

# PréCIS

The Centre for Independent Studies  
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# Leadership in ideas

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## THE CENTRE FOR INDEPENDENT STUDIES

JANUARY–JUNE 2009

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 & 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.

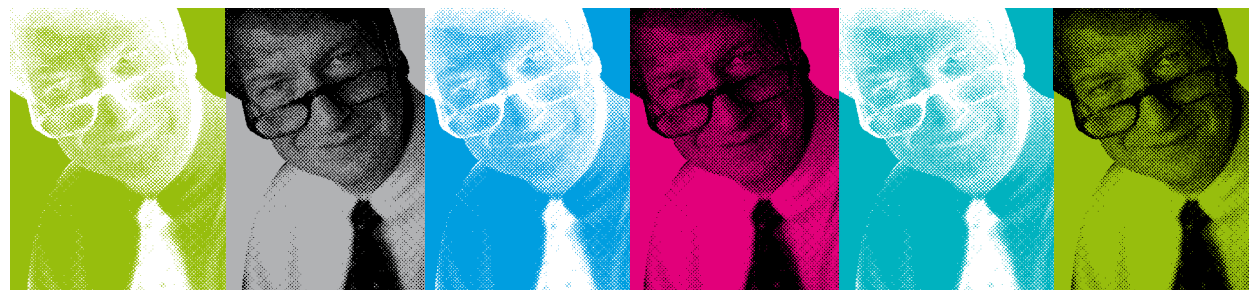


Surveying the economic landscape over the past six months has been interesting to say the least. For those of us who value economic freedom highly, there are many warning signs that our biggest fight to retain what we value is ahead. It's true that both Australia and New Zealand appear for now to have avoided much of the worst of the global financial crisis and perhaps this will continue for a while yet, but this has little to do with recent policy decisions.

Throwing vast amounts of money, indiscriminately in too many cases, is bound to (in this way over-used word) stimulate some politically-favoured sectors of the economy. The Australian political class in particular seems to have nothing much else to add to the economic discussion right now. Sure, retailers are stimulated, construction and home building is stimulated, but this ignores what is not seen. In his John Bonython Lecture, PJ O'Rourke warned that 'our greatest fear should be that our national leaders are engaged in "Recession Preservation". That their policies will make this crisis worse and definitely more prolonged'. That's the risk right now. Recessions are corrective measures. It may be tempting to stop the market from self-correcting and this plays well politically, but this could be damaging in the long run. Jobs will be saved, perhaps temporarily, but are these the right jobs? Is employment and production in existing firms and industries maintained to the detriment of efficient and productive organisations? These are important questions and while we can speculate on the answers now, and even be quite certain as to what they may be, the political cycle has to play out for a while to come. The dynamism that has been a feature of our economies in recent times is in danger of succumbing to a public debt and poor investment-induced malaise that has afflicted many economies around the world, particularly in Europe. That's not a future we should leave to our children to sort out.

I am pleased to say that dealing with such issues has been central to the enlarged economics policy programme at the Centre and the messages our work is bringing to these debates is increasingly being heard.

## EVENTS



### CIS 25TH ANNIVERSARY JOHN BONYTHON LECTURE

21 APRIL LUNA PARK, SYDNEY

28 APRIL PARMELIA HILTON, PERTH

30 APRIL SKY CITY, AUCKLAND

# ‘The Global Financial Crisis? Let’s ignore it. Let’s not do a damn thing about it!’

So says brilliant American political satirist **PJ O’Rourke**, who drew legions of fans to hear his witty words of wisdom about free markets and economic meltdowns during his recent tour for the Centre for Independent Studies.

Whisky smooth and hilarious in his controversy – unless you happen to be one of the ‘charming leftists’ likened to ‘the lap dogs of the poly sci class, returning to the vomit of collectivism’ – O’Rourke was feted by press and public alike who clamoured for interviews and tickets to hear his public addresses. O’Rourke delivered the 25th anniversary John Bonython Lecture in Sydney and Auckland on the subject *Invisible Hand versus*

*Visible Fist: Securing the Future Wealth of Nations*. He also spoke in Perth to an enthusiastic crowd about the dangers of big government and bipartisan consensus: ‘that’s like when my doctor and my lawyer agree with my wife that I need help.’

With nods to Chicken Little, Jack and the Beanstalk, Hillary Clinton, and artificially inseminated cows, O’Rourke painted a colourful picture of the problems of stimulus packages and the risk of giving our power away to government in the hopes of economic salvation. ‘Free market economics can be tough – as you may have noticed. But the only alternative to the purgatory of free markets is the hell of politics.’

Thanks to *The Australian*, *The New Zealand Business Herald*, Pantera Press, Mannkal Economic Education Foundation, and Qantas for their generous sponsorship of PJ O’Rourke’s visit to Australia and New Zealand.

The custom-designed banners used to decorate each event, and featuring pithy O’Rourke quotes, have been signed by the man himself and will be auctioned online from 1 July 2009 to raise funds for CIS. Details may be found at [www.cis.org.au](http://www.cis.org.au). O’Rourke memorabilia is rare and bidding is expected to be fierce!

### *Invisible Hand versus Visible Fist: Securing the Future Wealth of Nations* PJ O’Rourke, 21 April 2009, The Big Top at Luna Park, Sydney

‘The Free Market is dead. The Free Market was killed by the Bolshevik revolution, by fascist central planning, by Keynesianism, the Great Depression, World War II economic controls, the British Labor Party victory of 1945, Keynesianism again, the Arab oil embargo, Tony Blair and Bill Clinton’s “Third Way” economic policies, and by the current financial crisis.

That’s 10 times the Free Market has died in the past 100 years. And every time the Free Market dies, everybody wants to know, “What would Adam Smith say?”

It’s a “Hi God. How’s my atheism going?” moment.

What would Adam Smith say?

He’d be laughing too hard to say anything. Smith spotted the cause of our financial disaster – not just before 2008, but 232 years before 2008. Let me read a little passage from *The Wealth of Nations*, published in 1776: “A dwelling house, as such,” wrote Smith, “contributes nothing to the revenue of its inhabitant.” And Smith went on to point out that even if the house is rented, “as the house itself can produce nothing, the tenant must always pay the rent out of some other revenue.” So Smith concluded: “the revenue of the whole body of the people can never be in the smallest degree increased ...” by a bunch of ugly condominiums and tacky housing developments. Voila, sub-prime mortgage melt-down.’

To hear O’Rourke’s speech in full visit: [www.cis.org.au](http://www.cis.org.au).



“  
Giving money  
and power to  
government  
is like giving  
whiskey and  
car keys to  
teenage boys.  
”





### CIS Crisis Commentaries

CIS has been at the forefront in addressing the multitude of issues raised by the global financial crisis. In response to the crisis, the Centre has hosted a number of lectures and panel discussions by key economic thinkers from Australia and abroad, with the opportunity for attendees to direct questions to the experts. The series will continue throughout the year as Australia bunkers down against the effects of a global recession.

**12/11/08 – *The Ban on Short-Selling: Help or Hindrance?***  
Dr Stephen Kirchner, CIS  
John M Green, Pantera Press  
Dr Robert Bianchi, QUT

**26/11/08 – *Depositor Protection and Government Bailouts***  
Dr Stephen Kirchner, CIS  
Professor Peter Swan, UNSW  
Michael Stutchbury, *The Australian*

**08/12/08 – *The End of Capitalism? An Exploration of the Global Financial Crisis***  
Dr Oliver Hartwich, CIS  
Dr Razeen Sally, European Centre of International Political Economy

**03/02/09 – *Spending Our Way Out of Trouble? The Limits of Fiscal Stimulus***  
Dr Stephen Kirchner, CIS  
Robert Carling, CIS  
Professor Anthony Makin, Griffith University

**26/02/09 – *Lessons from the Past: Economic History***  
Dr William Coleman, ANU  
Dr John Montgomery, Urban Cultures Ltd

**12/03/09 – *The Economic and Financial Crisis: Origins and Consequences***  
Dr Jerry Jordan, Former President, Federal Reserve Bank of Cleveland

**07/04/09 – *Bankers as Bogeymen: Why Salary Regulation Won't Help the Crisis***  
Dr Jamie Whyte, author, *Crimes against Logic*  
Dr Janet Albrechtsen, *The Australian*

**21/05/09 – *The Impact of the GFC: How Resilient is the Chinese Economy?***  
Stephen Joske, China Forecasting Unit, *The Economist*  
Dr John Lee, CIS.

### events

raged about climate change policy when Professor **Warwick McKibbin** from the Centre of Applied Macroeconomics and Analysis at ANU and Dr **Richard Denniss** from the Australia Institute joined CIS Research Fellow **John Humphreys** for a roundtable conversation about the economic implications of an emissions trading system.

The first half of 2009 has been a busy time for the Centre with a number of lunches, lectures and discussions held at the refurbished PP McGuinness library and other Sydney venues.

Former Prime Minister **John Howard** joined CIS researchers and key supporters for a private lunch. At another event, debate

The recommendations of the Bradley Review on Higher Education were contemplated in a public forum by Vice-Chancellors **Fred Hilmer** and **Steven Schwartz** from UNSW and Macquarie University respectively. At an in-house talk, CIS Research Fellow **Andrew Norton** discussed Julia Gillard's announcement that from 2012 Australia will have a demand-driven higher education system.

Professor **Alan Evans** from the University of Reading, and co-author of *Unaffordable Housing*, spoke at a Lightbulb Lunch on planning, housing and the economy.

To celebrate the 200th anniversary of the birth of one of the greatest minds in modern history, CIS collaborated with Professor **Denis Dutton** to present *Darwin Day: Art, Beauty and Human Evolution*. The lecture coincided with the Australian launch of Professor Dutton's new book *The Art Instinct*, published by Oxford University Press. Held at Banco Court in Sydney on 12 February, Professor Dutton, of *Arts & Letters Daily* fame, explored his controversial thesis that natural selection is responsible for our aesthetics tastes and preferences.



## ECONOMICS

*Fiscal policy will need to be more disciplined, particularly if the long-term funding gaps exposed by the previous government's Intergenerational reports are to be closed.*

Robert Carling,  
**The Australian Financial Review**, 7 June

*How we feel about our economic prospects is as much due to our general mood as hard economic facts. As it turns out, homo economicus is not just a number-cruncher but a human being. If his football team wins, he feels better.*

Oliver Hartwich,  
**The Courier Mail**,  
29 January

*The reality is the government cannot fix the current problems, and it shouldn't be trying.*

John Humphreys,  
**The Canberra Times**,  
26 January

### Challenging times for economic liberals

When the financial crisis broke out, many pundits had already identified the usual suspects: greed, investment bankers, unfettered capitalism, neoliberalism, deregulation, and privatisation. In short: Everything that these commentators had never liked anyway.

While it may be convenient to blame 'the free market' for our economic woes, we are convinced that the real causes and consequences of the current economic crisis can be found elsewhere. In a series of Crisis Commentary events, economic experts such as Dr **Jerry Jordan**, former President of the Cleveland Federal Reserve Bank, explained how government policies have contributed to our problems and how more government intervention is going to make things worse. In a number of publications and articles, CIS Research Fellow Dr **Stephen Kirchner** argued that systemic distortions and politicisation of the US mortgage market by successive governments created the 'bubble' in the housing market.

At CIS, we are particularly concerned that governments are seizing this opportunity to expand the reach of the state and roll back free, civil society. As one of Barack Obama's closest advisers said: 'Never let a crisis go to waste.' However, we know from past experiences that many attempts of the state to take control of economic affairs

have failed spectacularly. This is why publications such as **Robert Carling's** 'Are we all Keynesians again?' are useful reminders that whatever we do, we should not be repeating the mistakes of the past.

Although the financial crisis has been the dominant theme for the economics team, we have not lost sight of other important topics, either. The case against an Emissions Trading Scheme has been laid out by **John Humphreys** in numerous articles and we held a roundtable discussion on the issue. CIS economists have also published papers on the constitutional status of local government in Australia, the government's assault on philanthropy, the misguided fear of foreign investment in our mining industry, and the continued subsidisation of the car manufacturing sector.

We know that these are difficult times for economic liberals because the mood of the time has once again turned in favour of statism and interventionism. But at the CIS, we are better prepared than ever to defend the institutions of a free society and extol the virtues of market-based solutions.

Visiting Fellow **Jason Soon** expanded his role at the Centre, having previously worked at Concept Economics, with the release of his report *The Folly of Criminalising Cartels* in June.

### Media Highlights

'With No Particular Place to Go: The Federal Government's Ill-Conceived Support for the Australian Car Industry,' a CIS Issue Analysis by **Oliver Hartwich**, March 2009

### Opinion pieces

'Taxpayers pay billions for Govt's car trip,' **ABC News Online**  
'Goodbye to GM, hello Rudd Car,' **The Australian**  
'Stop this highway robbery and stand up to Detroit,' **The Herald Sun**

### Print news stories

**The Canberra Times**  
**the Australian Financial Review**  
**the Adelaide Advertiser**  
**The Spectator**  
**The Age**

### Radio Interviews

2GB  
2SER  
2UE  
5AA  
ABC 702  
ABC News Radio  
ABC Radio National  
ABC Riverland  
Curtin Radio  
SBS Radio

### TV Interviews

ABC TV  
Win News Ballarat

### Online Mentions

Andrew Bolt Blog  
Asia Pulse  
Briefing Asia Automotive  
BNet  
Car Advice.com.au  
Car News Articles  
Drive.com.au  
Ford Forums  
GM Inside News  
IEA.org.uk  
Manager Magazin  
Monsters & Critics.com  
Online Opinion  
Perth Now  
Silver Scorpio  
The Australian Business  
The Bull  
The Green Car Website  
The Motor Report  
The Spectator.co.uk  
Wards Auto.com

## ECONOMICS

### Government policy on the road to nowhere

For decades, Australian governments have been subsidising and protecting the Australian car industry. Through a mixture of tariffs and R&D grants, billions of taxpayers' money have been pumped into Australia's car manufacturers. Despite all this, the industry has declined and foreign-made cars are now dominating the Australian market.

This obvious failure of previous policies did not deter the Commonwealth government from devising yet another big government scheme for the car industry, worth more than \$6 billion.

In an Issue Analysis for CIS, Research Fellow Dr **Oliver Marc Hartwich** questioned the claims behind this policy. He demonstrated that it failed on all its promises. It did not make transport more energy efficient nor did it promote employment. All in all, the 'new' car policy turned out to be an old-fashioned piece of industrial policy behind a green smokescreen.

Poor policies like these are experiencing a renaissance thanks to the economic crisis when governments are keen to 'be seen to do something'. We believe it is our task to hold them to account and scrutinise the costs and alleged benefits of their actions.

*The world subsequently learned – through experience and a major revision of economic thinking – that Keynesian policies could be ineffective or even harmful. Governments around the world are now acting as if those lessons had never been learnt, but they remain valid today.*

Robert Carling, **The Age**, 19 February

THE AUSTRALIAN THURSDAY MAY 14 2009

## 14 OPINION

# Hey, big spender, stop stimulating

*The return of big government will hinder economic recovery, warns Stephen Kirchner*

THE 2009 budget forecasts the biggest expansion in federal government spending since Gough Whitlam. While the budget deficit is being sold as a necessary response to the worst global economic downturn since the Depression, government spending will hinder growth

future, but no government in recent history has shown this degree of expenditure restraint. Real growth in spending averaged 4 per cent between 1971-72 and 2007-08, which excludes the Government's recent stimulus packages. Government spending has increased

OPINION & ANALYSIS

# Stimulus is a waste of taxpayers' money

Lessons learnt are being pushed aside to prop up sagging economies, writes Robert Carling.

THE use of fiscal pump-priming – the age-old device of using fiscal policy for longer-term objectives – has made a spectacular comeback. The stimulus for fiscal stimulus packages as a response to the current economic downturn is evident around the world. The Budget Government's dramatic announcement on Tuesday is the latest example. But the revival of what is called counter-cyclical fiscal policy glosses over the lessons that were learnt in the 1930s.



THE AUSTRALIAN TUESDAY MARCH 17 2009

## 10 OPINION

# Goodbye to GM, hello Rudd Car

*General Motors' troubles will cost Australian taxpayers big money, argues Oliver Hartwich*

IT was meant to be a bold statement in troubled times when only to discover that this is close to impossible. Not only do their cars share technologies and platforms with other GM companies but even the patents developed in Germany for Opel have been transferred to a US company, which in turn used them as collateral for the US Government's emergency loans to GM. So the taxpayer subsidises Rudd's giving Holden may end up in the coffers of its sibling parent in Detroit.

This leads to the next problem, the role of the US Government in GM's future. When the US Government funded emergency financing, it did not outline any conditions contained in the effect put the US charge of GM's restructuring any transaction in 9 million (\$52 million) that without Australia's support the company will be on the agenda for Obama in Washington.

In the US, it produced cars that people no longer wanted to buy. The company also missed out on the trend for smarter and smaller cars.

To make matters worse, General Motors' costs were much higher than those of its competitors.

In many ways, Holden was a true daughter of her American parent. While we may feel nostalgic about Holden's cars, the truth is that fewer of us actually bought them.

Holden's American parent, General Motors, has been troubled for many years, long before the current financial crisis began.

Holden's market share has collapsed

## Making Treasury myths

ROBERT CARLING

THE Treasury's independence has featured in the post-budget

## Time for polities to stand up

OLIVER HARTWICH

national icon, we should not be blinded by sentimentality when it comes to making decisions about the company's future. Especially not if it involves the taxpayer handing out huge sums of money to keep Holden alive.

Holden's American parent, General Motors, has been troubled for many



## SOCIAL FOUNDATIONS

*In the end, the Bradley package looks rather like the Nelson reforms. It offers a series of financial patch-ups that would, if accepted by the government, help the sector stagger on for another few years.*

Andrew Norton,  
**The Australian**,  
7 January

*The majority of non-government schools want to more equally share the responsibility of educating children with disabilities, but they can't do it from their existing share of the resources.*

Jennifer Buckingham,  
**The Australian**,  
21 April

The concerns of the CIS Social Foundations Program remain the paradox of the modern welfare state and how to break the cycle of ever bigger 'big government.'

We know that big government has gotten bigger by rolling out programs that intervene in aspects of life which most individuals, in combination with a strong private sector and a robust civil society, have the means and capacity to sort out for themselves. On the other hand, government has also expanded by increasing the number of people reliant on government support. The destructive social and personal consequences of welfare dependence have sapped individuals of the capacity to support themselves.

Social policy in critical areas is approaching a tipping point.

The choice-based approaches to schools and higher education advocated by CIS Research Fellows **Jennifer Buckingham** and **Andrew Norton** are under consideration by the federal government.

Research Fellow Dr **Jeremy Sammut** is working on applying the same principles—that instead of centrally planning a one-size-fits-all approach, government should empower people to choose the services that suit them best—applied in that other policy field dominated by government control – health.

At the other end of the spectrum, the economic downturn has highlighted the need to maintain strong welfare-to-work policies to prevent the temporarily unemployed dropping out of the labour market and becoming long-term welfare dependents—a point strongly made in recent research on jobless families by CIS Policy Analyst **Jessica Brown**.

The prospects for smaller government look bleak when vast swathes of the global financial system are virtually nationalised and when government debt threatens to crowd out private initiative for a generation.

Yet the cause is not lost. There are signs that government wants to get smarter about what it does and doesn't do, and is looking to get out of the way of people who can manage their own affairs and to focus instead on helping the dependent help themselves.

Across the range of social policies from education to health to welfare, the Social Foundations Program continues to promote the policy ideas that set the primacy of the individual above the dominance of government.

**Elise Parham** has joined CIS for six months as a Policy Analyst with the Social Foundations team and as well as working on foundation fundraising.

*Life will be difficult for jobseekers, but unfortunately necessity dictates that it shouldn't be comfortable.*

Jessica Brown,  
**The Courier Mail**,  
29 May

*The last problem in public hospitals is lack of money. Over the previous decade, real expenditure on public hospitals, mainly funded by taxpayers, has grown by 64%.*

Jeremy Sammut,  
**The Canberra Times**,  
19 May

## SOCIAL FOUNDATIONS

www.theaustralian.com.au

Universities need more than the commonwealth can afford to pay them, writes **Andrew Norton**

THE budget lock-up for education last week, vice-chancellors and ministers enjoyed some rare moments of unity. Ministers Julia Gillard and Kim Carr were clearly pleased with their package of spending and reforms, and vice-chancellors offered praise and congratulations. After many years in which "a good first step" was the highest praise governments could expect from universities, it was quite a change.

Compared with their low expectations, vice-chancellors certainly enjoyed a pleasant budget surprise. But to reality the budget still leaves a gap not only in their finances but in the Government's reform plans.

Though in the last four Coalition budgets real increases were delivered via other means, the growth of real annual cuts to recurrent student funding was resumed by the Rudd Government. By the end of Kevin Rudd's first term, universities will have faced real cuts to it of the previous 15 years.

Consequently, the effects are very significant and clearly unsustainable. To this point, the Government now has a request that vices-chancellors. From 2011, universities will be asked to fundraise to cover current costs, the minimum-wage safety-net adjustments.

According to the budget papers, this will be equivalent to about a 14 per cent annual increase in funding above what universities would have received if the inflation method continued. But it does not cover the damage inflicted since the mid-1990s. It will just prevent it from getting any worse.

Even with inflation reform, the underlying costs paid per student will remain poorly aligned with costs at the discipline level. These costs have their origins in a funding model designed to merge the universities and colleges of advanced education in the early 1990s. We could not expect this model still to be valid after more than 20 years, even if the inflation system had been better. As indeed it was, it is still a wrong



## The gap between us

Though Gillard has ruled out general increases in student contribution amounts, her other policy initiative will push the discipline back on to the political agenda in the next few years. Both the demand-driven system and standards agency are going to highlight the need for additional resources in most, if not all, disciplines. With government finances exhausted, student fees are the only option left. Andrew Norton is a research fellow at the Centre for Independent Studies

www.theaustralian.com.au

## Modest gains but at a price

The Bradley report is hardly a ringing call for transformation, argues **Andrew Norton**

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OPINION & ANALYSIS

## Training is a means to the end, not the end

The Government's tough love jobs compact is a step in the right direction, writes **Jessica Brown**

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## A budget stick for sole parents



JESSICA BROWN

While the pension increase was widely – though not universally –

The social consequences of having too many families without any jobs can be devastating. Children of out-of-work parents are the most likely to be back into the workforce for jobless parents and those on welfare. It remains to be seen how the Rudd Government's new "Fair Work" legislation will affect job creation and retention in practice, but any policies which make low-skilled labour more expensive to hire could lead to a jump in the number of out-of-work parents. During a downturn, it is preferable for

## No real reform on the horizon

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## WEEKEND PROFILE

## Jeremy Sammut

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## A lesson from the real world

The idea that men capable of sexual crimes can simply be re-educated to play the rules of society is an academic fantasy, writes **Jeremy Sammut**



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*Reading the mountains of paranoia-inducing advice about parenting is enough to make a potential mum reconsider.*

Jessica Brown,  
**The Herald Sun**,  
28 January







## FOREIGN POLICY

*Chinese soft power is hitting a wall. Unless the party is prepared to loosen its grip, many people will continue to believe more demons and conspiracies hide in the shadows.*

John Lee, *The Sydney Morning Herald Weekend Edition*, 4-5 April

*Unlike our strategists, counterparts in Beijing are actually remarkably clear about how they think the future security environment will look like.*

John Lee, *The China Post and The Korea Herald*, 6 May

The Centre's foreign policy team includes Foreign Policy Fellow Dr **John Lee**, working on China, Southeast and South Asia, and Dr **Tanveer Ahmed**, who recently joined CIS as a Visiting Fellow to work on Pakistan and Afghanistan.

In 2009, the foreign policy program continued to focus on issues that will have significant impact on current and future Australian interests. The Centre's agenda has been expanded to include work on the progress of Indian economic development as well as changes in Indian strategic culture and foreign policy; developments in Southeast Asian foreign policy in response to the rise of India and China; and monitoring the deteriorating situation in Pakistan, which will be the focus of a session during Consilium in August. This is in addition to the Centre's ongoing work on Chinese economic and political development; monitoring China's regional and foreign policy as well as developments in the Pacific and the efficacy of aid to these countries; and the consequences of rising Chinese influence in the Pacific region.

The first six months of 2009 have been a particularly productive period with a second and fully updated edition of *Will China Fail?* released in June. The new edition includes commentary on the impact of the global financial crisis on the Chinese economy and Beijing's response. Research has also been published in journals such as *Policy* and *The Diplomat*, and opinions by CIS authors have been published in major international newspapers in the United States, Europe and Asia, including the *Washington Times*, the *International Herald Tribune*, the *Times of London*, the *Japan Times*, the *South China Morning Post* as well as all major Australian newspapers. International and local television and radio interest have also been strong.

The Centre's work has made a significant policy impact with researchers giving briefings to top-tier members of government and bureaucracy in Australia, the United States and Singapore. Public seminars of Dr Lee's work on China and India were delivered in Washington and Singapore. It has certainly been a strong start for the program in the first half of 2009.

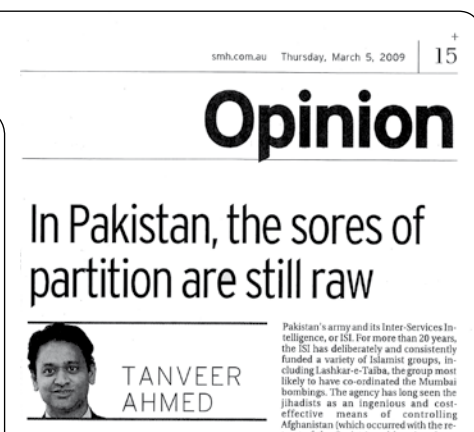
## LIBERTY & SOCIETY STUDENT PROGRAM 2009



This year has seen a change of guard with three of the five lecturers presenting at the first Liberty and Society conference in May 2009 being ex-L&S alumni. They were Dr **Jonathan Crowe** from the School of Law at University of Queensland and CIS Research Fellows Drs **Stephen Kirchner** and **Oliver Hartwich**. Kirchner and Hartwich finished the weekend off with an in-depth look at the causes of the financial crisis and the consequences of government action (so far). As usual, we spent most of the weekend considering the theory

of classical liberalism and how it can be applied. Dr **Jeremy Shearmur's** political philosophy lecture took the group into the difficult ethical area of selling blood and other body parts – how would a classical liberal answer this question? Professor Wolfgang Kasper completed the lectures with his take on how we understand and use economics. The conference was kicked off at the with an opening dinner speech on green politics by ABC Radio National presenter **Paul Comrie-Thomson**, who suggested that if we want to go green let's use nuclear power.

The group of attendees consisted of 30 young people from all states. They were studying everything from law and economics, to science and the humanities. A number of them had just completed their university studies and were starting their professional career. The level of involvement from the group made for a stimulating and exciting weekend for everyone involved.



### POLICY 2009

To read a selection of articles from the latest issue of *Policy* magazine go to [www.cis.org.au/Policy/home.htm](http://www.cis.org.au/Policy/home.htm)

ideas • debate • opinion



## MEDIA

*The fundamental problem with NSW hospitals is excessive, centralised bureaucracy.*

Wolfgang Kasper,  
*The Sydney Morning Herald*, 29 January

*The real scandal is not the potential for Chinese influence over Australian politicians. It is the Whitlam-era, Chinese-style foreign investment regulatory regime we have inflicted on ourselves.*

Stephen Kirchner,  
*Business Spectator*,  
1 April

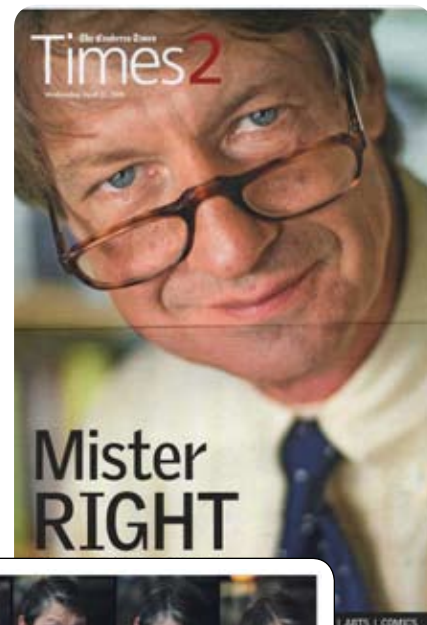
In the first half of this year CIS has had **119 opinion pieces** published in newspapers in Australia and overseas. CIS received **180 print mentions** in newspaper and magazine articles in this time, and CIS researchers were **interviewed for radio 142 times, and for television 37 times**. As well as this, CIS research has been **referred to online 240 times**.

Dr **Oliver Hartwich**'s report *Beyond Symbolism: Finding a Place for Local Government in Australia's Constitution*

**John Bonython Lecture**  
**PJ O'Rourke** received significant media coverage during his visit to Australia. During his short time here he had four opinion pieces published, 29 newspaper articles and interviews, 13 radio interviews and nine TV interviews. He appeared on Channel Ten, ABC TV's *Q&A*, TVNZ's *Close Up*, Sky News *Agenda*, NZ's *Sunday Star Times*, and ABC 702's *Thank God It's Friday*. His total air time at the ABC alone was 16 hours.

was reported in local newspapers across the country in January, and **Wolfgang Kasper**'s report *Radical Surgery: The Only Cure for NSW Hospitals* received considerable media coverage at the beginning of the year.

The research report to receive the most coverage in this period was Dr Hartwich's timely report *The Federal Government's Ill-Conceived Support for the Australian Car Industry*, which received 48 media mentions, interviews and articles.



## PUBLICATIONS

### Policy Monographs



### Radical Surgery: The Only Cure for NSW Hospitals Prof Wolfgang Kasper

The systemic failures of public hospitals in NSW are caused by their excessive bureaucratisation. Without drastic reform, NSW citizens are likely to lose their traditional, free access to public hospitals.

### From Rhetoric to Reality: Can 99-year Leases Lead to Homeownership for Indigenous Communities Sara Hudson

A lack of private property rights on communally owned land means homeownership is impossible for Indigenous communities.

### Bubble Poppers: Monetary Policy and the Myth of 'Bubbles' in Asset Prices Dr Stephen Kirchner

Monetary policy and central banks should not be aiming to actively manage asset price cycles.

### Revisiting Indigenous Education Prof Helen Hughes and Mark Hughes

There is no 'gap' between the literacy and numeracy of Indigenous and non-Indigenous students. The gap is between Indigenous students in mainstream schools and Indigenous students in non-performing remote schools.

### Breaking the Cycle of Family Joblessness Jessica Brown

Tax cuts, mutual obligation, and Labour force flexibility could make or break jobless families.

### Will China Fail? 2nd Edition Dr John Lee

The profound and mounting contradictions, tensions and dysfunctions within the Chinese economy and society, and its leaders' response to the global financial crisis, mean that the country's problems are getting worse.

### ISSUE ANALYSIS



### Beyond Symbolism: Finding a Place for Local Government in Australia's Constitution Dr Oliver Marc Hartwich

Local governments could provide better services such as schools and fast development approvals if they received a higher proportion of tax revenue and a formal definition in the Constitution.

### Fixing Prices: Why Vouchers Won't Work While Government Sets Fees Andrew Norton

The Bradley Review into higher education should have gone further to solve the financial problems of underfunded universities by deregulating student contribution amounts for higher education courses.

### Are We All Keynesians Again? Robert Carling

In their rush to prop up sagging economies, policymakers have forgotten the lessons learned in the 1970s and 1980s about the limits of effective fiscal stimulus.

### In Defence of Civil Society: The Virtue of Prescribed Private Funds John Humphreys

The Commonwealth government is looking to change the rules governing charitable funds which may harm philanthropic giving and, consequently, undermine civil society.

### With No Particular Place to Go: The Federal Government's Ill-Conceived Support for the Australian Car Industry Dr Oliver Marc Hartwich

With the car manufacturing industry faltering further, the Rudd government's massive taxpayer-funded support for the Australian car industry is doomed to fail.



You may have noticed that CIS is sending a weekly email on Fridays called **Ideas@The Centre**.

This e-newsletter aims to present short pieces of new writing by CIS researchers in a reader-friendly format. **Ideas@The Centre** includes brief commentaries on policy issues that have arisen during the week and also a summary of our most recent research reports. If you don't already receive **Ideas@The Centre** and you're interested in some light policy analysis on a Friday afternoon, please subscribe by emailing: [cis@cis.org.au](mailto:cis@cis.org.au).



## PUBLICATIONS

### ISSUE ANALYSIS

#### Ending No.8 Wire Welfare: Why New Zealand is Lagging Behind Luke Malpass

Introducing more rigorous work-first policies is important in a recession so that if unemployment does rise substantially, people do not lose touch with the world of work.

#### Indigenous Participation in University Education Joe Lane

24,000 Indigenous university graduates in Australia are an Indigenous success story. Using race-based 'average' educational performance measures denigrates their achievement.

#### The Folly of Criminalising Cartels Jason Soon

The government should reconsider the introduction of a 10-year jail sentence, on top of already significant financial penalties, for cartels as they are not as economically damaging as is being claimed.

### POLICY FORUMS

#### Supping with the Devil: Government Contracts and the Non-Profit Sector Edited by Professor Peter Saunders and Martin Stewart-Weeks

Contributors: James Cox, Lisa Fowkes, Vern Hughes, Mark Lyons, Peter Shergold, and Rob Simons

#### Fiscal Fallacies: CIS Crisis Commentaries 1 Edited by Dr Stephen Kirchner

Contributors: John B Taylor, Robert Carling, and Tony Makin.

#### Supersize New Zealand: A Collection of Essays on how to Improve New Zealand's Public Policy Edited by Luke Malpass

Contributors: Don Brash, Roger Kerr, Gareth Morgan, Matt Nolan, and Phil Rennie.

### CIS CLASSICS

#### The Servile State: Studies in Empirical Philosophy John Anderson

Introduction: Kenneth Minogue.  
Reprint of this philosophical critique of the drift towards moral servility and conformism in Western states during the 1940s using Hilaire Belloc's *The Servile State* (1912) as its point of reference.

### Occasional Papers

#### Neoliberalism: The Genesis of a Political Swearword Dr Oliver Marc Hartwich

Neoliberalism is a political swearword today, but its inventor intended it to mean a 'Third Way' ideology.



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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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