourne. He has tutored and guest-lectured in cultural studies, taught English as a second language in Australia and Japan, and worked as a freelance editor. Before joining the CIS in November 2007, he worked in architectural and design publishing as a copyeditor and editorial assistant on *Artichoke*, *Landscape Architecture Australia*, and *Houses*. His writing has appeared in publications including *The Age* and the *IPA Review*.



Bronwyn Nolan, Subscriptions Manager

Bronwyn joined CIS in September 2007. Bronwyn has twenty years' experience in office administration in both the public and private sectors and has a Bachelor of Arts (English) from the University of New South Wales.



Back row, from left: Peter Saunders, Leonie Phillips, Phil Rennie, Barry Maley, Lauren Hill, and Jeremy Sammut

Middle row: Sarah Jane Hall, Robert Carling, Benjamin Hourigan, Owen Harries, Elise Yates, Prescilla Babalo, and Jenny Lindsay

Front row: Bronwyn Nolan, Gaurav Sodhi, Greg Lindsay, Abby French, Helen Hughes, and Jane Duckworth



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'We must make the building of a free society once more an intellectual adventure, a deed of courage. If we can regain that belief in the power of ideas which was the mark of liberalism at its best, the battle is not lost.'

F. A. Hayek



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