

LIFE IN AUSTRALIA 2050

# Future**Makers**, **Future**Takers

*The misty expanse of futurity is radiated with divergent lines of rigid steel; and along one of these lines, with diminishing carbon and sighing exhaust, you travel at schedule speed. At each junction you switch right or left, and on you go still, up or down the way of your own choosing. But there is no stopping or turning back; and until you have passed the current section there is no divergence, except by voluntary catastrophe.*

*Another junction flashes into sight, and again your choice is made; negligently enough, perhaps, but still with a view to what you consider the greatest good, present or prospective. One line may lead through the Slough of Despond, and the other across the Delectable Mountains, but you don't know whether the section will prove smooth or rough, or whether it ends in a junction or a terminus, till the cloven mists of the Future melt into a manifest present. We know what we are, but we know not what we shall be.*

Tom Collins (Joseph Furphy), *Such is Life*, 1903

\* \* \*

*We live in a world captured, uprooted and transformed by the titanic economic and techno-scientific process of the development of capitalism, which has dominated the past two or three centuries. We know, or it is at least reasonable to suppose, that it cannot go on ad infinitum. The future cannot be a continuation of the past, and there are signs, both externally, and, as it were, internally, that we have reached a point of historic crisis. The forces generated by the techno-scientific economy are now great enough to destroy the environment, that is to say, the material foundation of human life...*

*We do not know where we are going. we only know that history has brought us to this point... However, one thing is plain. If humanity is to have a recognisable future, it cannot be by prolonging the past or the present. If we try to build the third millennium on that basis, we shall fail. And the price of failure, that is to say, the alternative to a changed society, is darkness.*

Eric Hobsbawm, *The Age of Extremes*, 1994

\* \* \*

*Where there is no vision, the people perish.*

Proverbs 29:18

L I F E   I N   A U S T R A L I A   2 0 5 0

# Future**Makers**, Future**Takers**

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# PREFACE

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At birth I was thrice blessed. I was born Australian. I was born at the end of the 1930s depression and have lived much of my life through prosperous and (domestically) peaceful times. And I was born to loving parents who were always able to feed and clothe me, and who fostered my education. This triple endowment has been the foundation on which I have been able to build a long, healthy, self-fulfilling life. Now, as some remuneration, I am here writing a book which I hope will contribute in a small way towards helping future generations of Australians live long, healthy self-fulfilling lives. Australian society is my focus of interest and the wellbeing of its people is my concern.

Perhaps I am a ‘do-gooder’, but, if so, I am far from alone in my concern for future generations of Australians. Some people’s concerns are sweepingly altruistic; some are more personal. Many older people are openly anxious for their grandchildren’s wellbeing and hence for the society in which those grandchildren will live. Parents want to be able to tell their children what sort of world they will live in and to make plans for their wellbeing in that world.<sup>1</sup> And many younger people have well-developed hopes and fears about the society in which they will grow old. Should they, rationally, be more fearful or less, more hopeful or less?

Not that thinking about Australia’s medium-term future—one or two generations out, around 2050 say—takes a lot of people’s time. Most are preoccupied with surviving or prospering in the here-and-now. Nonetheless, I am convinced that many people would spend more time thinking and talking about Australia’s medium-term future if a vigorous and thoughtful effort were made to get this topic onto the national agenda. While understandable for individuals, it is less excusable for society to signally fail to think explicitly about what can be started today which might improve quality of life for the people of 2050 and beyond.

Part of my puzzlement about Australian society's apparent indifference to its medium-term future stems from a perception that the future is a topic with a very natural appeal. Indeed, while writing this book, I have become obsessed and excited by the future. I have always found contrasting scenarios intriguing but, once you start asking, continuously, what the future beyond Christmas might be like, the world assumes a whole new aspect. Everything you read, hear and see contains hints about 'the shape of things to come' (to borrow HG Wells' phrase) and you find yourself submerged in a maelstrom of ideas in which the challenge is to find pattern and order. Doing the reading and thinking for this book has been a great pleasure. Indeed, I was sorry when it became necessary to stop reading and begin writing. There are so many references I should have read, and so many I should have read more carefully or for a second time.

Simultaneously, I have become more and more humble as the book has progressed. The enormity and arrogance of what I am attempting comes home to me every time I realise that some modest idea that has suggested itself to me already has been, somewhere, some time, the subject of comprehensive study.

*Future Makers, Future Takers* has its origins in the Ecumene project, a research project in the CSIRO (Commonwealth Scientific and Industrial Research Organisation) Division of Wildlife and Ecology. It was started by myself in 1990 and is currently led by my colleague Barney Foran. The project is concerned with the following question:

In that part of Australia where the intensity and spatial pattern of natural resource use is changing rapidly (called the Ecumene), how might society best go about balancing conflicting demands for the satisfaction of both resource conservation and resource utilisation values?

The Ecumene project stems from the awareness of the Division's scientists that many aspects of environmental quality (for instance, air quality, water quality, earth materials quality, biodiversity) are degrading under the impact of a complex process whose major drivers include population growth, technological change and changing consumption-production mixes. As a general rule, whenever there is a change from a less-intensive to a more intensive land use, or resource use, conservation values (for instance, natural capital) tend to be lost and utilisation values (for instance, production and consumption) tend to be met.

Given that environmental quality is an important part of overall quality of life, and that quality of life is an important social goal, the question arises as to whether this complex process can be collectively



managed. If so, how well? While bearing in mind that efficiency and equity are other important goals which need constant balancing against environmental goals, it would be of major benefit to Australian society if environmental quality could be better managed.

The Ecumene project uses two methods—*feedback modelling* and *scenario building*—to create descriptive images of possible futures for Australian society. While this book is a product of the scenario-building element of the project, it takes on a somewhat bigger task than just looking at the mid-future prospects for environmental quality in Australia. In order to consider environmental quality in sufficient perspective, I have found it necessary to consider the more general concept of quality of life and look into our society's prospects for surviving in a reasonably civilised way for many centuries.

Our feedback modelling work has already yielded a number of insights into how difficult it is to move an historically bound economy rapidly from one paradigm to another. To move from a fossil-fuel based paradigm to (say) a renewable-energy based paradigm, the message is that one has to start 'turning the ship around' as early as possible *and then stay committed to change*. The complementarity between the scenario-building work and the feedback modelling work is such that scenarios provide alternative assumptions about society's rules for trying to redirect the timeship from one destination to another. The value of the feedback-modelling work to scenario-building lies in the promise that it will, in time, generate plausible numerical (as opposed to narrative) descriptions of possible consequences of adopting and operationalising alternative socio-political philosophies.

While this book has its origins in a CSIRO project, it needs to be stated clearly that it does not represent anything in the nature of an official CSIRO position on the matters it addresses. Certainly, as the nation's leading scientific research organisation, CSIRO has a responsibility to support thinking about big, difficult questions on the edge of conventional science (without, of course, being committed to the results of such thinking). In an era when it is increasingly difficult to find institutions willing to support panoramic thinking and when only a modicum of such thinking is carried out by corporations, military establishments and government departments, CSIRO merits public commendation for allowing, even encouraging, one of its officers to speculate freely—in a manner which owes little to those classic philosophers of science, Bacon and Popper—about Australia's future. I am confident that the support I have received would still have been forthcoming even if it had been realised by all at the beginning of the exercise that the major variable to be controlled when carrying out mental experiments on the future is ideology.



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*Doug Cocks*



# INTRODUCTION

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The world keeps looking for a convincing model of social organisation. Not only are the laissez-faire and communist models out of favour, so is the pragmatic mix of policies and programs that seemed to work in mixed economies in the 'golden age' which ran from 1947 to the mid-seventies. This is despite the fact that the battle to have societies organised around the ideas of self-regulated market capitalism and small government has been temporarily won by the proponents of those ideas. For a good half century to come, the first world is likely to be made up of societies that are variants of the 'capitalist democracy' model. One of these will be Australia. Within that boundary condition, what are the practicable choices available for managing our society? If we want a society with good long-term survival prospects and offering high quality of life to all (goals that I lump together as *quality survival*), as this book assumes we do, can we articulate and evaluate defensible and distinctly different alternative ways of attempting to create such a society? Even if it takes fifty years to get there?

*Future Makers, Future Takers* is based on the unadventurous assertion that it is not too difficult to abstract, from our culture's pool of ideas about societal organisation, several coherent, integrated, ideotypical (sharply contrasting) strategies for managing Australian society. While there is evidence and argument available to support the adoption of any of these strategies, evidence is not proof and, in the end, these strategies have to be regarded as belief systems which, if implemented, may or may not produce the Australia we want.

This book formulates three strategies which address, in different ways and with different emphases, a common set of economic, social and environmental concerns. Inevitably, it is easy enough to identify similarities between these strategies and contemporary political positions. But to present the three strategies in as fair a way as I can, I have been extremely careful to play down such links and compensate for my own biases. In return, the reader might resist 'going

partisan' as soon as they think they know which strategy best reflects their political allegiances.

The three strategies are presented as manifestos for three hypothetical political parties seeking to govern Australia over coming decades—the Conservative Development Party, the Economic Growth Party and the Post-Materialism Party. These manifestos then become the foundations on which I build three scenarios that speculate on what the longer-term quality-of-life consequences might be if Australian society made a conscious choice to be guided for some decades by each of these socio-political philosophies.

A scenario is nothing more than a preview of possible future events or conditions. The proposition behind this 'narrative experiment' is not that scenarios can predict the achievement or otherwise of particular social goals by some mid-future date—they cannot. Rather, it is that by carefully detailing a small but diverse selection of the many paths Australian society could choose to follow and by speculating in an informed and disinterested way about the differential consequences of following one or other of these paths over time, it might be possible to make a better choice about which to start on now. Of course, today's choices do not commit society for fifty years. Tomorrow (figuratively speaking), when circumstances change, the experiment can be repeated and another path perhaps chosen.

I particularly want my scenarios to alert people to the need to avoid 'short-termism' when choosing paths. Just as many aspects of our lives today are being determined by collective and private decisions made fifty to one hundred years ago (decisions, for instance, about federation, the white Australia policy, closer settlement), many of the things that will be important about life in the mid-twenty-first century are being determined by decisions being made today. Despite this, these consequences are rarely taken into account more than minimally in choosing what to do today. For example:

- The way we are educating our children today will determine their capacity to find work in a globalising economy, and fulfilment in their adult lives. It will set the values which they, in turn, bring to bear on moulding their Australia's future.
- Big infrastructure projects (for instance, a Very Fast Train link between Brisbane and Adelaide) undertaken today will still be functioning in fifty years and will affect settlement patterns in the intervening period.
- A strategic decision now to embark on a medium-term large-scale immigration program would double the size of Australia's population and leave us with several mega-cities in 2050.
- Because natural capital can only be lost, not created, strategic

measures taken today to protect natural capital from cumulative exploitation will determine our grandchildren's natural inheritance.

- Major procurement decisions being made by the Australian Defence Force today will determine our defence capabilities for some decades. Speaking of the Navy's recent plans to upgrade the Australian fleet, a senior officer said, 'This set of decisions will fix the maritime force until half-way through the next century'.<sup>1</sup>
- Joining regional and world trade and other groupings (such as the World Trade Organisation and the Asia Pacific Economic Co-operation forum) will lock Australia into the decisions of such bodies for some decades.
- A comprehensive deregulation of the local economy could only be reversed with great difficulty, over decades, if at all.
- In some sectors of the economy (for instance, the oil production, banking, infrastructure provision, forestry, mining, agriculture and insurance industries) profitability in forty to fifty years depends on investment decisions made today.
- 'Infant' industries (for instance, a space industry) can take decades to establish.
- Community attitudes can take many years to turn around.
- Institutions in place today determine whether people are able to smooth their income over their complete life cycle, putting in taxes and taking out welfare as needed.

Decisions about all these matters need to be taken with maximal awareness of the world in which they will eventually have to be judged. History is full of decisions that, with hindsight, were wrong; but, as in racing, knowing which horses are running improves the punter's chances of picking a winner.

Further, there are many recurrent—as distinct from 'one-off'—decisions which, while individually having little effect on quality survival now or in 2050 stand to have enormous cumulative impact on indicators of quality survival by that time. Examples include decisions on land clearing, annual immigration levels and groundwater loadings. As Herman Kahn says, beware the tyranny of small decisions.<sup>2</sup>

But on a wider front, although threats in the twenty-first century to national sovereignty, to the basic structure of society and to individual wellbeing, can be dimly foreseen, we do little to pre-empt or deflect them.

The same lack of preparedness applies to opportunities. How do we plan to capitalise on the impending ubiquitous access to the Internet? Short-termism (or grass-hopperism!) is a useful description of the blind spot manifest in our society's inability to factor these

sorts of longer-term considerations into its current decision-making. Keynes was just plain wrong when he said that if we look after the short run the long run will look after itself.

## SCOPING THE FUTURE

To the extent that the future can be seen as evolving in a well-behaved manner out of tendencies already present in society, scenarios are exercises in the logical analysis of impersonal processes. But inescapably they are personal visions, coloured by the scenariographer's own values, experiences and moral and political orientations. For example, it is easier to be pessimistic than optimistic about the consequences of following a course one personally finds distasteful. Awareness of subjectivity brings with it a responsibility for the scenariographer to identify, announce and compensate for their self-perceived biases.

Taken together, the scenarios generated in an ideal scoping exercise should be representative of all possible futures. One way of interpreting this criterion is to say that one believes there is no plausible future that could be generated that would be radically different from one (or a mix) of the scenarios actually generated. So, scoping the future means attempting to build a representative set of scenarios. Of course, lack of time and resources will always stop the ideal representative set of scenarios from being built.

But suppose that this book came to be seen as providing a more-or-less representative sample of plausible scenarios of Australia's medium-term future. What would be the value of that to the community? At one level, it would help people articulate the aforementioned fears and hopes they may have for their grandchildren. But beyond that, the different scenarios might well evoke the different possible consequences of each of these choices. Thus the book might help the community choose a national strategy 'promising' more-preferred rather than less-preferred consequences for tomorrow's Australians. One way in which I see myself contributing to that debate is by empathetically bringing different world views into a common discourse.

Our politicians appear to be unwilling to recognise the substantive choices we face and state their position regarding them. Fearful of electoral oblivion, they offer an instant rosy future for the price of some minor adjustments to the system. Perhaps this book will make it easier to challenge that timidity—or even give them courage! Here, I look to the success of Clem Sunter's (1987) extraordinarily influential little book, *The World and South Africa in the 1990s*.<sup>3</sup> While openly normative, it spelled out the different possible consequences for South Africa of going down a post-Apartheid open-economy road, or down a conservative no-change road. It became a handbook for both politicians and businesspeople seeking change.

Another important reason for writing *Future Makers, Future Takers* is to raise community confidence in Australia's future and our ability to control that future. I am a meliorist. Meliorism is the optimistic doctrine that the world can be made better by human effort. I want the world to be a better place and I believe in the ability of individuals and societies to both envisage a better world and to change the world. This does not, however, make me an 'essence optimist' in the sense of being convinced that tomorrow's world will be a good place to arrive at.<sup>4</sup> Tomorrow's world may be a bugger of a place which we can do little to avoid but, if we try to make it better, it is unlikely to be worse than if we had not tried. We are both future *makers* and future *takers*. We are constantly adapting and reacting to powerful social, political, economic and environmental forces. If, at the end of the present inquiry, we cannot avoid concluding that the future is being determined by powerful irresistible forces we do not like—all take and no make—then such knowledge might at least lessen the pain of living with the consequences.

A final hope for this book is that it will help people learn how to think for themselves about the future. Scoping the future is, unavoidably, a highly subjective undertaking. I want this book to leave people 'owning' a clear recipe for thinking about the future, using their knowledge and perceptions rather than mine.

## OUTLINE OF THE BOOK

### CHAPTER 1—TIMESHIP AUSTRALIA

Our past scopes the futures we have any prospect of reaching. This chapter traces our evolution as a reasonably civilised and successful nation and concludes that we enter the future without any crippling burdens. Better, we are reasonably well equipped with social and institutional capital, human and intellectual capital and built and natural capital. Of course, being well equipped is not enough to ensure success in a turbulent world.

### CHAPTER 2—GLOBAL AND AUSTRALIAN FUTURES

Chapter 2 begins with a summary of alternative ways major aspects of the world's socio-economy and environment could evolve. Since the summary is elaborated in Appendix 1, most of the chapter is a review of aspects of Australia's future which diverse observers, most of them Australians, have foreseen. Some previews, including several sets of scenarios, are overviews of society as a whole, focusing on the 'big' issues. More are 'cameos' where experts and those with special interests have used their familiarity with some narrower sector of society to speculate on what might evolve within that sector. These

cameos are organised into ten ‘areas of root change’, each with a particular implication for ‘quality survival’ (that is, quality of life over the long term).

Knowing what has been foreseen assists with the current project in two ways. It suggests things that society might (or might not) want to make happen, and it suggests some possible consequences of trying to make particular futures happen. The chapter’s overall insight is that Australian society’s future will be shock-driven, strategy-driven or issues-driven.

### **CHAPTER 3—CHASING THE RAINBOW: SCOPING AUSTRALIA’S STRATEGIC OPTIONS**

Here we begin the task of building three scenarios around three strategies for managing Australia into the future. The three strategies are developed around (a) three contrasting attitudes towards the appropriate balance between individualistic, hierarchic and mutualistic modes of social organisation, and (b) three contrasting core views of the importance for future quality of life of ameliorating various hazards (the rate of economic growth, inequity, environmental quality and sociopathy, or social decay, among them) associated with the contemporary socio-economy. The chapter takes us as far as a set of attitudes towards a set of ‘umbrella’ issues for each strategy.

### **CHAPTERS 4, 5 AND 6**

These core chapters present three national strategies in the form of three reasoned political manifestos for three hypothetical parties: the Conservative Development Party, the Economic Growth Party and the Post-Materialism Party. For ease of comparison, all are presented as policy and program responses to a common set of issues organised under ten policy domains: social health, the economy, work and business, community services, environmental quality, governance, communications and the media, population, technology and international relations.

### **CHAPTER 7—COMPARING SCENARIO OUTCOMES**

Looking in turn through the eyes of supporters of these three national future-shaping strategies, this chapter speculates on the possible mid-term consequences for quality of life of determinedly pursuing each of these strategies over coming decades.

### **CHAPTER 8—SO, WHERE MIGHT WE BE IN 2050?**

This study makes no attempt to express a preference for one strategy over another. While the reader is free to do this, the chapter’s conclusions focus on the need to seriously and disinterestedly identify and debate society’s ‘big’ options, even while recognising that, in practice, society will always (and usually should) follow a ‘mixed’ strategy.





# TIMESHIP AUSTRALIA

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## CHAPTER PREVIEW

The metaphor of ‘Spaceship Earth’ has been successful in drawing attention to the fact that this planet is like an occupied spaceship hurtling through the universe, with the crew entirely dependent on the provisions they carry and their capacity to deal with emergencies. Similarly, the metaphor of ‘Lifeboat Australia’ draws attention to the fact that this continent is like a ship’s lifeboat, adrift in the southern oceans of the planet, crewed by a population which must decide whether to invite any castaways they encounter to clamber aboard and share any fish they catch.<sup>1</sup>

An alternative metaphor is that of ‘Timeship Australia’: Australian society is a timeship being navigated through the flux of history, from federation in 1901 towards (in the present exercise) a stopover at 2050 or beyond. All the while, we are working to ensure that the crew (read population) are well trained and supported (read enjoy quality of life) and that the ship arrives at 2050 in good condition (read has the reserve capacity) to navigate the hazards and opportunities ahead. When we reach the 2050 way station we can take stock and see how well equipped we are to continue the voyage and what sort of condition the crew are in—their prospects for quality survival, in other words.

While making no pretence of being a history, this chapter briefly reviews in social, political and economic terms the paths Australia has travelled since federation, and where these have brought us. Its purpose is to recognise the determining forces, values, institutions and so on which have moulded Australia in the past. This is in order to ask whether these still exist and, if so, whether they have run their course or whether they might continue to mould Australian society into the mid-future.<sup>2</sup>

## WHERE WE ARE COMING FROM

According to Paul Kelly the ‘Australian settlement’, something like an Australian social contract<sup>3</sup> or national bargain,<sup>4</sup> drove the development of Australian society, with bipartisan support, for 70 years post-federation. It had five widely agreed principles for guiding society: white Australia, industry protection, wage arbitration, state paternalism (intervention for the common good) and imperial benevolence (the belief that Australian prosperity and security was underwritten by the Empire).

In the 1990s two of these principles, white Australia and imperial benevolence, have been replaced by new verities and the other three, without being dead, have lost much of their influence and are no longer ‘ideas in good currency’. Thus white Australia has been replaced by a general acceptance of the idea that Australia is a multicultural society which, as such, is reasonably successful and can and should be kept that way. The idea of imperial—and American—benevolence has been largely replaced by the idea that Australia’s defence is in our own hands.

Outside these new truths, a mighty battle rages amongst the few who care about such things to find a new set of widely agreed principles to guide Australia through coming decades. Most obviously, a declining attachment to the principles of the Australian settlement has been paralleled by a rising belief in ‘economic rationalism’ and the need for Australia to compete in a global economy. Will the victory of the economic rationalists be complete? How long will it last? Will other ideas emerge to displace this headlong rush? What might they be?

But first, back to the past: political, economic and social.

## GOVERNANCE

Viewed broadly enough, there has been remarkably little change in the legal frameworks under which federal, state and local governments have operated since federation. While the federal Constitution has been amended a handful of times, the history of government in Australia can be viewed as a body of attempts to achieve political goals within self-imposed and largely fixed ‘rules of the game’. So, while there have been numerous substantial, even dramatic, changes in the roles and functions of governments (for instance, the shift of taxing powers from the states to the commonwealth), we have remained a federation in which the states hold the residual powers and local government is a creature of state government.

Within this framework there has also been much more agreement than disagreement on fundamentals between the conservative and less conservative sides of politics. Agreement up until the 1970s on the principles of the Australian settlement was followed by broad

agreement in the 1980s and 1990s on directions to be taken with respect to the economy and society, the exception here being a greater willingness by the Labor party to attempt to maintain the social wage (that is, public expenditure on health, education and so on) and reduce the need for private expenditure.<sup>5</sup> Only in the 1970s did the Whitlam Labor government impose a rate of social and institutional change on Australia which was quite unacceptable to conservative interests (and, indeed, the electorate).

Outside the two-party system, a small, radical nationalist movement, seeking socialism through communism, flourished from the 1930s through the 1950s. The ideas behind later social movements such as environmentalism and feminism have modestly influenced the mainstream parties, bringing some degree of both change (a green tinge?) and neutralisation in the process. Certainly women are now occupying and being widely accepted in most of the community's economic, civic and social roles.

#### THE ECONOMY

In Australia's early decades the economy rode on the sheep's back, with assistance from other agricultural exports. It was the 1930s depression, accompanied by social chaos in rural and mining areas, that effectively forced us into the import-replacing industrialisation that became the basis for a post-war economic boom.<sup>6</sup> Thus Australia ran a bipartisan protection strategy till the early 1980s which allowed reasonably high wages, low unemployment and a diverse manufacturing sector while achieving reasonable import replacement.

This strategy was abandoned in 1983–85 as the Labor government worked to bring Australia out of the era of protectionism and into a new era of open competition and manufacturing for global markets.<sup>7</sup> Why go global? Because Australia could not stay wealthy by selling commodities, especially after Europe's transformation from being the world's biggest food importer to its biggest (subsidised) food exporter. Also, many countries have minerals besides Australia. In the twenty years to 1995, Australia's terms of trade fell almost 20% and our manufactures were too expensive to compete on world markets which, in any case, were turning away from 'old' industries such as steel and motor vehicles.<sup>8</sup> Competitiveness was ravaged by high inflation from 1973 to 1983 (the cost of grinding high inflation rates back to low inflation rates is the lost output and the sharp boost to unemployment of a recession). Tariffs were cut rapidly and imports surged, paid for by borrowing funds attracted through high interest rates. Interest payments on such borrowings are now a significant component of the balance of payments deficit.

Unemployment, exacerbated by technological change, soared as imports replaced Australian-made goods, although not enough to reduce demand to inflation-squashing levels. Australia's trade balance moved from a surplus of \$A183 million in 1983–84 to a deficit of \$A3274 million in 1985–86; its current account deficit over those three years rose from \$A7.3 billion to \$A14.3 billion.<sup>9</sup> However, in the last 10 years the volume of manufactured exports has quadrupled. Exports of goods and services recently topped 20% of GDP. But they are still low—the world's fifteenth-largest economy places thirty-first in volume of manufactured exports. The deficit on merchandise trade in 1994–95 was still a very high 1.8% of GDP.

The late 1970s through the 1980s was also a period of financial deregulation, meaning removal of (all) controls on interest rates, exchange rates, capital flows and credit. Globalisation of financial markets has the effect of narrowing interest rate and equity yield differentials between countries. It also weakens the link between a country's domestic saving and investment, making it possible for investment to grow for long periods without a corresponding rise in saving. This is the case with Australia. Private savings in Australia are relatively low anyway, largely because the community does not have a 'neutral' choice between present and future consumption—the social security system discourages saving and the tax system encourages spending!<sup>10</sup> The rate of gross fixed capital formation rose in Australia from the mid-1970s till the mid-1980s but, thereafter, resources released by wage restraint under a Wages Accord went into a speculative asset boom instead of productive investment (high interest rates favour speculative investment over investment in industries in highly competitive world markets).

Notwithstanding these problems, productivity has continued to grow, sluggishly, since the end of the long boom in the 1970s. Real GDP per head increased by over a third between 1972 and 1995 (see Table 1.1) and this performance puts us somewhere in the top ten of the OECD growth league. Over the last five years Australia's per capita growth performance ranks among the top five.<sup>11</sup> Between 1963 and 1993 manufacturing's share of GDP declined from 26% to 15% while services plus dwellings increased from 59% to 74% of GDP.<sup>12</sup> Mining and agriculture have expanded relatively in Queensland and Western Australia, dragging linked industries along with them. Meanwhile, the rest of Australia, where manufacturing is relatively more important, has been focusing on restructuring its TCF (textiles, clothing, footwear) industries, metals industries and so on, and has lagged behind the 'frontier' states. Perhaps the single most important shift in the product mix has been the marked growth in international tourism.

TABLE 1 GROSS DOMESTIC PRODUCT (GDP) PER PERSON,  
1964–94 (IN 1989–90 DOLLARS)

YEAR	GDP				
	To 30 JUN	To 31 DEC	At 30 JUNE	1989–90 (A\$)	1989–90 (US\$)
	1989–90 (A\$M)	1989–90 (A\$M)	MILLION	PER PERSON	PER PERSON
1964	138 305	143 205	11.2	12 786	10 026
1965	148 105	150 139	11.4	13 170	10 327
1966	152 173	156 905	11.6	13 526	10 607
1967	161 637	165 321	11.8	14 010	10 986
1968	169 005	175 662	12.0	14 638	11 479
1969	182 318	188 193	12.3	15 300	11 998
1970	194 068	198 875	12.5	15 910	12 476
1971	203 682	208 396	12.9	16 155	12 668
1972	213 109	217 228	13.2	16 457	12 905
1973	221 347	226 461	13.4	16 900	13 252
1974	231 576	232 988	13.7	17 006	13 336
1975	234 400	237 659	13.9	17 098	13 407
1976	240 918	244 429	14.0	17 459	13 691
1977	247 940	249 149	14.2	17 546	13 759
1978	250 359	256 505	14.4	17 813	13 968
1979	262 652	265 626	14.5	18 319	14 365
1980	268 599	273 290	14.7	18 591	14 578
1981	277 981	281 135	14.9	18 868	14 796
1982	284 289	281 940	15.2	18 549	14 545
1983	279 591	287 948	15.4	18 698	14 662
1984	296 306	303 778	15.6	19 473	15 270
1985	311 251	317 471	15.8	20 093	15 756
1986	323 691	327 587	16.0	20 474	16 055
1987	331 483	338 878	16.3	20 790	16 303
1988	346 274	353 512	16.5	21 425	16 801
1989	360 750	365 900	16.8	21 780	17 079
1990	371 050	368 772	17.1	21 566	16 911
1991	366 494	365 960	17.3	21 154	16 588
1992	365 426	371 151	17.5	21 209	16 631
1993	376 875	384 587	17.7	21 728	17 038
1994	392 298	403 661	17.8	22 678	17 783
1995	415 024				

SOURCES: *AUSTRALIAN HISTORICAL STATISTICS*, WRAY VAMPLEW (ED), FAIRFAX, SYME & WELDON ASSOCIATES, 1987; ABARE, *AUSTRALIAN COMMODITY STATISTICS 1995*; ABARE, *ENERGY DEMAND AND SUPPLY PROJECTIONS 1992–93 TO 2004–05* (AND SUBSEQUENT UPDATES); SNOOKS, 1996, 'GDP 1901–63' IN *PORTRAIT OF THE FAMILY IN THE TOTAL ECONOMY 1964–95*.

With hindsight (but see Stretton 1995), it does seem clear that the enthusiastic simultaneous deregulation of both trade and finance has complicated the task of balancing employment, inflation, interest rates and the balance of payments.<sup>13</sup> Fagan and Webber suggest that Australian macro-economic policy has been based on outdated notions of the power of comparative advantage to deliver economic benefits and of the feasibility of a level playing field (meaning zero tariffs all round).<sup>14</sup> Quiggin estimates that tariff cuts since 1970 have increased today's GDP by 0.7–1.5%—not much over 25 years.<sup>15</sup>

## SOCIAL RELATIONSHIPS

### *Social and economic opportunities*

The chances of a person living a longer, healthy self-fulfilling life than their parents have arguably improved for a randomly selected Australian baby in successive years since federation, possible exceptions being babies born in years exposing them to the First World War, the 1930s depression or the Second World War. This is not a judgment that can be hazarded about recent babies of course; their life stories have yet to be told. Historically, increases in Australian life expectancies have been due to two factors—falling infant mortality and a falling incidence of tuberculosis.<sup>16</sup>

For most of its modern existence, Australia has been a prosperous country with an egalitarian ethos and democratic institutions, starting with votes for women (1902) and the basic wage (1907). Such development has been against a background in which religion, politics, class and national origins represented four overlapping and determining dimensions of early Australian society. The Irish settlers in Australia, convict or free, were overwhelmingly Catholic and working class. The establishment, the pastoralists and the urban bourgeoisie were overwhelmingly Protestants of English and Scottish stock. This sectarian division, now largely irrelevant,<sup>17</sup> lay behind much of the political and social conflict in Australian society for many decades.<sup>18</sup>

After the 1930s depression and the Second World War the country slumbered through the long boom with respect to many aspects of social development. Social energy was particularly expended on assimilating large numbers of European migrants (see below), playing our allotted part in the Korean, Malaysian and Vietnam wars<sup>19</sup> and tackling big projects such as car-making and the Snowy Mountains hydro-electricity and irrigation scheme.

Then came the Whitlam government of 1972–75. It based its program on the doctrine of 'positive equality', meaning greater equality of access to the services the community provides. Tangible changes from the Whitlam years included movement to an outward-

looking foreign policy, tertiary education for many more people, the introduction of environmental impact assessment for large development projects, expanded health insurance and radical family law changes.

During the last few decades, the range of economic and social opportunities available to many Australians has improved considerably. This applies especially to people who have benefited from reductions in discrimination based on gender, ethnic or cultural background, disability or sexual preference. While unemployment was lower a generation ago, so was female participation in the workforce. Opportunities have also been enhanced for many people by easier access to secondary and higher education, by the impact of technological development in transport and communications, and by the growth of service industries. In education, for example, school retention (to year 12) rates rose from under 50% in 1985 to 72% in 1995. Between 1971 and 1991 the proportion of people with a post-school qualification increased from 20% to 39%.<sup>20</sup> Some 40–45% of the young enrol at higher education institutions, and about a quarter of these go on to government-funded post-graduate studies.

On the other hand, especially during the last decade or so, many Australians have become much more vulnerable. The gap between Australians who are in comfortable economic circumstances (the majority) and those who are most severely disadvantaged has widened significantly.<sup>21</sup> From a very low base, the ‘dependency level’ began to rise after 1970 and, by 1993, about 27% of the Australian population relied on full-time ‘targeted’ social benefits (although strict targeting of the most needy has kept Australian expenditures on social protection to a lower percentage of GDP than in most western countries).<sup>22</sup> Many middle-income families have also found that if the family is to get by, there is a need for two incomes. The average age of cars has doubled from about five years to about ten years in the last 25 years; as have consumer debt levels doubled. Historically, the viability of the Australian welfare state has also depended on high wages, full employment and high home ownership; but these buffers against high welfare expenditures have been breaking down.<sup>23</sup> Moreover, since the early 1980s there has been an increasing community reluctance to pay the taxes that finance the welfare state.

Now, Australia is one of only five industrialised countries (along with the United States, Canada, the United Kingdom and Italy) to have more than 10% of its children living in poverty—and the situation (currently 14%) is getting worse. Some 56% of the children of single mothers live in poverty.<sup>24</sup> Youth suicide rates have risen sharply since the 1950s, and now Australia has one of the highest youth suicide rates in the developed world.<sup>25</sup> Still further efforts would be needed to overcome

the injustices done to those groups that have not been well served by the law in the past, including women, people of non-English-speaking background, Aborigines, homosexuals and others.<sup>26</sup>

### *Values and attitudes*

Values are the systems of preferences and norms that characterise a society; they are general guides to behaviour<sup>27</sup> and are inescapably subjective. Richard Eckersley says nearly all cultures teach altruism, conformity, generosity, deference to authority, and honesty (I would add compassion); and preach against pride, stinginess, greed, gluttony, envy, lust, theft, cowardice, non-conformity, disobedience and stubbornness.<sup>28</sup> He sees these values as providing necessary balance between the interests of the individual (which don't need personal reinforcement) and the needs of the community (which do). Traditional values reflect, he believes, timeless wisdom about human interactions with one another and with the natural world.

Applied to real-life situations, values express themselves as judgmental attitudes. Attitudes are 'habitual ways of regarding issues'. Under the influence of the media, the education system and changing perceptions of quality of life prospects, many attitudes do appear to have been changing in the Australian community in recent decades. These include attitudes towards becoming wealthy, saving, paying taxes, conformity, education, individuality and individualism, personal consumption, health, health food, work, working women, patriotism, global culture, marriage, love, the aged, the justice system, minority groups, unions, euthanasia and immigration.

'Development' is an example. The single principle which has historically dominated resource management in Australia is that 'economic development is a good thing'. Recently that has been changing to 'development is a good thing provided it is environmentally sound'. I am beginning to sense a subtle further change to 'development is not a good thing unless it is environmentally sound'. The eventual practical significance of such a change would be to shift the onus for justifying positions from the conservationists to the developers. What might yet emerge is the further shift to 'development is not a good thing, full stop'.

Widespread changes in attitudes and values have revealed themselves in the form of new, growing and declining social movements.<sup>29</sup> Outstanding contemporary Australian examples include the still-growing environmental, feminist and gay rights movements. Significant movements seeking greater socio-political autonomy exist around indigenous, cultural, linguistic, local and regional/bioregional interests. Movements with a clear potential for further growth include the anti-nuclear/peace/non-violence,



animal rights, sustainable development, land stewardship, fundamentalist and 'new age' religion, human potential, counterculture and republican movements.

Historically important movements that appear to be sleeping or declining include the labour movement and movements to protect traditional civil and political rights. The temperance movement is an example of an historically important movement now dead. Collectively, the supporters of new social movements have been seen as a 'new class' practising the 'new politics'.<sup>30</sup> The new politics is an amalgam of causes and interests not derived from the old left-right ideological divide or ethnic-nationalist groupings. It tends to be post-materialist and universalist and based on transcendent values.<sup>31</sup>

One particularly important movement, standing head to head against the new politics, is the 'vernacular Australia' movement, as championed by poet Les Murray. This is a dispersed attempt to protect Australian values of the time when the culture was dominantly Anglo-Celtic. This movement promotes values such as monoculturalism, traditional religion, discriminatory immigration, big development projects, conscription, retention of national icons and tariff protection for Australian manufacturers.<sup>32</sup> It is antipathetic to the United Nations, financial markets, big business, economists and the unemployed. While the One Nation Party, through 1998, does seem to have taken on the role of speaking for 'vernacular Australia', it remains to be seen whether the movement eventually spawns a radical right-wing political party of the type now both common and influential in Europe.<sup>33</sup>

### *Changes at work and home*

Recent changes in the structure of the workforce include the well-known increase in the female participation rate, more part-time employment, more underemployment, more unemployment (particularly youth and long-term unemployment), more early retirement and a shift in jobs from the manufacturing to the service sector.<sup>34</sup> While the workforce has grown in line with population, new jobs are predominantly low-income part-time jobs. Conversely, some 37% of full time employees are now working (overworking?) more than 49 hours a week, up from 28% a decade ago.

In the workplace, individual contracts are increasingly replacing wage arbitration. Union membership is declining. The proportion of employees in unions declined from 51% to 40% between 1976 and 1992 and, on present trends, will be 25% by 2000. While this is partly due to the shift from manufacturing to service industries, young workers are not joining unions and unions are not recruiting casuals and part-timers.<sup>35</sup>

At home, Australians are living in smaller families. Australian women have been having children at sub-replacement rates since 1975, and having them later in life. Between 1976 and 1991, the proportions of people living alone and of lone parents with dependent children both increased by 4%. Notwithstanding increases in reported physical and sexual abuse, children generally have more rights within the family. Also, they are leaving home at older ages. There is concern in some quarters that 60% of two-parent families with dependent children have both parents working and children in childcare, and that while children's physical needs are being met, their emotional needs are largely unmet due to the pressures on time caused by parents' extensive work commitments. One-parent families can of course be similarly challenged. For wider-ranging reasons than just parental neglect, an estimated 15% of adolescents suffer from a recognisable psychiatric disorder, with a third of these being disorders warranting intervention.<sup>36</sup> Five per cent of young adults take the prescription anti-depressant drug Retalin.

Since its introduction in 1956, television has now become the major source of entertainment—attracting about five hour's viewing a day—for the average adult. For many, being able to listen to one's preferred music at any time is a great quality-of-life gain in recent decades.

In general, we are a much more 'addictive society' than we were in 1950: addicted to alcohol, nicotine, other soft and hard drugs, gambling and food, particularly fatty food. Between 1938–39 and 1985–86 consumption per head of beer, wine and spirits increased by 105%, 617% and 144% respectively. Car ownership is saturating in a society where even the poor make heroic efforts to own a car, simply because social organisation has evolved to make this almost a necessity (and a clear example of the concept of 'relative poverty'—not being able to afford what is normal within one's society).

Since 1962, spending on retailed goods has fallen from 65% of consumption spending to just on 39%.<sup>37</sup> The proportion spent on clothing has decreased and that on food increased. Expenditure has been diverted to leisure, entertainment, health services and services that support an easier lifestyle. These continuing trends have been reinforced by a fall in the proportion of middle-income households and rises in the proportions of high-income and low-income households.

### *Immigrants and indigenes*

Australia's population grew from 13 million in 1970 to 18 million in 1996. It continues to grow, through natural increase and immigration, at a rate which, if continued, would see today's population perhaps double by mid-twenty-first century. By the standards of the advanced capitalist world our rate of population growth is extremely high.

Throughout most of this century, government policy has actively determined the origins of Australia's immigrants and hence the cultural foundations of Australian society.<sup>38</sup> Until the late 1940s there was a deliberate effort to encourage immigrants from the United Kingdom and Ireland. This policy was relaxed in the immediate post-war years to encompass other Europeans but, at the same time, it discouraged, and mostly rejected, settlers from dissimilar cultures on the grounds that they would be unable to assimilate into the 'Australian way of life'. This policy was gradually relaxed until in 1972 the last remnants of the 'white Australia' policy were abandoned in favour of immigration based on the '...avoidance of discrimination on any grounds of race or colour of skin or nationality'. Now, Asian-born settlers comprise 5% of Australia's population.

The massive post-war immigration program was begun to build a population and economy capable of defending itself in future wars. This policy was widely supported in the community<sup>39</sup> and championed by A A Calwell, Minister for Immigration in the post-war years.

In 1977 a policy of *multiculturalism* was adopted. Multiculturalism is a vague concept but purports to summarise Australian policy towards the retention of source-country cultures by migrant groups. That is, culture retention will be publicly supported and acknowledged as enriching Australian society provided it is compatible with or does not conflict strongly with basic mainstream values—political values especially, but also social values (for instance, regarding female genital mutilation). The policy's other main principle is the promotion of equality of opportunity for members of cultural and ethnic groups as for other minority groups. Multiculturalism can be contrasted with *assimilationism* and *cultural separatism*.<sup>40</sup>

Aboriginal and Torres Strait peoples currently comprise about 1.6% of the population, but this is likely to increase because a high 60% of the indigenous population is under 25. The granting of full citizenship rights in the 1960s, of limited land rights in the 1970s and a growing consensus through the 1980s on the need to improve relations between Aboriginal and non-Aboriginal Australians<sup>41</sup> culminated in the Native Title Act 1993. While this appears to offer Aboriginals and Torres Strait Islanders (ATSI) little of substance, it was an important symbol of European society's willingness to recognise the legitimacy of Aboriginal society. Rick Farley suggests that truly improved relations will come with the acquiring by non-Aboriginal Australians of a sense of pride in Aboriginal culture.<sup>42</sup> In the meantime Aboriginal Australia constitutes this country's own little part of the third world (see Table 1.2).

TABLE 1.2 ABORIGINAL DISADVANTAGE

	TOTAL POPULATION	ATSI POPULATION
LIFE EXPECTANCY AT BIRTH		
Females	80	62
Males	71	56
Infant mortality per 1000 births	9.6	25.4

SOURCE: AUSTRALIAN ACADEMY OF SCIENCE, 1994.

### *An urban society*

Australia has always been a highly urbanised society and capital city dominance has been the outstanding feature of Australian urbanisation since the middle of the nineteenth century. The proportion of the country's population living in the state capitals increased almost without interruption to reach 63% in 1971, where it has since more or less stayed.

Why do the majority of people live in the capital cities? Initially, it was a reflection of the difficulty of pushing intensive occupation into a harsh hinterland from a few widely separated coastal footholds. Then, so Geoffrey Blainey has argued, the emerging pattern was reinforced by wool and gold becoming Australia's main nineteenth-century exports.<sup>43</sup> Wool-growing districts were too thinly populated to give rise to commercial towns and migrants were encouraged to settle in the main seaports. Although gold mining created concentrations of population in inland areas, the port cities gained added momentum from the trade and wealth generated by gold. The continuation of the trend into the twentieth century has been fostered by industrialisation and the growth of tertiary employment, both preferentially based in metropolitan areas. It is an extraordinary settlement pattern by world standards, yet is not so unusual if one thinks of the Perth region as an 'island' separated from the East by an ocean, albeit one of red dirt.

As they have grown, Australian cities have become both richer and poorer environments in which to live. For example, it is held by some that the richness of a city's high cultural and intellectual life (in science and the arts) increases with its size up to a level of perhaps 1–2 million people. In other words, cities like Sydney and Melbourne have blossomed with growth but are unlikely to become significantly more culturally and intellectually stimulating by continuing to grow.

The Australian urban population is more ethnically diverse than that of any other Western nation. There is general agreement that Australia has benefited enormously in cultural terms from past waves

of immigration: in the diversification of eating habits, the arts, and first-hand experience of other cultures and views. Also, looking to the future, a larger, culturally diverse country may possess immeasurable advantages in a world where cultural awareness has become a prominent and desirable feature in international dealings, trade, tourism and marketing. Conversely, there is a common perception that further cultural benefits from immigration are likely to be very much smaller than those gained so far—a process of diminishing returns.<sup>44</sup>

Recognition of the benefits of cultural and ethnic diversity has to be balanced against potential disadvantages. There is much debate over why Australia has experienced so little ethnic tension and antagonism (by international standards) given the country's large numbers of immigrants from non-Anglo-Celtic backgrounds since the Second World War. Reasons offered include a diversity of intake, a supposed tolerant streak in the national character,<sup>45</sup> a supposed indifference to newcomers and the rapid provision of full services and citizenship rights to immigrants. This happy situation has held fast even through hard economic times.

Recent attempts to reduce the per capita costs of managing growing cities by increasing population density have brought their own environmental costs. For example, replacing vegetation with hard surfaces increases runoff (which necessitates expensive retro-fitting of the drainage system), raises mean summer temperatures (which means more air conditioning and worse pollution) and reduces local biodiversity. Pat Troy suggests increasing housing density actually decreases our capacity to cope with wastes, and reduces our capacity to cope with rainfall and runoff and recycling.<sup>46</sup>

Population densities implying congestion of roads and airspace are culturally determined. Many submissions to the 1994 Jones Inquiry into Australia's 'carrying capacity',<sup>47</sup> particularly from the big cities, regarded congestion as unacceptable now and, since governments cannot cope with present problems, likely to get worse with city population growth. The 1992 National Population Council report concluded that diseconomies due to congestion are likely to increase as metropolises expand.<sup>48</sup> Air pollution from noise and 'grime' is also associated with ground and air traffic build-up.

With current technologies and consumption patterns, and depending on watershed, airshed features etc, a more populous city imposes greater loads on its relatively fixed waste assimilation systems. The pollution problems most likely to affect individual city residents as a result of population growth include both air quality and water quality.

Air quality tends to deteriorate with city size because the efficiency

of dispersing air pollutants declines with city size—that is, pollutants tend to build up to higher levels. This is particularly so for Australia's biggest cities because they are located in natural 'basins'. But, except for nitrogen oxides which are factors in the production of photochemical smog, major pollutant loads (for instance, carbon monoxide, non-methane hydrocarbons, sulphur dioxide and lead) in metropolitan areas did not show any significant increase between 1975 and 1986.<sup>49</sup>

The water quality of a growing city's catchments tends to deteriorate because the associated intensification of land use increases the quantities of activity residues finding their way into the more-or-less fixed quantities of water passing through those catchments. While many Australian households use water filters or buy bottled water, there is little evidence that the quality of drinking water supplies to metropolitan areas is declining—a result probably achieved by incurring higher unit real treatment costs. However, water quality in the estuaries, rivers and coastal waters of settled Australia is generally poor and quite clearly declining.<sup>50</sup>

Noise pollution is of major concern to many Australians. A 1986 survey by the Australian Environment Council found it to be a more important problem than air, water or waste pollution for people in New South Wales, Victoria, Queensland and Western Australia.<sup>51</sup> Since traffic noise (including air traffic) is a major component of noise pollution, it is highly likely that noise pollution is of even greater concern now than it was then.

One change compounding the problem of managing more populous cities is that each person is consuming more and producing more wastes (see Table 1.3).

TABLE 1.3 TRENDS IN PER CAPITA RESOURCE FLOWS, SYDNEY, 1970–90

INPUT OR OUTPUT	ITEM <i>Populaton</i>	SYDNEY 1970 <i>2.8 million</i>	SYDNEY 1990 <i>3.7 million</i>
Resource inputs per capita	Energy ( '000 MJ)	88.6	115.4
	Food intake (tonnes)	0.52	1.0
	Water (tonnes)	144	180
Waste outputs per capita	Solid wastes (tonnes)	0.59	0.77
	Sewage (tonnes)	108	128
	Air waste (tonnes)	7.6	9.3

SOURCE: SEAC, *AUSTRALIA, STATE OF THE ENVIRONMENT 1996*.

What have been the social effects of increases in metropolitan populations and the linked changes in land use and land use intensity?

The immediate answer is that benefits seem to have been extremely limited. Perhaps there has been an increase in the range of lower order services (like supermarkets) available to people living on the fringes of the existing city. Land prices in established suburbs have risen, and this has been welcomed by some. Population growth has taken some city regions past the thresholds at which higher-order services like cultural activities or specialist medical services become viable. Conversely, there have been some obvious disadvantages. Thus, population growth reduces recreational options (involving, for instance, the loss of local open space) and reduces access to legal, health and other services.

A collateral effect of metropolitan growth has been the growing separation from mainstream society of much of our inland country, both culturally and economically.<sup>52</sup> Decentralisation, as a counter to this trend and as a means of relieving the growing pains of the cities, is nothing more than an idea in good currency.

#### ENVIRONMENT AND RESOURCES

It is helpful to start by putting the Australian environment into a global context. Apart from size (the sixth largest country in the world) and location (isolated in the southern oceans), Australia's notable natural attributes are a dry climate and a geologically ancient land surface. Taken together, these factors have produced a resources complement which, by global standards, is noteworthy in at least the following ways:

- a climate characterised by low variable rainfall, strong climatic gradients between coast and inland, droughts and floods;
- generally unproductive soils—infertile, shallow, stony and salt-prone. Over much of the country, tightly coupled natural ecosystems have evolved to ensure little loss of the limited available nutrients;
- limited occurrences of perennial surface water and snowfields;
- a long varying coastline abutting a biologically diverse but commercially unproductive continental shelf;
- a featureless landscape with little mountainous terrain;
- extensive mineral deposits, particularly in the ancient highly mineralised Australian Shield of inland Australia;
- a rich and unique complement of native plants and animals;
- limited areas of natural grassland and relatively unproductive forests.

These characteristics have influenced land use patterns, including:

- intensive settlement over only a modest fraction of the country;
- no large-scale forestry activities;
- intensive agriculture only in the wetter fringes of the country;
- a focusing of recreational activities along the coastline and inland waters;
- slow development of ground transport systems over the country's long distances, coupled with poor quality by the standards of more densely populated first world countries;
- continuing economic importance of production of minerals for export;
- development from scratch of methods of adapting European agricultural systems to the Australian environment.

Because European settlers had to learn to understand the Australian environment by trial and error, it is inevitable that they should have made misjudgments about the consequences of various land management practices. Among the more spectacular of these were misjudgments about:

- long-term livestock-carrying capacity and crop yields in inland areas;
- the impact of introducing feral animals (particularly rabbits and foxes) on pasture and range productivity and on native mammals (loss of vegetation is the main cause of land degradation and habitat loss; habitat retention and pest/weed control are the main keys to species survival);
- the effects of introducing exotic plants destined to become weeds. One thing that has been learned is that exotic plants can remain in situ for decades and then explode across the landscape. *Mimosa pigra* slumbered in the Darwin botanic gardens for more than eighty years before running wild;
- the unforeseen consequences of excessive clearing of timber (for example, salinisation, erosion, woody regrowth, species extinction). It has been learned that an abundant species can disappear with startling rapidity; localised species occurring over only limited areas are in particular danger, as are species occupying specialised habitats;
- the effects of uncontrolled irrigation (for example, salinisation of soil and water as rising water tables carry the salt of ancient marine sediments upwards);
- the susceptibility of bare soil to water and wind erosion;
- the risks and consequences of floods and fires.

Despite such experiences, and helped by some useful home-grown



technologies (for instance, the introduction of refrigerated shipping), Australia has risen to be one of the world's most important exporters of primary products and, despite ever-declining terms of trade, stands to be massively dependent on such exports well into the next century.

#### INTERNATIONAL CONNECTIONS

Defence and trade have always been the central concerns of Australian foreign policy, and perceptions of defence needs have accounted for our willingness to act as an appendage first of Britain and then the United States. Movement towards a more independent and outward-looking foreign policy, begun by Prime Minister Curtin in 1942 but pausing thereafter, resurged in 1972 when the Whitlam government won office on a wave of nationalism and the promise of social reform.

On balance we have worked since to be a responsible member of the world community. Australia has recently been involved in international peacekeeping operations in Sinai, Cyprus and Rwanda. Perhaps, as a result, we have already in a very real sense an international level of government operating in Australia. Thus, we are a signatory to over 900 treaties and comply with increasing numbers of international regulations and standards.

Here are some eclectic examples of the country's ever-increasing international connections:

- International phone calls rose from about one per Australian in 1981 to about 110 per Australian in 1991 (long distance and international telecommunications prices dropped 80–90% during the 1980s, a trend expected to continue).
- As well as large increases in inbound tourist numbers, trips abroad by Australians have increased by 64% over the last decade (2.5 million in 1994).
- We are in an Australasian age with strong Australia–New Zealand links built around tourism, migration and the formal Closer Economic Relationship.<sup>53</sup>
- Closer links with Asia are amongst the key transformations Australian society has undergone in the past two decades. Asian students make up 72% of overseas students at Australian universities. Half our international tourists are from Asia. Asian countries provide 20.4% of total foreign investment. In the last ten years Australian investment in Asia has risen from 9% to 17% of total investment abroad.

## WHERE WE ARE NOW

### SOME POSITIVE VIEWS

*In their short history [Australians] have built a lifestyle which is the envy of the world; they have tamed a great continent and defended it in time of war; they have produced visionaries in the sciences, the arts and industry; they have built a tolerant society that is kinder than most; they have assimilated people from all over the globe and allowed them to retain individual qualities of language and culture that make our nation dynamic and pluralistic; and they have established social mechanisms that ensure all citizens share in this bounty through a welfare system that would do any nation proud. (Mitchell 1992)*

*How well are Australians using their island continent? Within the perceptions of times past, we have made reasonably good use of the opportunities presented by Nature. We have sensibly concentrated our population in pleasant medium-sized cities in the subtropical to cool-temperate regions. After a late start, we have done well in exploiting our minerals. We have made the most of limited timber resources, running down native hardwood supplies, but building up high-yielding softwood plantations. We have achieved major status as suppliers to the world of wool, meat and wheat, developing numerous innovative technologies along the way. At least in the south, we have comprehensively harnessed the little surface water we have. We have protected such major natural features as the Barrier Reef and the rainforests; our national park system is extremely well developed by world standards. We have used our resources to build a prosperous and pleasant society.*

*True, we have not learned how to use productively and sustainably the wet-dry tropics, the drier, droughtier rangelands or the continental shelf. We may be about to come a cropper with our temperate and subtropical agricultural systems (erosion, salinisation, acidification), with our fishing industry (overfishing) and with the rangelands (falling carrying capacity). But, surely, if we heed the warnings and grasp the opportunities, such difficulties will be overcome. (Cocks 1992)*

Taking the long view, many aspects of life have undoubtedly improved for ordinary Australians. We have a somewhat more humane (no death penalty for example), less poverty-ridden and less

violent society than in the 1890s or even the 1930s. In the realm of social organisation, Australia is now one of the world's oldest democracies, ranks seventh in the world for the United Nations Development Program's human development index (which covers life expectancy, literacy and per capita income) and is—in my opinion—an intellectually and culturally exciting country. Our music, art, film and literature is the envy of many and our achievements in science and the humanities distinguished.

#### AND SOME PROBLEMS

Having such positive views is important for national self-esteem. But, particularly in recent decades, many indicators of 'progress' have regressed or just sloshed around. It is these which underlie the issues of the day. Issues cropping up regularly in contributions to a recent national conference on 'Shaping our future'<sup>54</sup> included endangered species, the environment, Aboriginal reconciliation, relationships with Asia, multiculturalism, unemployment, gender equity, health, education, youth, the dissociation of rural Australia, biocentrism, sustainability, constitutional reform, sovereignty, social justice, human rights and the need for a shared vision.

My own additions to that list of the problems we carry from our recent and distant past include:

- quality of life problems such as poverty, urban pollution and congestion, fear in the streets, social conflict, declining family and community life, declining public services, overcrowding, deteriorating education opportunities
- resource and environmental problems such as land and ecosystem damage, declining inland and estuarine water quality, our contribution of greenhouse gases to the process of global change
- 'systemic' problems which are diagnoses of failures of process rather than problematic conditions per se.

The following sections provide some examples from the constitutional, political, socio-economic, media and resource management systems.

#### *The constitutional system*

Actual or potential weaknesses in the Australian constitutional system (compare with the overlapping list in Saunders, 1994) include the following:

- Reputedly unhealthy levels of apathy and ignorance about government amongst Australians, particularly young people.
- Relatively low levels of active participation in party politics—thereby reducing the pool of talent.

- An acrimony between levels of government that reduces efficiency and brings government into disrepute.
- Centralisation of societal management in Canberra and the state capitals, a strategy that wastes the energy and potential of smaller communities.
- Questioning by Aboriginals of the legitimacy of a constitutional settlement from which they were originally excluded.
- Conceptual gaps such as how to better recognise the people's will and the notion of citizenship.
- Suspicion of constitutional change following politicisation of constitutional issues. This is exacerbated by the requirement of a two thirds majority (simple majorities in two thirds of the states) to pass constitutional amendments.<sup>55</sup>
- Lack of constitutional recognition of local government.
- Organisational difficulties incurred by the constitutional division of responsibilities in the Australian federation. By world standards, Australia is a country with weak central government, and there have been formidable obstacles inhibiting a co-ordinated approach to national problems.

### *The political system*

Putative failures of process include:

- The narrow range of mechanisms available for resolving disputes and conflicts between groups.
- Insulation from popular pressure of decision making, for instance, immigration levels, euthanasia.
- Unwillingness of politicians to give realistic assessments of the state of society and its future prospects. For example, centralised state power is a fiction that politicians must be allowed to recognise.<sup>56</sup>
- Gaps in historical perception. It is only in recent years that we have begun to recognise and accept the extent to which wealth creation has been based on dispossession of the Aboriginals and degradation of the natural environment.<sup>57</sup>
- The difficulty of ensuring accountability under a strategy of private provision of public services.
- An incapacity to routinely redesign institutions to meet changing circumstances. Are our institutions and laws so difficult to change that they are setting limits on further social, cultural and economic development?<sup>58</sup>
- Peoples' perceptions that they are losing the power to govern their own lives and losing any sense of community (through loss

- of standards, culture and so on).
- ‘Reform fatigue’ as governments battle to adapt to endless accelerating change.
  - Social myopia. Our society has a great capacity for establishing machinery for responding to visible, immediate personal threats such as bushfires. It has much greater difficulty in responding to ‘slow’ problems such as deterioration in the quality of life where causes and effects are often separated in space and time; or potential problems like greenhouse warming.
  - Failure of governments to integrate activities across departments.
  - A lack of bipartisan policy making.
  - An incapacity to take ‘big’ steps.
  - A ‘press on regardless’ mentality.
  - A lack of legislative backing for major policy positions.
  - A lack of serious comparative policy analysis for learning from past successes and failures.
  - An incapacity to think regionally.

### *The socio-economic system*

For many people, there is growing evidence that the strategy of solving social problems and meeting social needs through the pursuit of economic growth is no longer working—they note the growing gap between rich and poor, the inadequacy of employment as a means of distributing wealth, uncompensated cutbacks in the welfare state, the power of financial markets to control governments and massive environmental damage. Others subscribe to the still-conventional wisdom that Australia can export its way out of its trade deficit and other economic problems, especially if wages are allowed to fall to third world levels (as they are starting to do in the clothing industry).

Perhaps we already have a hereditary underclass and a hereditary overclass? In America an overclass staffs business, universities, political parties and the public service and is increasingly insulated from rotting cities, poor jobs, crumbling public schools and crime. They live in guarded compounds and use private schools, hospitals, transport and recreational facilities. In Australia, John Carroll sees an upper middle class (some 15% of the population) distinguished from the lower middle class (some 70% of the population) more by its university education and cultural preferences (preferring, for instance, the ABC, SBS Television and the quality press) than by socio-economic differences.<sup>59</sup> This upper middle class provides the political, public service, business, intellectual and media elites who guide the country. The remaining 15% are recent immigrants and those who feel in a cultural sense that they do not belong.

Certainly, urban Australia is fragmenting into high income-low unemployment and low income-high unemployment suburbs. In 1991 unemployment was 40% in the bottom 1% of neighbourhoods by income and 8% in the top 1%.<sup>60</sup> Shann says Australia does not appear to have moved as far as the US towards separate societies, but the trend is there.<sup>61</sup> The tension between adequate public provision of services and the ability of a growing elite to opt for private provision is likely to become an issue of public debate. If budget cuts cause a deterioration in the standard of community services, the rich may opt in increasing numbers for private provision and become more isolated.

Submissions to the Jones Inquiry<sup>62</sup> identified various problems indicating that social needs are being increasingly poorly met in Australia's cities. Residents are having to contend with more loneliness and alienation, more homelessness, increasingly expensive housing, less access to beaches and parks, increasingly crowded community facilities, a scarcity of peace and solitude and growing ethnic tension in Melbourne and Sydney. It is widely recognised but not well documented that per capita rates for crime, drug addiction, alienation and other social problems are higher in big cities than in small cities and towns. Child and gender violence, suicide and marriage breakdown may also be candidates for this list. These problems are not necessarily a result of increasing city size, but in the English-speaking world this correspondence has been a common experience.

Even if the crime rate per head is really no higher in big cities, people (with the help of the media) see all crime in their city as a threat to them; that is, people are responding to the total crime sheet, not the per capita incidence. While this response may be illogical, it matters.

If growth in city populations means higher densities of population, human compassion may decline. Busy cities create unfriendliness through competition for time, money, material wealth and space. The more you work the less time you have for self, family and friends. Even more time is lost because travel in big cities is less efficient. In cities it is hard to find and enjoy a quiet natural area. Many parks, for example, are becoming undesirable places to be in for much of the day. Restrictions on pet ownership and enjoyment increase with city size. Dogs can no longer be walked on some Sydney and Melbourne beaches during the swimming season.

### **The media system**

*...the ABC is not so much a creature of government, responsive only to ministerial whim and command, as an ideological arm of the capitalist state machinery. (Allan*

Ashbolt, Former Head of ABC Radio Special Projects, 1981)

*...no political party seriously seeking office can afford to directly challenge the media mates, no matter what the burden imposed on the general electorate.* (Ken Davidson, 'Telstra — A two-party dilemma', *The Age*, 22 February 1996)

For all their value and power as instruments of mass education and entertainment, the media:

- fails to project a coherent and internally consistent world view;
- divides rather than unites by fashioning public debate as conflict between extremes rather than as a search for consensus;
- heightens anxiety by depicting the wider world as one of turmoil, exploitation and violence;
- fuels dissatisfaction through advertising that promotes a superficial, materialistic, self-centred and self-indulgent lifestyle that is increasingly beyond the reach of many;
- erodes people's sense of self-worth by constantly confronting them with images of lives more powerful, more beautiful, more successful, more exciting—communicating a distorted view of what real life is;<sup>63</sup>
- focuses on offering passive non-challenging entertainment (chewing gum for the mind);
- draws world news largely from a small number of international news agencies which reflect Western values and concentrate on first world news.

### ***The environmental management system***

Globally, poverty and greed are the great destroyers of the environment. But not in Australia. We do not have a rural peasantry forced to exploit the resource base to survive. And the greed of those who would use the country's renewable resources at unsustainable levels remains under a degree of community control. Notwithstanding this, analogues of both these global forces are present in Australia.

In the twilight of this century, there are two overarching resource-management processes that we have not refined. The first is how to ensure that the long-term costs to the community of resource-management programs and of development proposals are better identified and charged for, eliminated or offset in the project/program assessment process. While sensitive here to the costs of social disruption and personal health costs, I refer particularly to the costs associated with losing or grossly disturbing, degrading and polluting natural systems—mangroves, forests, woodlands, rivers,

catchments, soils, native pastures and so on. The reason for singling out degradation of natural systems is that, once gone, the values and opportunities they represent, and the stabilising functions they perform cannot be recovered—ever. I do not think that the continuing destruction of natural systems will destroy Australian society, but I think it will make it sadder and more boring and more difficult to keep running smoothly.

The second, and related, pervasive failure of process is that of choosing where, and where not, to put things; a place for everything and everything in its place. We have not yet learned how to efficiently, equitably and wisely locate activities where they best fit into their surroundings without displacing land uses of even greater value.<sup>64</sup>

Lurking behind both of these problems is the possibility that the soil-based technological paradigm which has allowed the flourishing of Australian agriculture is coming to an end. That paradigm involves the ‘slow mining’ of resources that are essentially non-renewable. Sustainable development is a myth;<sup>65</sup> nothing is sustainable for ever and any development destroys or degrades natural resources.

#### THE NATIONAL FLIGHT REPORT

Having surveyed where we Australians have come from and where we are, we may ask how well we have coped with threats and grasped or created opportunities. Is our present society, which is comfortable and civilised by world standards, due more to good luck than good management? Has it been achieved immorally, at the expense of Aboriginal society (Reynolds’ dispossessioners<sup>66</sup>) and future generations (Flannery’s future eaters<sup>67</sup>)? Have we been good citizens of the world, playing our part in making it a better home for all humanity?

Our moral record would have to be judged as mixed. Though never evil, we have been a greedy and selfish nation. The general indifference to others of ‘mainstream Australia’ has been punctuated by episodes of national generosity, warmth and concern (take the Colombo Plan), as well as some of enlightened self-interest (as evidenced by our support for the United Nations).

At the heart of our undoubted good fortune has been our remoteness from the world’s trouble spots and our access to a natural resource base capable of yielding products the world has wanted. But what of good management? With hindsight, the achieving of the Australian federation has to be viewed as a near-miracle<sup>68</sup>; but let’s call it good management. Federating, together with the Australian settlement, has provided the institutional structure, the social energy and the common culture which have made Australian society



resilient enough to weather external shocks and stable enough to dampen internal shocks to economic and social wellbeing.

Any list of the major externally-imposed shocks that Australian society has survived would have to include: Australian casualty lists in the First World War; the fall of Singapore 1942 and the bombing of Darwin 1942; British entry into the European Economic Community 1973; US defeat in Vietnam 1975; and the oil price shocks of 1973–74 and 1979.

The 1930s depression was world-wide but its expression in Australia would have to be the major internal crisis the post-federation nation has experienced. Others of obvious significance are: the Melbourne police strike of 1923; the Petrov spy case at the time of the 1955 election; dismissal of the Whitlam government in 1975;<sup>69</sup> the realisation in the 1980s that our high standard of living was threatened and that we could become a ‘banana republic’; and the political struggles over Australian participation in the Vietnam War (1962–73), bank nationalisation (1947–49) and the Communist Party Dissolution Bill (1950–51).

In fact, as noted by Paul Hasluck, more of our social energy has gone into coping with external and internal shocks than into innovative social and economic initiatives.<sup>70</sup> And while many of these shocks have divided rather than united Australians, ‘the centre has held’: we have not descended into armed struggle; there has been no disaffected group of any size that, but for being repressed, would have taken up arms. We have not, at least until now, wasted social energy on chasing ideological hares. Ours has been a society which, guided by a shallow pragmatism, has muddled through. We have, at least until recently, always managed to have a positive and unifying view of our identity, changing over time from bush mateship, through diggers and lifesavers to the ‘Australian way of (urban) life’ and now, less certainly, to the littoral ‘multicultural society’.<sup>71</sup> This has been despite a ‘lack’ of heroes (Ned Kelly? Don Bradman? Kingsford Smith?) or overarching national symbols. Britain has its monarchy, and America its Gettysburg address. Could we champion the rock paintings of Kakadu? The tomb of the unknown soldier?

What does remain a puzzle is why Australians’ high levels of personal creativity and competence have not produced a creative society capable of reinventing itself as necessary.<sup>72</sup> Perhaps the very successes of federation and the Australian settlement have made it harder to adapt to a post-1970s world. In any event, with few exceptions, we have recently been a derivative, imitative and conservative society, producing few distinctively Australian solutions and reforms (whatever its success, multiculturalism has been one of the exceptions). But lost opportunities, such as failing to capitalise on early

achievements in computing, space science and renewable energy technologies, have been more the norm. None of this matters, except insofar as it flags how competently we are likely to navigate Timeship Australia through its next sector. And to that we now turn.

## WHAT WE TAKE INTO THE FUTURE

Though we may pause to take stock in 1999, we cannot leave our problems behind us as we reboard Timeship Australia. While there will always be new problems emerging, we do know that some of our existing problems will simply disappear in time and that some will transmute into new problems.<sup>73</sup> But, most importantly, we face the future without an incubus, without any problem so huge that the temptation to despair swells irresistibly. Most third world and many second world countries are in that sad position. Amongst the rest, Australia's problems seem at least as manageable as anyone else's. In the event, the extent to which we manage our problems and progress towards our national goals will depend on luck and on the national assets we bring to those tasks. Here, briefly, we summarise those national assets—provisions for the trip—as several forms of capital:

- social and institutional capital;
- human and intellectual capital;
- built and natural capital;
- psychic capital.

### SOCIAL AND INSTITUTIONAL CAPITAL

Social and institutional capital refers to the systems of organisations (co-operative inter-relationships between people) and their social technologies which allow Australian society to function, more or less smoothly, within acceptable limits. These include government, the education system, the national innovation or research system, the defence system, the justice system, the financial system, the market system and the social learning system.

Australia's social learning system seems to match the model proposed by Donald Schön. Social technologies emerge as unplanned responses to newly widespread 'ideas in good currency'.<sup>74</sup> It is difficult to judge how well that social learning system has served us and whether it is an asset or a liability in the complement of social capital (that is, ongoing collaborative activities) with which we face the future. Obviously Australian society has not foundered—we are still here—but could we have done better with a more directed and planned system than the present reactive system? We certainly would not want to change the present system radically on a whim. But, never fear, such change would not come easily.

Saunders usefully describes Australia as a largely egalitarian country with a rich instinctive democratic tradition, based largely on a parliamentary model, tempered by constitutionalised decentralisation and a requirement of direct popular involvement in constitutional change.<sup>75</sup> It has a long history of stable government and respect for the rule of law and individual rights is widespread.

By world standards, none of our institutions are hopelessly corrupt, inefficient or inadequate in relation to the tasks asked of them (although it might be argued that our parliamentary, industrial relations and legal systems are wastefully adversarial). But whether we have the correct mix of institutions for navigating the future is another question. Partly this depends on choice of national strategy and national goals. For example, a strategy based on seeking self-regulating markets and small government would not see government business enterprises as desirable institutions, no matter how effective these might currently be. Generally, we have access to and experience with a wide range of public policy instruments for managing social, economic and environmental issues. And we are an information-rich society.

Despite the seemingly never-ending and consuming problems of managing it, we have a fundamentally healthy economy, increasingly competitive and with a slowly broadening product mix. The calibre of our business managers is generally judged to be improving, albeit from a low base.<sup>76</sup>

We have a well-established place in the world community of nations; no real enemies, a few friends by reasons of history or because of our support for various causes and, as becomes a middle-ranking power, a modest degree of influence on world events.

#### HUMAN AND INTELLECTUAL CAPITAL

Our human and intellectual capital is embodied in eighteen million people. One to two million of these are unemployed or underemployed and therefore available to help in the pursuit of national goals. Many of course are alienated by a society which appears to have no need of them and which is unable to offer meaningful life paths. Conversely, very large numbers, for whatever reason, have a great love for Australia—a tremendous asset if it were to be harnessed. The workforce is basically healthy and educated, at least by world standards; and speaks English, the emerging world language.

Amongst the employed, we have innovative and efficient primary producers, clever scientists and engineers and bureaucrats who sometimes come up with successful institutions like the Great Barrier Reef Marine Park Authority. We have an amazing depth of talent in the arts and in the entertainment industry. We have large numbers

of activists in a variety of social movements and a large number of people willing to serve the community in a variety of voluntary capacities.

We are an open and diverse society with the potential to be a very inclusive society. Despite problems with racism and sexism, we are much more tolerant than we once were,<sup>77</sup> Hanson notwithstanding. Grant suggests that what is emerging as an Australian 'style' is not especially profound or thoughtful, but marked by applied energy, at its best coupled with intelligence and ingenuity.<sup>78</sup> Singer says, with approval, that we are pragmatic and refuse to take ideology too seriously.<sup>79</sup>

It is claimed by Gavan Daws in *Prisoners of the Japanese* that, as prisoners of war, Australians had an ethos of mateship and egalitarianism that allowed them to survive bestial treatment better than other nationalities.<sup>80</sup> Perhaps this was true; perhaps in other contexts it remains true.

Despite people's increasing fears for their personal security and perceptions of an increasing incidence of business fraud and political lies, Australians retain a high degree of trust in dealing with non-intimates and even strangers. Provided it is not badly misplaced, trust is a valuable asset in the search for an efficient and civil non-combative society.

Australian society is very 'technologically literate' in that it currently has the scientific and engineering expertise to support the rapid diffusion and adoption of promising new technologies and, while small, it creates a disproportionately large number of new technologies. However, as measured by the number of scientific and engineering graduates and by the extent of government support for strategic research, it is doubtful whether this intellectual capital is being maintained, much less augmented. Certainly, the general public shows a ready acceptance of new technologies embedded in consumer goods—the enthusiastic take-up of communications technologies provides a notable example.<sup>81</sup>

We were never a significant colonial power and do not approach the people of other nations with a legacy of bitter memories lying between us.<sup>82</sup> Conversely, as the generations change, the bitterness felt towards Japan for the barbarous treatment of Australian prisoners of war in the Second World War is seeping away.

#### **BUILT AND NATURAL CAPITAL**

Despite current problems with investment funding, we have adequate supplies of moderate to good quality housing, offices, shops, factories, public buildings, infrastructure networks and machines. The social learning challenge we still have to overcome in relation to

such built capital is to know the difference between when to maintain it, when to let it run down, when to upgrade it and when to abandon it. This is much more than a technical exercise in cost-benefit analysis.

Australia is rich in non-renewable resources and some renewable resources (such as sunshine) but, in the opinions of many experts, we have at least outside the country's limited zone of high rainfall inadvertently and even deliberately brought the agricultural resource base into a state of slowly and inexorably declining productivity. This could cause major problems if the population were to increase by tens of millions. Nonetheless, we do retain much of this land's extraordinary complement of natural capital as presented to European settlers in 1788. This means we have the settings and the resources to support a variety of lifestyles, open space recreational activities and primary production activities. Nurturing such diversity of opportunity is fundamental to consolidating both adaptability to change and quality of life.

Any location is always both an asset and a liability. Despite being in a shrinking world, Australia is protected by its physical isolation from many global problems. Conversely, it has always been costly to interact with the rest of the world. Economically, our relative location has improved with the emergence of East Asia as the so called engine of world economic growth.

### PSYCHIC CAPITAL

What do the crew of Timeship Australia think about the voyage in front of them? What do they hope? What do they fear? What is the *zeitgeist*?

At a series of CSIRO workshops in 1995 focusing on the topic of environmental futures, a wide range of participants from many professions and backgrounds were asked exactly this, to say something about their greatest hopes and fears for the state of Australian society in 2050. Much of what was said had a strong common thread. Thus, many participants' hopes centred on the achievement of a future where liberal humanist values would hold sway in a sustainable, prosperous, cohesive, culturally and environmentally rich society; that societal and individual options would be conserved and that the value shifts seen as necessary to achieving such a future would occur.

Participants' fears centred on the possibility of nihilistic values coming to hold sway in a decayed polarised urban society struggling under global environmental and economic collapse. Extreme fears recognised the possibilities of totalitarianism and nuclear, biological and chemical terrorism. In line with Toffler's (1970) comment, fears

of natural catastrophes have given way to fears of social, political or economic change.<sup>83</sup>

Some particular recurring fears were:

- that the freedom of action available to Australian governments acting in the national interest will be reduced;
- that new technologies will destroy the existing culture;<sup>84</sup>
- that the natural world as we know it will be destroyed or degraded beyond recognition;
- that the wealth of options currently available to individuals seeking to build and control their own lives will be reduced.

Eckersley reports high levels of cynicism, pessimism, alienation, disillusionment and disengagement amongst young Australians.<sup>85</sup> Elsewhere, Eckersley paints a sad picture of Australian youth attitudes to the future.<sup>86</sup> Many see a world overcome by its problems, even as they still hope for and work for a good life for themselves. He notes that 'young people's sense of futurelessness has not lessened with the end of the Cold War'.

TABLE 1.4 AUSTRALIAN ATTITUDES TO CHANGE AND THE FUTURE

ISSUE	% SAYING THINGS ARE WORSE OVER PAST 20 YEARS	% SAYING THINGS ARE WORSE OVER NEXT 20 YEARS
Crime and violence	92	74
Pollution & quality of the environment	79	55
Level of personal debt	77	55
Unemployment	69	48
Moral & ethical standards	58	31
Poverty	50	45
National economy	46	26
Home ownership	39	52
Relations between Aboriginals and white Australians	36	23
Standard of government	35	17
Quality of education	34	21
Community health	26	19
Relations between different ethnic groups	25	21
Australia's competitiveness on world markets	25	11
Standard of living	24	28
Working conditions	10	15

SOURCE: COMMISSION FOR THE FUTURE, 1988.

TABLE 1.5 PERCEPTIONS OF QUALITY OF LIFE IN AUSTRALIA  
NEXT CENTURY

PERCEPTION	PERCENTAGE OF RESPONDENTS
Much better	5
Better	25
About the same	30
Worse	34
Much worse	6

SOURCE: COMMISSION FOR THE FUTURE, 1988.

A public opinion survey carried out by Reark Research for the Commission for the Future in 1988<sup>87</sup> asked people if they thought various aspects of life (a) had become better or worse in the past 20 years and (b) would get better or worse in the next 20 years. Table 1.4 records the percentage of respondents identifying worsening conditions for 16 aspects of life. Table 1.5 records views from the same survey about the likely quality of life early in the next century.

Searching for a generalisation, it can be suggested that Australians are neither grossly optimistic nor grossly pessimistic about the future. Quality of life in 2050 could indeed be good but there is a high awareness of the many ways in which such hopes could be dashed.

## WAVING GOODBYE

This completes our glance into the rear vision mirror of Timeship Australia. Does it leave us better briefed for planning the hop to 2050? I think so.

By contemporary and historical standards this has been a remarkably successful nation—so far. While the past simultaneously constrains and enables what is to come, there are no crippling internal constraints on Australia’s possible futures. We have seen how well Timeship Australia is equipped with social and institutional capital, human and intellectual capital and built and natural capital. We look forward with a sharp awareness of our many problems, and with gratitude that none of these have emerged from the past as overwhelming to the point of despair.

Despite past successes we remain in considerable doubt over our ability to navigate coming decades without crashing the ship or injuring the crew. Still, being cautious and realistic, this is how it should be. As the next chapter demonstrates, this could be a very rough trip through a time tunnel never before encountered. Our past navigational successes indicate little of our ability to negotiate an unfamiliar environment. Are we flexible enough? Intelligent

enough? Are we sufficiently forward-looking? It may be written in the stars that the future cannot be navigated or that, while it can be navigated, we do not and cannot have the skills to do so. Notwithstanding the stars, what follows is my contribution to ensuring that we give the coming task our very best.



# GLOBAL AND AUSTRALIAN FUTURES

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## CHAPTER PREVIEW

This chapter's first task is to summarise my perceptions of the larger world in which Australians will have to live over the next 50 years. In doing so I acknowledge that these perceptions draw heavily on the works of a wide range of authors. But I want to provide a backdrop against which the several candidate national strategies to be presented in later chapters can be evaluated, by asking the question: 'In such a world, how effective would this (or that) strategy be for delivering high quality of life to individual Australians and an enhanced capacity for long-term national survival?' The focus is on identifying and characterising those critical dimensions of the world's future that Australia and Australians cannot afford to ignore, that ought to be factored into national thinking about the future.

The chapter's second task is to present a selection of possible futures that are more specifically Australian, futures that have been foreseen by scenariographers, futurists and others. We start by enumerating some of the shocks—massively disruptive events such as war and depression—that could throw Timeship Australia badly off course. However, no attempt is made to speculate on what Australia's future might be like following one or more of these shocks. Rather, under the assumptions that the mid-future will be 'shock-free', and that there will be no national ideological U-turns, the chapter collates under the headings 'Broad-brush futures' and 'Cameo futures' various expressions of future-knowledge.

Broad-brush futures are previews of what various authors regard as the 'collectively-most-important' mid-future aspects of Australian society. These tend to focus on the management of the economy and the role of government.

Cameo futures are previews of much narrower aspects of

Australian society. In particular, attention is paid to those aspects of society that could change markedly and, given such, could directly or indirectly have a big impact on people's quality of life. These areas of 'root change' include social attitudes, population, economy, governance, work, communications, environment, technologies, international relations and personal services such as income support, housing, healthcare and education.

At the end of the chapter, we explore the idea that societal capital and social learning are the twin pillars of an adaptable society intent on maximising its prospects for long-term survival. A redundancy of uncommitted societal capital—be it human, intellectual, physical or natural—permits society the option of experimenting with diverse ways of doing things. Such social learning also provides a buffer against capital-destroying shocks.

## GLOBAL FUTURES

While there is a common view abroad that global society is in a state of flux from which clear patterns have yet to emerge, there is in fact a remarkable consensus amongst futurists about many aspects of the world's mid-term future, now that 1970s perceptions of a world going forward into an age of abundance and leisure have been decisively rejected.<sup>1</sup> In the 1990s, what does seem clear, certainly in the views of Hobsbawm and Heilbroner, is that global change in coming decades will take place within a cage formed by the same giant forces as those moulding recent centuries—capitalism, technology and the search for political emancipation.<sup>2</sup> The difference is that these forces are no longer regarded unambiguously as carriers of progress. Rather, the outlook for the future has turned sombre because negative aspects of these agents, either unknown or unrecognised previously, are now perceived to be as important as their undisputed positive effects.

It is true that many future-gazers can readily be tagged as either global optimists or global pessimists, but closer inspection reveals not so much incompatible perceptions as different foci. The wonderful achievements painted in scenarios of technological Utopias are for the rich. Most of the world will continue to be poor. Global optimists such as North concentrate on the apparent 'winners', while global pessimists concentrate on the 'losers'.<sup>3</sup> Another split is between optimists focusing on economic and technological change and pessimists focusing on environmental change.

What then are these conventional wisdoms about the world's future? Appendix 1 presents them in more detail but they can be summarised here. Certainly there are contingencies, both catastrophes and windfalls, that would trigger an unknowable restructuring

of the global system if they came to pass (for instance, world war, cheap fusion power or nano-scale constructor robots), and there are existing trends which also could trigger fundamental change eventually (consider, for instance, the consequences for world order in a generation or so of global population growth). But, catastrophes and windfalls aside, it can be taken as given that the world of 2050 will still be divided into first, second and third world countries, much as it is now, and that the world will be populated by a billion or so 'rich' people and eight or nine billion 'poor' people. Driven by the communications and information industries and other knowledge-intensive industries, the world economy will be dominated by capitalist countries and will continue to globalise (that is, come to function as a single system), grow and shift towards service industries. Within that envelope, it would not be particularly surprising if the economies of Australia's neighbours in the Asia-Pacific region continued to grow relatively strongly.

The possibility of some democracies being reduced to token or nominal status is also plausible as nation states fight to survive at home and in a global economy. Many sub-national groups will successfully struggle for recognition and more autonomy and many national powers will be ceded to supranational bodies. The global environment and resource base will continue to degrade. Large or small increases in crime and violence in first world countries would be unsurprising. Various strengthening social movements (for instance, female emancipation, environmentalism) will begin to impose their values on their societies, perhaps slowly, perhaps more rapidly. It would be more rather than less surprising if first-world life expectancies were to decline rather than creep up; just as it would be more rather than less surprising if education focused on life skills replaced education focused on vocational skills. It may be slow or it may be rapid, but oil prices will surely rise and drive a restructuring of the global economy. The speed at which oil prices rise will determine the speed at which the global economy restructures.

## AUSTRALIAN FUTURES

Within this family of global scenarios, it would be surprising if Australia were to descend into second world status with no capacity to improve conduct of the nation's economic and social affairs. However, it would be of little surprise if Australia were to remain a middle-rank first-world power, making a small contribution to global governance while working out its own style of capitalism and liberal democracy. But where will Australia be placed in the spectrum of capitalist societies? To that question we now turn.

In the previous chapter we reviewed Timeship Australia's flight

through the twentieth century and took stock of how it had been provisioned to tackle the twenty-first century. In this chapter we gaze into the future and wonder what the crew—the Australian people—will experience during the next leg. We will turn to flight-deck observers—future-gazers—to hear what they have said; we will also articulate many unattributable ‘ideas in good currency’ about what the future holds. Our focal interest will be the determinants of and prospects for both people’s quality of life and for Australian society’s prospects for surviving for a very long time. In the event, little has been written on Australia’s long-term ‘thousand year’ survival prospects.

### STRUGGLING TO COPE

Most future-gazers seek to describe ‘maybe’ Australias in a non-fictional way. They avoid apocalyptic presumptions and evoke possibilities they see as evolving in small nudging steps readily from the status quo. There is a reason for this: once a society has ‘broken down’, the task of managing it back to full functionality is so fundamentally different from managing a fully-functioning society that little of immediate value can be learned from dystopian musings.

Notwithstanding dim outlooks, there is value in cataloguing the sorts of ‘shock’ and ‘squeeze’ events that have been suggested as (a) possible and (b) as having the capacity to massively disrupt the complexity of Australian society, reducing it to something much simpler.<sup>4</sup> Forewarned is forearmed!

Thus we might contemplate the following possible shocks to Australian society sometime in the next fifty years:

- Decline of democracy—erosion of the tradition of ethical, representative governance of a society where educated citizens are able to engage in vigorous, well-informed, well-publicised debate.
- Political rejection of minority groups of various types.
- The rise of an angry underclass willing to see the fabric of society destroyed because they have little to lose.
- A constitutional crisis.
- A balance of payments crisis as we struggle to survive economically in a globalising world.
- Bitter struggles between vernacular Australia and the social movements of the new politics.
- Military conquest of Australia and imposition of a puppet, totalitarian, national government willing to allow the emergence of a large feral underclass—uneducated, unhealthy and unhappy.
- Total control of the Australian economy by transnational corporations and foreign banks which have no regard for working

conditions or declining quality in the natural resource and amenity base.

- Total control of Australian public opinion through world media empires.
- Major regional war (or wars) involving Australia.
- A cluster of major regional famines leading to demands for a massive increase in Australian food production.
- Collapse of the food production capacity of Australian agriculture.
- Regionally or domestically, one or more major natural disasters (for instance, Sydney or Brisbane struck by a tropical cyclone) or anthropogenic disasters (for instance, an Australian Bhopal).
- An uncontrolled mass influx of environmental refugees or unwanted immigrants.
- A sharp increase in the frequency and extent of droughts.
- Major permanent changes in regional climates.
- Possibly sparked by commodity trade wars, a permanent collapse of world commodity prices and world trade arrangements.
- A rapid sustained rise in oil prices.
- Epidemics of new or old unmanageable diseases, affecting humans, domestic livestock or native fauna.
- The collapse of a society we regard as comparable to ourselves.

While a shock could be a pleasant shock, as the discovery of gold in 1851 perhaps was, it can be generally assumed that shocks are unpleasant. Any of the above shocks could significantly reduce quality of life for ordinary Australians and reduce the capacity of the society to cope with further shocks—perhaps to the point of affecting the long-term survival prospects of Australian society. However, for the next few chapters, we will set these concerns aside and assume that Australian society is not to be subjected to such destructuring shocks.

## BROAD-BRUSH FUTURES

This section records the insights of future-gazers who have had the full sweep of Australian society as their focus. We note broad-brush views of Australia's future from economist Wolfgang Kasper et al,<sup>5</sup> futurists Herman Kahn and Thomas Pepper,<sup>6</sup> political economist Boris Frankel,<sup>7</sup> geographers Jim Walmsley and Tony Sorensen,<sup>8</sup> economist Fred Argy,<sup>9</sup> futurist Colin Benjamin,<sup>10</sup> and a collation of views from a 1994 government-sponsored conference.<sup>11</sup>

### KASPER ET AL

In an influential and prescient study, Kasper and others noted two alternative future paths available to Australia—*Mercantilist* and

*Libertarian*.<sup>12</sup> The mercantilist path was seen as a continuation of the policies of the post-war period involving:

- protection against import competition;
- protection against adverse effects of technological change;
- defence of a rigid system of relative wages and real wages, irrespective of market forces;
- continuation of government provision of many basic services including healthcare, education and welfare;
- government by lobby group and through response to short-term interests;
- regulatory support of consumerism and environmentalism.

Their alternative libertarian path involved:

- free international trade;
- acceptance of the structural changes following technological change and removal of protection;
- free international capital flows and free competition in domestic capital markets;
- resolute application of anti-monopoly and restrictive trade practices legislation;
- broad deregulation of markets and activities;
- variation in relative and real wages in response to market forces;
- reduction in the role of government as provider of basic services such as education, healthcare and welfare.

Quiggin notes that the libertarian path was chosen and that, with modest exceptions, the paths outlined by Kasper et al continue to represent the opposing positions in the debate about microeconomic reform (essentially about deregulation and privatisation) in Australia today.<sup>13</sup>

#### KAHN AND PEPPER

Kahn and Pepper,<sup>14</sup> after dismissing a ‘business as usual’ scenario as ambiguous (change under a presumption of ‘no change’!), consider three scenarios for Australia in 2000:

- Premature post-industrialism;
- Reformed protectionism;
- Economic dynamism.

The Premature post-industrialism scenario envisages a society with very high consumption and unduly low investment. The other two scenarios envisage active measures to control inflation and boost investment. The difference between them is that the Reformed

protectionism scenario envisages a particular emphasis on investment in manufacturing whereas the Economic dynamism scenario envisages the encouragement of efficient investment, irrespective of the sector being boosted. Deregulation of business is seen as a key policy for improving the investment climate.

### FRANKEL

Boris Frankel sees future struggles in Australian society as being about the degree of planned, political regulation of socioeconomic activities and the degree of corporate evasion of and minimisation of regulatory controls over profit-making enterprises.<sup>15</sup> He elaborates three competing visions (or scenarios) of the future: a dominant economic-rationalist model; a social-democratic model; and a fundamentalist-green model.

In his dominant economic rationalist model, Frankel sees Australia's future essentially in terms of full integration into the international, competitive market.<sup>16</sup> Efficiency and modernisation would require the abolition of tariff protection (the Garnaut report) and most foreign investment controls, as well as ensuring that international, competitive market-forces determine wage, productivity and inflation rates, and also monetary, fiscal and investment policies. Public sector activity, especially social welfare, education, health, housing and transport, would be reduced to the bare minimum, and privatised or costs passed onto users. Company tax would be reduced, along with the proportion of tax paid by high-income earners. Indirect taxes such as a consumption tax would be introduced. Transport policy would first serve the needs of the mining, agri-business, tourist and services industries. Telecommunications, education and cultural policies would be increasingly commercialised. Military and supra-national economic policy would be closely tied to a Pacific Rim strategy determined by the United States and Japan.

Frankel's social-democratic model is based on the Swedish model of 'capitalism with a human face'. It is basically a less extreme version of the economic rationalist model, particularly in terms of the size and role of the public sector and support for environmental values and progressive social values. Notwithstanding this, social democracy is based on acceptance of the dominant forms of production and consumption and the search for high rates of economic growth. Low rates of growth are seen to presage cuts in social welfare or higher taxes on business, leading to a flight of capital.

Frankel's fundamentalist-green model is expressed thus:

Generally, fundamentalist-greens favour an autarkic model based on zero or negative economic growth. They oppose industrial society, large-scale government, business and technology, and

believe in a simple, decentralised society consisting of small-scale, self-sufficient communities. Sustainable life can only be achieved by abolishing the life-style of people in industrialised countries which is based on destructive military and consumer production.<sup>17</sup>

Frankel notes that the position of fundamentalist-greens on many issues (for instance, trade, immigration, transport, employment, social welfare and cultural institutions) is unclear.

Frankel sees the economic-rationalist, the social-democratic and the fundamentalist-green models as three competing but unsatisfactory visions of Australia's future. He begins to develop his own model called 'eco-socialism'. It embodies deep-seated commitments to social justice and environmental sustainability within a democratic framework and a trading strategy of seeking 'semi-autarky'. Institutionally, the government sector would be large but strongly decentralised for many tasks. Collaborative and informal sectors of the economy would be much more developed vis-a-vis the market sector of the economy.

#### **WALMSLEY AND SORENSEN**

Walmsley and Sorensen sketch three possible medium-term futures for Australia, under the names 'Muddling through', 'Premature post-industrialism' and 'Economic rationalism'.<sup>18</sup> Muddling through describes a scenario in which the power of interest groups to successfully lobby government stifles major reforms. Premature post-industrialism describes a society living beyond its means, basically by consuming at the expense of investment. Economic rationalism describes a scenario of small government and strong reliance on market forces for the production of goods and services. The rationale for small government is that if government is doing little, there is little for plural interests to squabble over and less opportunity to thwart forces for change.

#### **ARGY**

Fred Argy has written an ideologically balanced and economically insightful essay arguing the need for a long term economic strategy for Australia, and contending that such a strategy has to recognise a range of non-economic values if it is to have any legitimacy.<sup>19</sup> He points out that not all of the six goals he suggests (concerned with growth, stability, unemployment, equity, quality of life and net national wealth) can be achieved simultaneously, and that central to choosing a national strategy is the task of balancing the relative emphases to be placed on different goals. He confirms that at the heart of the Australian debate about alternative strategies is the



libertarian versus the statist (interventionist) view of the role of government in implementing any national strategy. In a follow-up work, Argy provides a brilliant perspective on the specific tradeoffs and interactions needing to be considered in developing a national economic strategy, and goes on to suggest such a strategy.<sup>20</sup>

## BENJAMIN

Colin Benjamin, in a briefing paper prepared for the Australian Science and Technology Council's study, *Matching Science and Technology to Future Needs 2010*,<sup>21</sup> presented three scenarios of Australia in 2010 reflecting the pursuit of equity, efficiency or environmental quality as a dominant value.

A 'regulated equity' future—the product of a long period of dominance by democratic socialist governments—foresees a mixed economic system and moderate government intervention in planning and markets; a relatively high standard of living; a high social wage including education, healthcare, transport, housing and community services; an economy with particular strengths in producing 'knowledge based' products and high value-added primary products; comprehensive, accessible, multi-functional real-time information systems of many types; a complex successful multicultural society; an Aboriginal community with much improved status; guaranteed minimum/basic incomes and national superannuation; recognition of individual rights to ample healthy food and a clean environment; a decentralised population of 25 million, with both Sydney and Melbourne contained at four million people; and programs for addressing urban issues of air and water quality, transport, open space and housing.

A 'de-regulated equity' future—the product of fifteen years of right-of-centre government—posits a republican system of government; markets driven by enlightened 'consumer power' and delivering products increasingly conducive to high quality of life; a reduced need for government regulation to provide a clean environment; strong community support for the values of mutual support and self-help (that is, little government pursuit of equity); an export economy with particular strengths in products based on natural resources, indigenous intellectual property, health and education services, biotechnology, advanced materials and information services; a domestic economy strong in information-based service industries; minimally regulated business activities and working conditions; a large socially disadvantaged community, including the Aboriginal community; falling transport costs and a reducing transport task due to substitution of information transfer for goods transfer; demand responsive transport systems; a highly educated population and an

education system encouraging ability and high achievement; an influential role in the Asia-Pacific region; a population of 25 million with five million in each of Sydney and Melbourne; and significant management problems in the largest and larger cities.

A ‘deferred (sustainable) development’ future would be created through the political influence of green and Green parliamentarians holding the balance of political power in the Australian parliament. This scenario foresees a lower average standard of living than today despite attempts to replace environmentally-threatening industries with ‘brain-based’ industries; substitution of rail for road infrastructure and wide use of non-polluting cars; intensive evaluation of environmentally threatening projects; diversion of defence funding to solving environmental problems; and greater emphasis by urban planners on planning for people and on reducing new building construction.

### SHAPING OUR FUTURE

*Shaping Our Future* was a major government-sponsored conference at which it was broadly recognised that, in conjunction with our attitudinal and institutional responses, globalisation and technological change are the big forces standing to shape the future of Australian society.<sup>22</sup> The range of contributions was wide and many are referred to in this book. The tenor of most was that change brings more opportunities than problems. It would not be too unkind to call the *Shaping Our Future* conference a relentlessly optimistic exercise in ‘reinventing Australia’. Three strategic ‘future-shaping’ principles inferred by the organisers from overviewing individual contributions were:

- the need to pursue the triplet of inclusion (equity), economic growth (efficiency) and environmental quality;
- the need for a social charter supporting the pursuit of social security, personal and community development and civic engagement;
- the legitimacy of using tax increases to fund improvements to Australian society.

### CAMEO FUTURES

We turn now from wide-angle, overview images of the future of Australian society to narrower cameo ‘snapshots’ of what might or might not happen in particular facets of mid-future life. Most of these cameos are undated. Most are shock-free and tacitly assuming the continuance of Australian society without fundamental changes in the roles of government and markets—these are what are some-

times called business-as-usual assumptions.<sup>23</sup> Some are more reflections of hopes and fears than sober assessments of what is plausible.

Cameos have been organised under ten ‘domains of root change’—aspects of society that could evolve in markedly different ways, entailing, in the process, markedly different (or consequential) implications for mid-future quality of life. The domains of root change are:

- attitudes, values and issues;
- the population;
- the economy;
- the structure and organisation of work;
- governance;
- communication networks and the media;
- the environment;
- personal services;
- technologies;
- international relations.

While it is difficult to talk about the *causes* of changing quality of life in a complex looped feedback system such as Australian society, it is change in these domains of consequential change that particularly spawn cascades of further change—first amongst themselves and, sooner or later, in quality of life indicators.

#### ATTITUDES, VALUES AND ISSUES

Issues are the battlegrounds where competing values and attitudes engage. An issue is anything that is a matter of concern for a substantial number of people. Prompted by their values, people can adopt strongly contrasting attitudes to issues. Depending on which of these attitudes becomes influential at large, society will be driven in strikingly different directions. Chapter 1 noted a variety of community attitudes that have changed over time—towards becoming wealthy, saving, paying taxes, conformity, education, individuality and individualism, personal consumption, health, work, patriotism and so on—and sometimes expressed themselves in social movements such as feminism, environmentalism and gay rights. Chapter 1 also noted ‘issues of the future’ cropping up regularly at the *Shaping Our Future* conference: endangered species, the environment, Aboriginal reconciliation, relationships with Asia, multiculturalism, unemployment, gender equity, health, education, youth, the dissociation of rural Australia, biocentrism, sustainability, constitutional reform, sovereignty, social justice, human rights and the need for a shared vision.<sup>24</sup> We can be confident that the issues engaging the

community and the attitudes these evoke will continue to evolve over coming decades.

Most issues in the public eye are narrowly focused on particular events and situations but behind such situational issues there are a handful of umbrella issues centring on more abstract ‘ideas’. That is, most situational issues turn out to be substantive examples of umbrella issues. It can be suggested that most, perhaps all, of the umbrella issues that are of fundamental importance to the mid-future wellbeing of Australian society are in the following list:

- the form and functions of government;
- society’s responsibility to the individual;
- the individual’s responsibility to society;
- the role of markets in the provision of goods and services;
- environmental quality;
- social justice;
- social relations;
- technology;
- society’s capital mix;
- personal consumption;
- international relations.

While the language may have changed, these umbrella issues about the organisation of society have, arguably, not changed much in perhaps 200 years of capitalism.<sup>25</sup> The contrasting attitudes that exist in the community around these umbrella issues—and their further expression in attitudes to particular events—are captured in pair-wise contrasts such as: environment versus economy; government versus market; community versus individual; competition versus co-operation; self-reliance versus compassion; altruism versus self-interest; optimism versus pessimism; spirituality versus materialism; liberalism versus conservatism; utility versus virtue; and so on.

This book takes the position that dominant attitudes to the umbrella issues drive and reflect so much of how society changes and functions that they provide a framework for characterising, for over-viewing, the way in which a society is or could be managing itself. In the next chapter I begin developing three hypothetical, not-improbable, ‘national strategies’ around different possible sets of attitudes to the umbrella issues.

## THE POPULATION

Unless there is a flood of official refugees or illegal immigrants or a turnaround in fertility or mortality rates, the population in 2050 stands to be somewhere between 21 million and 28 million, depending

on the sanctioned net immigration rate. The basis for this estimate is that the annual net number of immigrants (that is, after correcting for people leaving Australia) will always be less than about 100 000 and that the fertility rate remains at around 1.9 births per woman.<sup>26</sup> A not-implausible fall in the fertility rate to 1.5 births per woman would reduce these numbers by around 3.7 million. For a number of reasons, it would be surprising to see a higher immigration rate than this.<sup>27</sup> These include: voter preferences for low immigration levels; lack of economic, social or geopolitical arguments for a much larger population; and the prospect of reduced quality of urban life with a much larger population (there is no reason to see much change from the present situation where the great majority of Australians live in and around a few capital cities).

One contrary possibility is that, as part of a neo-liberal political agenda, all restrictions on labour movement into Australia would be removed. However, given the (still) rosy prospects for economic growth in much of Asia, this might not lead automatically to massive immigration. On the other hand, for those able to scrape together an airfare, Australia would remain an attractive destination for many third world residents.

Within Australia, the current trend for people to migrate to the north-eastern and south-western seaboard might or might not continue. Employment and lifestyle considerations would be important determinants of the outcome here. For example, Queensland, with its growing tourist industry, offers jobs and, in many people's eyes, an attractive lifestyle.

### *An ageing society*

Australia still has a relatively youthful age structure and the population will continue to age slowly for some decades.<sup>28</sup> Some 3 million people, say 15% of the population, will be over 65 in 2015. These people will have an important voice in policy debates. By 2030 the dependency ratio (aged persons per person of working age) in Australia will be 0.33 compared with an OECD average of 0.37. While some regard demographic ageing as a major problem in terms of the dependents per worker ratio,<sup>29</sup> it has to be remembered that all age groups generate social costs—all babies are totally dependent on their parents, but less than 0.5% of the aged require full nursing home care. It can be argued that, in dollar terms, the future age structure will cost less than the present one.<sup>30</sup> It can also be argued that the real demographic problem of the next two decades is not growth in the numbers of the elderly but the big increase in numbers of potential workers.<sup>31</sup> The myth that immigration is an effective tool for either permanently or temporarily reducing the average age of the population has been punctured by simple demographic analysis.<sup>32</sup>

Other suggested possible consequences of an ageing population include the following:

- As the population ages and stabilises, house values will decline, degrading the most important investment of many retirees and perhaps reducing their capacity to buy places in a deregulated unsubsidised nursing home system.
- An ageing society will tend to have low inflation (a greypower demand), low crime, low unemployment, low tolerance of disorder and greater acceptance of authority.
- Demand for specialist housing, healthcare and leisure products for the elderly will grow.
- Older people will finance their lives by a mixture of state pension, job pension or superannuation, savings and some paid work.<sup>33</sup> The pensionable age will be raised.

### *The family*

Foreseeable changes in family and household structure include:

- more changes in marriage partners through life;<sup>34</sup>
- more forms of 'family';
- more two-income nuclear families;
- as sex-selection of foetuses become routine, a change in the gender mix towards males;
- more saving in order to spend, more borrowing to spend rather than 'saving for a rainy day';<sup>35</sup>
- democratisation of the family.

### *Aboriginal and ethnic minorities*

Within the time frame of this book, immigration at even surprisingly high levels would not produce a situation where any ethnic group comprised more than a few per cent of the population.

The future quality of life of Aboriginals and currently disadvantaged ethnic minorities (for instance, the Indochinese) will largely depend on whether the majority of Australians regard these groups with indifference or with hostility (reverse envy?) or with respect and as warranting positive discrimination—as is the case for disadvantaged groups of European background. Sympathy for the disadvantaged is currently low but it might not be too surprising to see it increasing, especially if the majority's expectations of declining quality of life for themselves are halted. Stabilised expectations for the majority would also portend a decline in social friction involving Aboriginal and ethnic minorities.

## THE ECONOMY

Future changes in the Australian economy will be reflected in changes in the composition of GDP, sector by sector, and changes in employment in each sector. These changes, largely taking place within possibilities set by world market forces, are likely to be both rapid and regionally disparate; this will put severe strains on national wage and social security standards.

It will be useful here to consider some of the changes that have been foreseen as possibilities in the following fundamentally important sectors:

- service industries;
- financial markets;
- primary industries and manufacturing;
- tourism;
- energy;
- transport.

### *Service industries*

Changes in the services sector of the Australian economy have been widely foreseen:

- Service industries will continue to represent a growing proportion of a growing economy. More than this, the nature of the services sold will continue to change. Services sector exports that have been foreseen to grow include popular music, TV sport, medical services, environmental repair, education services, negotiation and public administration services and information services. Domestically, service sector growth will come from expansion in the outsourcing of household services and non-core business services.<sup>36</sup>
- Ruthven sees information technology and telecommunications as the basic utilities underlying expansion of the services economy in the twenty-first century, just as electricity, gas and water were the basic utilities on which growth in the rest of the economy depended in the industrial age from which we are emerging.<sup>37</sup> The fastest growing part of all rich economies is neither manufacturing nor traditional services, but the knowledge sector. Over half of all workers in rich countries are employed in the production, storage, retrieval or redistribution of knowledge.<sup>38</sup>
- Information and access to information is increasingly a form of capital. Australia produces 2% of the world's knowledge and could benefit economically from a strategic repackaging and marketing of existing information.

- Globalisation will see the rise of many small transnational businesses concentrating on services. Since 80% of Australians already work in service industries, we are well placed to participate.
- Public sector employment will not grow.<sup>39</sup>

### *Financial markets*

Argy paints a gloomy picture of the way in which world financial markets will hinder Australian governments from more actively seeking to maintain social welfare spending and reducing unemployment—except through a low wage strategy.<sup>40</sup> Increasingly volatile world financial markets can move large quantities of financial capital in and out of countries. The volatility is more related to speculation and long term expectations than real current investment prospects. Australia, with an unusually high dependence on short-term capital to finance its long-term capital needs, is particularly susceptible to such shocks. By the late 1980s it was clear that the Australian dollar was treated on international markets as a speculative currency. Hence its value responded more to movements in world commodity prices and interest rates than to Australian trade performance.<sup>41</sup>

Such volatility is transmitted to exchange rates, longer term interest rates and asset prices and then, in various ways, to real economic activity. On the other hand, as a consequence of financial globalisation and deregulation, the effects of external shocks on real activity are more muted and the risks of domestic inflation and liquidity shocks are much smaller.

Financial markets are only interested in the key financial indicators of interest rates, exchange rates and asset prices and the variables upon which these depend—low inflation, a low current account deficit, low taxes, low fiscal deficits. They give little emphasis to policies directed at high economic growth and high employment, and they react negatively if these policies threaten their ‘indicators of interest’. The policies markets favour have regressive distribution effects but few governments are willing to defy the financial markets and pursue expansionary policies.

Argy thus argues that while financial globalisation has reduced the risk of financial and terms-of-trade shocks, it is (a) making the Australian economy more prone to financial shocks, (b) making authorities more predisposed to free market policies which placate financial markets but are intrinsically regressive, and (c) making authorities less disposed to use the tax/transfer system to soften these redistribution effects.<sup>42</sup>

In national strategy terms then, Australia has a clear choice between doing just what the financial markets want or standing up



to the markets and risking capital flight. But ways must be found to move Australia's capital inflows away from short-term portfolio capital and towards long-term capital—possibly by encouraging foreign direct investment, perhaps through tax breaks.<sup>43</sup> Internationally, Australia will have to consider supporting moves to manage and regulate international financial flows and their effects, by (for instance) taxing trans-border money movements and re-introducing managed exchange rates.<sup>44</sup>

### *Primary industries*

By 2030, resource regions once considered remote and unable to attract investment will thrive under the influence of new transport technologies and new resource technologies. Deep sea drilling equipment comes to mind in this regard.<sup>45</sup>

More generally, agriculture and mining provide most examples of attempts to foresee possible futures in Australia's primary industries.

### *Food and agriculture*

- Agriculture might well prosper—increasing absolutely, declining relatively—with the help of better information, better prices and better technologies. Against this, (a) tariffs could creep back and (b) global competition in food markets could increase, perhaps via output increases from a restructured Soviet farm sector.<sup>46</sup>
- While Australia will continue to rely heavily on primary products for its exports, these, increasingly, will be forwarded in processed and semi-processed form. Wine and aquacultural products are thought to present particularly good prospects.
- A rise in oil prices would raise our food supply prices and reduce our ability to import oil, both directly and via reduced export earnings. Conversely, American food exports might be hurt even more and food export prices might rise.
- Our sugar industry could provide a high quality substrate for a world-class industry producing fermentation products for export.<sup>47</sup>
- The management of Australia's recently declared 14m sq km Exclusive Economic Zone will present the country with a major challenge. Declared under the Law of the Sea Convention, this massive offshore province gives us priority access to enormous marine resources which we may have difficulty in both utilising and protecting. For example, pressures on fish stocks in the Asia-Pacific region will increasingly lead to illegal fishing in this zone.
- Declining supplies, more international competition and maturing plantation stocks will hasten the demise of export woodchipping in native forests.

- Water-based food production technologies will expand at the expense of land-based technologies. Not only does this include mariculture and aquaculture, but hydroponic, vat and pond technologies.<sup>48</sup>
- Land-based agriculture will continue to contract under the impacts of land degradation and competition from 'higher' uses such as suburban and rural-residential housing. Against this, miniaturisation of some soil restoration processes using nano-technologies could extend the life of the soil base.
- One day, but beyond 2050, the technology might exist to move fossil groundwater around the country in underground rivers, turning it into a renewable resource limited by recharge rates (which themselves can be artificially lifted in many situations).
- Exporting clean water from Australian Antarctic territories to Asian cities may become an option.
- There will be a growing demand for food produced with fewer chemicals. Product contamination could remain a problem.
- Friend suggests a range of objectives which biotechnology is likely to achieve in the future food industry: biological probes for detecting the presence of food-borne pathogens; freshness biosensors built into packaging materials; natural biological preservatives; use of genetically engineered organisms to provide flavour, textural and nutritional benefits; foods with extended storage life; crops with increased resistance to insects, viral disease, weedicides, salting and drought and an improved capacity to take up soil nutrients (thus reducing the need for fertilisers).<sup>49</sup> Collateral concerns include problems from foods with inbuilt genetically-engineered toxins and allergens and the rise of seed-vendor monopolies.
- Australian agriculture will continue to heavily depend on phosphatic fertilisers, although the source of these might change from overseas to local suppliers. We currently import some 3 million tonnes of phosphate rock annually. There is no shortage of phosphate rock globally, although the distribution is uneven. Australia has identified reserves of about 30 million tonnes of high grade phosphate rock and intra-marginal resources of almost 3000 million tonnes. These resources constitute a major prospect for both the domestic and the export market.<sup>50</sup>
- The Ord Valley of Western Australia might soon be producing significant food for Asia.<sup>51</sup>
- Farm organisations will expand beyond being political and policy organisations to providing production and marketing services. Farmers will become better educated.<sup>52</sup>
- The Australian food industry has already experienced two huge

development phases: the first being a movement into the mass-production of processed food, the second being the influx of foreign companies in the 1960s. To survive in a world of big corporations, the Australian food industry will need to (a) organise agricultural production into preferred production regions, (b) merge Australia's medium-sized companies into big corporations and (c) develop the 'clean green' theme.<sup>53</sup>

- 'Factory ships' will be built and travel to where produce is best and cheapest. Infrastructure will need to be provided to accommodate these ships.
- Export prices and attitudes to environmental management will jointly determine the extent to which agriculture (a) retreats to better-watered areas, (b) diversifies and (c) divides into a 'family farm' segment and a 'big corporations' segment using leased land and equipment and contractors for all routine operations.

### *Minerals*

- Long-term prospects for the mineral industries depend on known reserves, future minerals discoveries, markets and socio-political constraints on production. Predictions beyond more than a few years are extremely uncertain; witness the excess capacity left in the coal industry when the 'resources boom' of the late 1970s petered out.
- In the medium term, as the world moves to favour renewable energy sources, liquefied natural gas, which Australia has in some abundance, is one export that could increase dramatically. It is cleaner in terms of carbon and sulphur release and more thermally efficient than coal or oil when used for electricity generation.
- As with agricultural products, value-added processing of mineral exports will continue to increase. Australia undoubtedly has a comparative advantage in raw-material processing because of generally accessible deposits, cheap energy supplies and closeness to Asian markets.
- Apart from oil and gas fields, little is known about the potential for marine minerals. On the continental shelf, exploration will continue for tin and gold. There may be some exploration on the slopes of the continental shelf for phosphatic minerals and manganese, nickel, cobalt, and on the abyssal plains for copper nodules and polymetallic sulphides.
- Depending on politics and prices, possible major mining regions of the future include the Alligator Rivers region (for uranium, gold, palladium), the Kimberleys (where still little has been explored) and the Timor Sea (which holds oil and gas).

- The development of advanced materials is a major frontier of so-called sunrise technology. The list includes ceramics (for engine blocks and high-temperature superconductors), plastics, new alloys, composites (for airframes), semiconductors, optical fibres, biomaterials (for body parts). What is relevant from a futures perspective is that Australia has major reserves of many of the scarce minerals that are inputs for producing these new materials. We have 30% of the world's known deposits of zircon, 8% of the world's titanium, large reserves of tungsten, cadmium, tantalum, bismuth and manganese, and 50% of the world's yttrium (emerging as a key to producing high-temperature superconductors). As well as the possibilities for exporting, having reserves of rare minerals would appear to confer an absolute advantage for undertaking their subsequent processing and fabrication.

### *Manufacturing*

- Just as farm workers have declined from constituting around 40% to under 3% of the workforce this century, the manufacturing workforce will also decline dramatically under the impact of (a) loss of capacity to offshore and (b) automation of mass manufacturing processes.
- Whether Australian manufacturers will be competitive in global markets depends on the success of emerging scale-independent technologies and the size of tariff and non-tariff barriers to our exports. Australian wage levels will not be a difficulty because (a) the wage component of manufactures is declining and (b) Australian wage levels are falling in real and relative terms. Wage levels are of little relevance to success in niche markets for elaborately transformed manufactures and high technology goods such as bionic ears.
- It is an open question whether Australian manufacturers will be successful in the next phase of the world manufacturing industry—namely, the production at mass-production prices of customised products to order.

### *Tourism*

Tourism already employs 7% of the Australian workforce. Inbound tourism has recently become our largest export-earning industry. Over four million foreign tourists visit Australia each year; at present growth rates this could double by 2020. However, the tourism industry is highly dependent on fossil-fuel transport, so in coming decades this may work against its rapid expansion. Equally, tourism is subject to fashion shifts such as the trends away from established destinations towards new destinations, from mass markets towards specialty markets, from passive experiences towards involved experiences. In the

immediate future it is the value of the Australian dollar and income levels in the United States, New Zealand, Europe, Japan and the rest of Asia that are important.

The western Pacific region holds particular promise for the industry. The growing wealth of nations there and associated changes in social and cultural patterns are providing the means and incentive for leisure travel. To the increasingly affluent middle-class travellers of Asia, within similar time zones Australia offers special natural attractions, wide open spaces and an alluring lifestyle. The mix of attractions and proximity presages a growing number of visitors from north and south Asia.

However, many inputs to tourism are imports (for instance, aircraft) and many tourist operations are foreign-owned and therefore repatriate their profits. The need to invest to keep up with tourist numbers has meant more foreign investment, yet because of the slow early returns Australian entrepreneurs and bankers are not particularly attracted to tourist projects. A large fraction of present investment in tourist infrastructure—mainly hotels and resorts in New South Wales and Queensland—is, in fact, Japanese. Thus the foreign exchange benefits of this industry are probably considerably less than for, say, wool or wheat. Significant external costs such as increased pressure on air terminals further reduce the net social benefits of the industry.

Outside the cities, foreign tourists flock to a few spots such as the Great Barrier Reef, Uluru and Kakadu National Park. Ironically, however, this market may be changing even before it matures. The demand for resort-based, as distinct from circuit-based, packaged holidays by foreign tourists, particularly Asians, is increasing rapidly. Europeans tend to favour 'experiential' holidays, staying longer, in less expensive accommodation, and mixing with the local people. Visitors from the cooler-climate countries of north-east Asia (Japan, South Korea) favour Australian holidays in warm areas with sandy beaches and warm swimming water while those from tropical countries favour resort-based, city-based shopping-oriented holidays. The country-of-origin mix of tourists will therefore be extremely important in determining the way the Australian inbound-tourism industry develops. Different tourism market segments obviously need to be exploited differentially for success.

Managing aviation is critical to this success, and in particular the management of the balance between co-operation and competition in the industry. By the turn of the century, world aviation will be dominated by large carriers benefiting from economies of scale. There will be an acceleration of the trends that are changing both aviation and tourism. These include concentration of ownership and

influence across borders. Our region's carriers will either agglomerate to form a regional mega-carrier or make their separate links with mega-carriers outside the region. The Asia-Pacific region is driving the development of new higher-capacity aircraft—from 400-seat to 1000-seat capacities by early next century.<sup>54</sup>

### **Energy**

Energy use in Australia has jumped from 20 Human Energy Equivalents per person in the 1940s to more than 60 Human Energy Equivalents per person in the 1990s. (One Human Energy Equivalent is the energy used on a daily basis by a hunter-gatherer.) The average Australian consumes 65 000 kWh per year (one of the highest levels in the world) of which car use and electricity make up 15% each, while private goods consumption makes up 35–40%. (The embodied energy in consumer goods averages 3 kWh per dollar of retail value.)

In 1993–94, the proportions of Australia's domestic energy supply provided by the different energy sources were crude oil 36%, black coal 29%, natural gas 18%, brown coal 12%, wood and bagasse 5% and solar less than 0.1%. Based on Australia's known energy reserves and 1993–94 production rates, the crude indicator of years of production remaining is 11 years for crude oil, 44 years for natural gas and 245 years for black coal.<sup>55</sup> Total energy consumption in Australia is expected to grow by 2.1% per year to 2009–10, a slight slowing on the past 20 years. Natural gas is expected to increase its share of consumption from 18% to 28% over the same period.<sup>56</sup>

Speculation about energy-futures centres not only on energy use per head but on the technologies by which energy needs will be supplied as Australian and world oil runs out, and as pressure builds to reduce greenhouse gas production by reducing coal use (coal burning power stations currently supply 80% of Australia's electricity needs). For example:

- The broad options for responding to these challenges are conservation, lifestyle change, substitution and deprivation. The idea of zero energy growth<sup>57</sup> is not totally implausible, especially given the ongoing dematerialisation of the economy. Buildings, transport and industry each account for one third of commercial energy use. Energy use by buildings can be readily reduced, particularly at the construction stage which embodies energy inputs typically equal to 5–10 years of operating costs for heating and cooling.
- Diesendorf paints contrasting scenarios of high energy and low energy futures for Australia.<sup>58</sup> A high energy future might be

based on coal-to-oil liquefaction and fast breeder reactors—which can extract 60 times as much energy from their uranium fuel as burner reactors. A lower energy future might be built around biomass fuels (for instance, using crop residues), solar heating (for, say, 30% of heat demand) and electrified public transport. Coal would still be used for most electricity generation in the medium term, with a move to wind power in the longer term.

- Given the long life of major energy plants, the energy mix cannot change much for several decades; change after that will depend on the direction of investment from today onwards.<sup>59</sup>
- While conventional wisdom sees slow change in the technology mix and incremental improvements in generating efficiency, there nevertheless could be a massive transformation here akin to the computing–communications revolution.<sup>60</sup> Gas will be the important fuel next century, increasingly being used in small freestanding electricity generators called fuel cells and in gas turbines. Flavin and Lenssen describe a decentralised energy economy with natural gas and hydrogen—produced by hydrolysis using alternative energy technologies—being piped into fuel cells that generate electricity for local areas.<sup>61</sup> Roberts suggests that even conventional power companies now regard solar technologies as a real alternative to coal.<sup>62</sup> ‘In fact,’ he says, ‘We may never see another big coal station built, with the future being taken care of by distributed solar power together with gas turbine generation by industry.’ Given all these possibilities, the thought of a less-polluting power industry, several decades out, is quite unsurprising.

### *Transport*

The domestic transport system has urban and inter-city components, private and public components, freight and passenger components and road–rail–sea–air components, not to mention the technologies used in each mode. Possibilities for major changes in all of these can be foreseen under certain circumstances (for instance, pipelines are becoming competitive over shorter distances, thus reducing the need for road or rail transport). Changes to the future size and mix of the transport task will depend on changes in the size and distribution of the population and the economy, the spread of dematerialisation and the degree to which movement of information replaces movement of people and goods. But changing the transport system is an enormous task and will inevitably take decades.

### *Urban transport*

On a per capita basis, the rate of increase in annual vehicle-kilometres

for both passengers and freight has declined steadily since the 1960s.<sup>63</sup> Reasons include reurbanisation of inner and middle suburbs and the move to a 'services' economy in which 'producer services' are tending to locate in inner-middle areas of cities. So while the demand for roads will continue to increase in the short term, the combination of this per capita effect plus lower population growth could see this demand eventually stabilise.

Meanwhile, there are four conventional wisdoms for addressing rising demand and falling capital expenditure in urban transport (and the future is widely foreseen as falling somewhere within them):

- increase road provision;
- increase the public transport rolling stock and infrastructure;
- consolidate urban form to increase residential densities;
- decentralise.

While these nostrums could be applied in a coordinated fashion, the agendas of their proponents bring them into conflict.<sup>64</sup> For example, the broad structural options for urban transport systems are seen as either (a) all-freeway systems or (b) radial rail links 'spoking' out from the city centre to circumferential freeway links. Under the latter approach, decentralisation could be encouraged by hanging 'beads' of settlement along the radial rail links. The use of rail transport could be encouraged by (say) a commuting allowance that could be spent on buying parking space or saved by using rail transport.

Newman lists some of the problems of transport systems that are highly car-dependent as follows:<sup>65</sup>

- Environmental—oil vulnerability, urban sprawl, smog, lead pollution, stormwater, noise.
- Economic—congestion, high infrastructure costs, loss of farmland, loss of urban land to bitumen.
- Social—loss of street life, loss of community, loss of public safety, isolation in the suburbs, loss of access for the carless, neighbourhood-splitting.

Technological improvements in cars stand to ameliorate some of these impacts or, at least, slow the rate at which they grow as the fleet grows. Prospects for small low-pollution cars are very good. Amery Lovins describes the cars of the future as '...family-size cars that are ultra-light. They weigh two to four times less, they're several times as streamlined, they run the wheels electrically but instead of hauling about half a tonne of heavy batteries that you plug in to



recharge, you make the electricity on board as needed, in a small engine or fuel cell. They can burn any fuel and are five to ten times as efficient as present cars. But they're also superior in other respects; they're more comfortable, beautiful, durable, quiet, a lot safer and peppier'.<sup>66</sup> Small internal combustion engines running at constant speed are very efficient and could be used to charge batteries powering an electric motor in each wheel hub. Dynamic braking systems would store the kinetic energy associated with deceleration.<sup>67</sup>

But better cars are no substitute for redesigning and diversifying the transport system; inter-city rail systems could carry light electric vehicles; bike riding could be encouraged; the environmental effects of all transport modes could be taxed; subsidies to road transport could be removed; efficient cars could attract a rebate on the purchase price; and so on. Urban transport problems need to be and, in the future, might be, tackled on all fronts.<sup>68</sup>

### *Inter-city transport*

Australia has a modern and highly capable domestic airline industry, both freight and passenger, operating through a reasonably well-developed air transport infrastructure—telecommunications, radar, airports and suchlike. Within policy-making circles, there is a general view that deregulation of the industry in 1990 has been successful in reducing costs but, on the available data, this conclusion is at least debatable.<sup>69</sup> Certainly the industry remains a natural duopoly. Still, ongoing reductions in flying times and freight costs can be expected.

High-speed ground transport is unlikely to challenge air transport outside a few sections of the Gladstone–Adelaide corridor where the population will continue to concentrate. For comparable passenger loads, the all-up capital costs of a high-speed rail system are comparable with the all-up costs of providing airports and aircraft. However, the operating costs of trains are lower.<sup>70</sup> The main challenge for the aviation industry will be to service adequately the growing tourism market.

Road, sea and rail will continue to compete for bulky inter-city freight. Most freight movements are intra-state, but of the 5% moved between states, most is moved by sea. Generally, road transport is cheapest for distances up to 500 km, sea and rail for 500 to 1000 km, and sea thereafter.

For a number of reasons (among them, better roads, better trucks, establishment of a freight-forwarding industry, poor recovery of roading costs, over-capacity and shorter door-to-door delivery times), in recent decades road freight has increased massively, both absolutely and relatively to rail freight. Whether the balance of the

land transport task swings back towards rail in coming decades depends upon:

- government willingness to recover road provision costs from the industry;
- the importance attached to energy efficiency. Not only is rail more energy-efficient than road transport, it has the potential to massively reduce demands on Australia's limited liquid fuel supplies, through electrification or the use of alternative fuels such as coal-oil slurries;
- government willingness to finance a number of important well-recognised improvements in the rail freight system (for instance, gauge standardisation, track upgrading, some new links, rationalisation of overlapping state and federal rail services).

Notwithstanding the case for improving the rail freight system, both rail and road are important for any future land-transport strategy. There are a number of suggested upgrades to the national road system that would be strong candidates for inclusion in any future national transport plan, including:

- Sealing the remaining 10% of the 16 000 km National Highway Network.
- Evaluating for upgrading a number of low-quality roads between important centres—for instance, Canberra–Orbost, Geraldton–Port Hedland direct; Perth–Norseman direct; Gilgandra–Wilcannia.
- Creating 'land bridges'. Land bridges are super-highways able to carry container freight, thus replacing many coastal shipping functions. While it would be surprising, it is possible to foresee land bridges between: Brisbane and Darwin; Alice Springs and Darwin; Perth and Gladstone (in Queensland); and Sydney and Melbourne (duplicating the Hume highway, to cope with major freight increases on that route).

### *Sea transport*

It is far cheaper to ship bulk materials overseas than to ship them around the coast on the Australian coastal shipping system—a system restricted, till recently, to Australian-owned and crewed ships. And, at least till recently, crew numbers and wage rates were high by international standards. Waterfront work practices and equipment also contribute to the industry's high costs; the need to further reduce wharf handling costs is widely accepted, and such reductions can be foreseen.

While the Business Council of Australia has argued that coastal shipping costs will be reduced dramatically by allowing foreign competition, a broader perspective suggests that a competitive Australian-owned coastal fleet could be a springboard for an Australian expansion into international shipping.

Shipping to and from Australia is fully open to international competition. It carries most exports except high-value, low-weight goods for which delivery time is critical. Shipping charges amount to about 20% of the total value of exports, but only a small fraction of this is earned by Australian-owned ships. International shipping is a mature industry dominated by large fleets of long standing, often operating in cartels. It will not be easy for Australia to do more than win a niche share of world shipping markets (as is already happening in the iron-ore trade and the transportation of liquefied natural gas). We may have to remain largely pricetakers with respect to this very important component of the balance of payments.

#### THE STRUCTURE AND ORGANISATION OF WORK

The employment experience has been changing and will continue to change markedly. The root cause is the changing bargaining power of capital relative to labour since the 1970s. Capital is currently dominating labour because capitalism has a declining need for labour (that is, industry is increasingly automated), whereas labour continues to have a great need for capitalism (that is, workers need jobs). Aspects of working life in jeopardy include: one job for life; little movement between occupations; vertical career paths; the clearly defined working day and week; hierarchical command lines; and the place of work as the central part of the individual's life cycle.

Trends in progress include an increase in unemployment and part-time work; more self-employment; smaller enterprises; the use of enterprise bargaining and individual employment contracts; unpredictable wages and conditions; and action against discrimination in the workplace.

Other possible changes in the nature of work include the following:

- An increase in female participation rates in service industries, which appear to have some preference for female labour. Male physical strength is becoming less of an asset in the jobs market. It is open to debate whether the service industries will move towards poorly-educated, well-trained, poorly-paid workers (the American model) or well-educated, well-paid workers.
- The extension of working life beyond current retiring ages. Lower population growth will make it easier for those who wish to work past current retiring ages to do so.<sup>71</sup>

- A banana republic, when our unemployed young start seeking service jobs in developing countries.
- An increase in labour turnover rates, as a consequence of radical restructuring of private and public enterprises.<sup>72</sup>
- An increase in the number of people working from home (say, by telecommuting) and replacement of 'CBD office tower work' with local work centres and 'work on the move'.<sup>73</sup> This may also reduce commuter vehicle traffic.
- Increasing acceptance of project-based pay or annual employment contracts with performance pay as the norm. Such employment practices are already being introduced by banks, Telstra and Optus.<sup>74</sup>
- Beyond the present trend towards declining working conditions, it may come to be seen that the global economy requires business to be highly flexible and increasingly productive and that this is best achieved with involved 'interested' workers. This in turn would require production systems designed to offer 'interesting' jobs.<sup>75</sup>

### *Work in an ageing society*

Two factors suggest the feasibility of greater workforce participation by the young aged in coming decades: their improving health and the less-physical nature of work in a services-knowledge economy. Thinking specifically of the industrially-advanced countries, McRae suggests:

- retirement ages will rise;
- female participation rates in the workforce will rise;
- part time work, including home work, will continue to rise;
- university students will be expected to work part-time while studying;
- greater efforts will be made to see that the unemployed are in work;
- intra-career retraining will become common;
- use of voluntary labour will rise; and
- there will be pressure on children to learn marketable skills.<sup>76</sup>

### *The labour movement*

What is the future of unions in the face of moves to de-collectivise the industrial relations system? What is the longer-term future for unions?

The Australian industrial relations system has always supported unions and unionism, but the days of collectivism, compulsory unionism and union monopoly of representation appear to be over. Employees are moving away from unions to individual contracts.<sup>77</sup>

In a self-reinforcing trend, once union membership drops below about 80% a union loses power, inducing further member losses. Employer attitudes have also changed since tariff protection days; many now see unions as an impediment to building trust with employees. The Australian Council of Trade Unions' strategy of working towards the formation of 17–20 super-unions has encountered strong resistance from union members. Surely the trade union movement will become smaller and less politically significant?

But unions cannot be written out of the script just yet. Union membership is actually growing in some industrial countries. Drawing on European experience, Australian unions are working towards a strategy that:<sup>78</sup>

- regards full employment as the unions' main goal, followed by members' social welfare, education and training; and improved management of members' funds. To survive, unions will have to turn to service provision—including providing negotiating skills, advice on financial matters and skill in seeking legal remedies to employee complaints. Members' education is recognised as critical to the success of unions;
- seeks a national agreement on industrial democracy. Moves towards industrial democracy based on multi-skilling and teams<sup>79</sup> appear to have been overtaken by moves towards further job specialisation;
- recognises a role for workplace unions;
- recognises wealth creation to be as important as its distribution;
- asserts that strong and sophisticated unions generate high social capital and improve productivity. A 1996 OECD study found a positive correlation between a country's attention to worker rights and its trade performance;
- places reducing emphasis on industrial muscle.

### *The corporation*

Incorporated companies, especially small to medium sized enterprises (SMEs), will continue to employ and set working conditions for a large fraction of the workforce. If domestic competition and competition from imports become as fierce as many foresee, it is hard to see corporate goals broadening beyond a desperate obsession with short-term profitability.<sup>80</sup> Any attempts to broaden corporate goals to take a balanced view of the interests of shareholders, customers, employees, the community, the globe and the future (the so-called stakeholder economy) will be resisted to avoid 'killing the goose that lays the golden egg'.

On the other hand, theoretically, society is in a position to place

great pressure on limited liability companies to broaden their goals, basically because of the extraordinary legal privileges such enjoy.<sup>81</sup> Also, there are moves in the business world itself to adopt higher standards of behaviour and responsibility in all aspects of company operations.<sup>82</sup> Cynically, providing better-customised goods and services and better working conditions are in the realm of enlightened self-interest.

While a trend to more not-for-profit organisations has been foreseen,<sup>83</sup> unless the challenge of survival itself has not first been bested, these organisations would be little better placed than conventional profit-seeking firms to act in the public interest or in the interests of workers.

### GOVERNANCE

Galligan sees the existing federal system based on a concurrent powers model as well adapted to managing the dual evolving forces of internationalisation and demands for more local control.<sup>84</sup> Unlike a coordinate model of federation—one with clearly divided powers—a concurrent powers model involves diffuse power centres and overlapping jurisdictions. Conversely, Evatt sees a review of the Australian system of government as an appropriate national goal.<sup>85</sup> Certainly the costs and benefits of state governments will come under increasing scrutiny.

In either event, governments of the future will find it increasingly difficult to earn the respect of those they govern. Firstly, governments are losing influence to international bodies and transnational corporations. Secondly, with social values dictating ever-lower taxes, the resources needed by interventionist governments to tackle new problems with new policies continue to decline. Perceptions of ‘government failure’ are nowadays as common as perceptions of ‘market failure’.

Specific possibilities foreseen include:

- A limit on the number of parliamentary terms a politician is allowed to serve.<sup>86</sup> It can be argued that this would increase a representative’s willingness to put the public interest before party interest.
- More devolution of power to regional bodies and secondment to local bodies of state and federal bureaucrats.<sup>87</sup> Eventual abolition of state governments.<sup>88</sup>
- Proportional voting at all levels of government. (A trend towards support for this idea has been noted.<sup>89</sup>)
- Changes to the Constitution, including the recognition of the indigenous people and the adoption of republicanism—changes

which Justice Elizabeth Evatt says cannot be postponed much longer.<sup>90</sup>

- A continuing search for measures to address the power of the Senate to block supply and the power of the Governor General to dismiss the Prime Minister.<sup>91</sup>
- A continuing search for measures to reduce 'vertical fiscal imbalance' between Commonwealth and State governments. Vertical fiscal imbalance is the disparity between federal and state governments in terms of their (tax) revenue-to-expenditure ratio.
- Introduction of a bill of rights.<sup>92</sup> Most of the old Commonwealth has some form of a bill of rights and even Britain, which does not, is subject to the European Convention on Human Rights. A bill of rights stands to be incorporated into any eventuating Northern Territory state constitution.<sup>93</sup> Donald Horne suggests a 'Charter of the Rights and Duties of Australian Citizens'.<sup>94</sup> An Australian bill of rights could readily be based on the International Covenant on Civil and Political Rights.
- Tabling and debate of international treaties in Parliament before signing and ratification.<sup>95</sup>

### *The Australian public service*

Increasingly, the main areas of Commonwealth activity will be defence, environment, law, revenue collection and distribution, economic management and international relations. The Australian public service will be smaller and will move away from service delivery in health, education and welfare.<sup>96</sup> Service delivery will be contracted out (outsourced) and there will be a shift from service delivery by function to 'whole person' delivery of the full range of services. Employment conditions, including performance based remuneration, will match those of the private sector.

### *The legal system*

The future of the law depends on its capacity to bring justice, or at least legal representation, within the reach of ordinary people.<sup>97</sup> An increasingly complex body of law requires, but is not getting, increased resources to service it.<sup>98</sup> The Australian Law Reform Commission sees its major challenge as evaluating the efficiency, effectiveness and costs of the common law adversarial judicial system. Possible changes include more active judicial intervention in proceedings, more equality between parties, fewer delays and less emphasis on legal tactical plays.<sup>99</sup>

Three specific foreseeable possibilities are:

- Increasing importance of environmental laws, both nationally and internationally.<sup>100</sup>

- Increasing use of private arbitration and mediation, producing a de facto privatisation of the law. Even though mediation tends to favour the party with greater power (take, for instance, men in divorce cases), governments are likely to support mediation because it reduces the cost of maintaining the court system.
- More transparent methods of appointing High Court and other judges.

### *The tax system*

Despite the enormous possibilities for imaginative and equitable reform of the tax system, ‘realists’ see little change other than the ‘inevitable’ introduction of a goods and services tax.<sup>101</sup> This is because of the perceived resistance of the public to increased taxes and public suspicion of suggestions for re-distributing the tax burden.

### *The party system*

Foreseen changes include:

- A move by the two major parties towards consensus politics and away from confrontation.<sup>102</sup> Viewed negatively, this implies debate between two factions of the ‘business party’<sup>103</sup> within increasingly narrow parameters.<sup>104</sup> Viewed positively, it implies the emergence of a new ‘Australian settlement’.<sup>105</sup>
- An increase in single issue, green and independent representation in the federal parliament. This would be a reflection of the weakening of loyalties to traditional parties, parties whose visions for the future have ceased to offer ‘progress’ in any dramatic way.

## COMMUNICATION NETWORKS AND THE MEDIA

Edgar observes that ‘unless the Australian government maintains its financial support for public broadcasting, we will cease to be an informed nation’. The observation continues: ‘Relying on advertising and pay services to fund the ever-increasing costs of content delivery is not working. Contrary to the idea of small specialist channels, television is geared to holding the attention of large numbers by slick, racy stories of a world which appears to be out of control. Only enlightened regulation will protect our culture and inform our minds.’<sup>106</sup> High-quality media content is labour-intensive to produce, and there do not seem to be any reasons why standards here would improve under the main foreseeable technical change, namely increased bandwidth. While it would be surprising, freedom of the press could eventually be guaranteed in the Constitution.

The futures of communications networks and the media are more commonly perceived in terms of their technology rather than their content or social role. Some possibilities foreseeable within twenty years are set out in Box 2.1.



### **Box 2.1 Foreseeable innovations in communications and media technologies**

- The Internet will penetrate education, business and entertainment.
- Unless fabulously cheap, the Internet and its descendants will be inaccessible to the poor.
- The Internet may or may not be protected from censorship.
- As its bandwidth increases, entertainment on the Internet will be dominated by the major media players because of the cost of producing broadband material.<sup>107</sup>
- Everybody will possess a hand-held mobile multimedia (audio plus video) communications system.<sup>108</sup> Contact numbers will be associated with people, not places.
- The airways will be largely reserved for mobile communications needs (such as car radios and cellular telephones) while optic fibres will link most households by 2020.<sup>109</sup> Optical fibre networks will be integrated with satellite communications.
- The cost of international audio and video contact will continue to fall and will be supported by real-time translation services.<sup>110</sup>
- Leasing costs of satellite re-transmitters (transponders) will continue to fall, making regional distribution a small additional cost on top of production costs. Australia could become a country where global broadcasts are repackaged for regional transmission.
- Australia, representing the southern hemisphere, could become the fourth major node (along with Asia, Europe and North America) in the global communications network.<sup>111</sup>
- Electronic commerce will be widespread. The world's markets will be increasingly characterised by paperless trading (via electronic data interchange) and those who are not equipped to plug into those systems will inevitably fall behind.<sup>112</sup>
- Desktop machines equivalent to today's supercomputers will be commonplace. A single CD-ROM will soon hold information equivalent to a whole public library.
- 'Information gatekeepers' or 'electronic secretaries' will become common. These are computer programs that sift mountains of information on the Internet, looking for information by matching nominated keyword profiles. Beyond this, Negroponte describes how we will be able to choose *within* programs as well as *between* programs, for example, to give a political bias or an audio versus visual bias.<sup>113</sup>
- Personal smart cards will be used to manage access to information and money.<sup>114</sup>
- The global communications network will offer Australians widespread access to virtual retailers and opportunities for gambling and other entertainment.<sup>115</sup>

## THE ENVIRONMENT

Foreseeable changes to the natural and built environments and to land use are considered here.

### *The natural environment*

In 1995, at several CSIRO workshops focusing on the future of environmental quality in Australia,<sup>116</sup> the expert participants' discussions yielded several well-supported ideas:

- Current downward trends in environmental quality, particularly biodiversity and water quality, but also soil, air and environmental-amenity quality are unlikely to be reversed, regardless of government attitudes to environmental management. The interaction of climate change with these trends could be an additional complicating factor.
- An 'end of pipe' incremental strategy for reducing pollution is less likely to be successful in the long term than a paradigm shift to an 'industrial ecology' strategy built around total recycling. While 'end of pipe' strategies lock producers in to particular production systems and make their eventual abandonment more disruptive, total recycling strategies are expensive and take time to put in place.
- Environmental quality in coming decades will depend almost entirely on human attitudes and behaviour. The nation's youth has begun the value shifts needed to make the maintenance and protection of environmental values more likely, but it needs to be appreciated that an increasingly urban population has less sympathy than earlier generations for natural values. The question is whether values can change fast enough to keep environmental quality at reasonable levels.

The trends in the economy towards dematerialisation and dejouring (that is, operating with fewer material inputs and less energy per dollar of GDP) will work to reinforce changing attitudes. Acting against these will be clear trends towards higher consumption per head and an ever-larger population.

Take air pollution as an example. The need to control photochemical smog stands to severely hamper the further development of Sydney and Melbourne. Expert opinion maintains that stringent controls, particularly of car emissions, will be needed to keep air quality acceptable in these cities as populations and per capita car travel grow.<sup>117</sup> Controls, including emission controls, probably are improving, although it does need to be remembered that much pollution control amounts merely to a shifting of the impact. Harris

suggests that industry has come to terms with ‘ordinary’ pollution but not greenhouse gas emissions. He argues that some sort of carbon tax is inevitable.<sup>118</sup>

### **Land use**

Falling transport costs and new technologies have, until fairly recently, tended to increase the land potentially available for most uses in Australia. Now, however, this trend appears to have been reversed by overdevelopment, degradation, backfiring technologies (for example, pesticide resistance), zoning and statutory commitment.

Nonetheless, it would be unsurprising if the broad breakdown of current land use in Australia (depicted in Table 2.1) were to remain substantially unchanged for many decades. This is because uses that stand to change rapidly in relation to their present extent would still amount to only small fractions of the whole country. Thus, if urban land were to double, it would only change from 0.1% to 0.2% of the country (but from 1% to 2% of arable land).

TABLE 2.1 LAND USE IN AUSTRALIA—THE BROAD PICTURE

USE	PERCENTAGE OF COUNTRY'S 7.7 MILLION SQUARE KILOMETRES
Arid and semi-arid grazing	43.7
Unused land	26.0
Non-arid grazing	17.4
Extensive cropping	5.8
Nature conservation reserves	3.5
Forestry	2.0
Transport corridors	1.2
Intensive cropping	0.3
Urban land	0.1

SOURCE: SEAC, *AUSTRALIA, STATE OF THE ENVIRONMENT 1996*.

### **The built environment**

Envisaged possible changes to the built environment include the following:

- There will be an ongoing demand for new housing, driven by population growth, internal migration, a falling number of occupants per dwelling, income growth (translating, for instance, to demand for second homes), loss of housing stock in natural and other disasters, changes in housing-type preferences (towards bigger houses, flats, town houses) and, if they last, low interest rates.

- In general terms, and in what could only be called a lightly-planned way, our major cities are responding to the problems of growth, particularly traffic congestion, by budding off 'edge' cities that are relatively self-contained in terms of meeting residents' needs for jobs and services locally (take, for instance, Dandenong and Campbelltown).<sup>119</sup> Given Australians' widespread distrust of any form of 'planning', this trend would appear set to continue.
- Finding funds to maintain, upgrade and extend urban and regional physical infrastructure will remain a major problem for governments. The attempted solution will be found in increased private sector involvement in infrastructure provision, such as BOOT (Build, Own, Operate, Transfer) projects for tollways.<sup>120</sup> Governments will also fail to adequately cope with the challenge of providing the infrastructure needed by a more mobile recreating population.
- In terms of urban form at the suburban level, it will take some decades for the character of existing inner suburbs to change under prevailing densification or re-urbanisation policies (which would appear set to continue). Some new suburbs are likely to be 'experimental' in terms of neighbourhood layout, landscaping, security measures and so on, but most will be of traditional design, perhaps with detached houses on smaller-sized (and therefore cheaper) blocks than today's.
- 'Intelligent' buildings of the future will be based on modular construction and deconstruction systems and will manage their own active and passive heating and cooling systems. Sensors will warn of wearing and stress problems.<sup>121</sup> Perhaps domed houses will become widely used because of their low material requirements per unit of living space.<sup>122</sup>
- Houses will be increasingly 'decoupled' from traditional utilities networks through the use of composting toilets, mobile and wireless communications, geothermal and solar heating, solar power, fuel cells, water reclamation and rainwater management systems. However, complete independence from networks is not readily foreseeable. Power grids would continue to provide base energy requirements and optical fibres would provide broadband communications. While the technology to produce potable water from household waste water is well advanced, this is an idea likely to meet consumer resistance.<sup>123</sup> Reinforcing the idea of the 'stand alone' house, Sheffield et al suggest that by 2044 houses will be burglar-proof and attack-proof.<sup>124</sup>

## PERSONAL SERVICES

### *Income support*

Government expenditure on education, healthcare and community services (including housing) currently amounts to 12% of GDP. When these components of the social wage are included with earned income, the poorest 20% of the population have managed to just hold their real incomes constant over the last decade or so.

But will real and relative incomes of the poorest 20% rise or fall over coming decades? Castles and Mitchell note that by OECD standards Australia is a lightly taxed country and, on that basis, could afford to continue its relatively generous, efficiently-targeted welfare system.<sup>125</sup> Against that, it is widely believed that Australian taxpayers are unwilling to finance a welfare system even as generous as the present one. It is sometimes suggested that taxpayers would be more willing to support a generous age pension if it were not a means-tested benefit, and that much of the extra cost of doing this would be recovered in income tax anyway. But it would be surprising to see such a change. Jones is particularly pessimistic:

The means-tested, flat-rate, non-contributory targeted welfare system in Australia is different to that of any other western country...The contradictions in the Australian welfare state will unravel over the next few decades, and may create a crisis that will force policy makers to rethink program fundamentals.<sup>126</sup>

Foreseeable changes in the income support system that would be unsurprising include:

- moves to grant supplementary benefits to the working poor;
- moves to grant income support in kind (with, say, food stamps);
- an increasing level of privatisation in the delivery of income support and other welfare services;
- moves to restrict the access of the 'undeserving poor' (notably, the unemployed and single mothers) to income support while maintaining access to income support for the 'deserving poor' (notably, the elderly and disabled). Part of the rationale here, apart from reducing government expenditure, would be to pressure the unemployed into more actively seeking work and to increase their willingness to accept the low wages deemed necessary to allow Australian industry to compete on global markets.

### *Housing*

Coming decades could see several unsurprising changes in the domestic housing sector:

- introduction of a capital gains tax on family homes;
- an end to state-owned public housing, combined with a rise in the use of rent assistance to allow the poor to participate in the private rental market;
- a declining level of home ownership.

### *Education*

Depending on government funding policies, the proportion of children being educated in private schools could continue to rise. But whether this trend persists or not, the focus of the Australian school system is likely to continue to be the ‘Hobart Declaration on Education’ issued in 1989 by the Australian Education Council. It states that essential learning includes:

- the skills of English literacy (listening, speaking, reading and writing);
- skills of numeracy and other mathematical skills;
- skills of analysis and problem solving;
- skills of information processing and computing;
- an understanding of the social role of science and technology;
- a knowledge and appreciation of Australia’s historical and geographical context;
- an understanding of balanced development and the global environment;
- a capacity to exercise judgment in matters of morality, ethics and social justice.

(My own addition to this list would be for students to learn how to collaborate and co-operate to achieve consensus and resolve conflicts.)

This ‘portfolio’ of certified skills would be tested when children were ready, not at particular ages. While not all the skills would be taught in school, schools would be the organisational hubs for managing learning.

Just how successful the education system might prove to be in imparting these skills is another question. While elite private schools have the resources and will to provide this sort of education, poorly funded public schools and a plethora of small sectarian schools are unlikely to progress the Hobart vision.

At the tertiary level, it has to be recognised that the universities have lost much of their influence on public life, including setting and debating the national agenda, presumably as a result of being diverted into coping with a massive expansion in higher education, with budget cuts and with fund-raising. One worry here is that if universities are to be self-financing there will be little incentive for them to

educate poor Australian students at the expense of fee-paying overseas students. At present student fees meet about a third of the costs of university education.

Because the economy increasingly requires a proportion of entrants to the workforce to have highly technical skills, the question arises as to whether or not the tertiary educational focus will be the needs of industry (less surprising) or the development needs of individuals (more surprising). The Australian Vice-Chancellors' Committee sees the role of universities as being:

- to provide the nation with well-educated members of the community equipped with the range of skills that a modern society integrated into the international community needs if it is to prosper in that competitive environment;
- the advancement, adaptation and interpretation of knowledge through research and scholarly activities.

There is no obvious answer to the question of how the tension between the need to didactically educate people to be useful to their community and to understand how to realise their own potential (for example, for critical thinking and inquiry) will be resolved. What is clear is that politicians believe that universities have become too important to the economy and too expensive to run for their management to be left in the hands of scholars.<sup>127</sup>

One justification put for cuts in tertiary funding is that technological advances are making a form of productivity growth possible in education. Broadband networks combined with intelligent software will facilitate the delivery of interactive learning media and communications to anyone anywhere. Rote memorisation will be a computer-assisted individual activity. Material to be rote-learned will be comprehensively packaged. Distance learning will become increasingly practicable. These technologies will demand a new form of literacy based not on words or numbers but skill at deciphering complex images and sounds, as well as the syntactical subtleties of words.<sup>128</sup>

Other consequences follow. Campus life could become a less important part of the university experience; indeed there may be pressure to sell campus real estate. Finishing school at 15 and graduating at 17 could become commonplace. Life-long learning and learning while still at work stand to become widespread realities that will improve people's employability.<sup>129</sup> For the young aged, learning for personal enrichment could become more feasible.

### *Healthcare services*

The most difficult question facing the health system at the beginning of the next century stands to be an ethical one: that of how healthcare

is rationed.<sup>130</sup> Will it only be items with a very poor ratio of benefits to costs (typically, high technology procedures) that have to be bought privately? It would be unsurprising to see the comprehensive publicly funded Medicare system replaced by a system financed through private health insurance. Other equally difficult ethical questions will be raised when our growing knowledge of the human genome allows a foetus' health challenges in later life to be projected.

Other possibilities for the health system include:

- Some prospect of rationalisation of our over-administered (nine systems) fee-for-service, cost-shifting (between States and Commonwealth) health system.
- Hospitals will become treatment centres rather than treatment and recuperation centres as they are at present. General practitioners will continue to move into group practices in order to share resources and streamline services.
- Do-it-yourself diagnosis and treatment with the help of computer-based expert systems will increase.
- After clean water, vaccines will remain the most cost-effective way to improve public health. Vaccines of the future will not just be for the prevention of infectious diseases; immunotherapeutic vaccines are being developed for cancer and auto-immune disorders such as diabetes. About 1.5 million Australians will have diabetes by 2010, at a cost of more than \$1 billion a year, unless people stop eating too much and doing too little exercise.<sup>131</sup>
- An AIDS epidemic amongst the Aboriginal and Torres Strait Islander population is made more probable by the fact that Aboriginals living on outstations and in rural settlements often lack the basic hygiene facilities that can protect people from infections following the exchange of body fluids.
- People who are angry, aggressive and hostile tend to get heart disease and people who are repressed and introverted tend to get cancer; but both these tendencies can and will be increasingly countered by behavioural training.<sup>132</sup>
- By 2010, management of neurodegenerative disorders of the elderly, such as Alzheimer's disease, will be a very major problem.<sup>133</sup>
- Mental health problems in the community could rise dramatically as people's capacity to adapt to change is compromised by the influence of increasing rates of change and transience in personal contacts, ideas, organisations and possessions (Toffler's 'future shock'<sup>134</sup>). A particularly important stress for many people is the loss, associated with urban growth and development, of familiar, secure places.



- Beck reminds us of the increasingly problematic dangers of ‘chemicalisation’ of the components of our personal environments (including air, water, food, clothing and housing) and of radioactivity, noise pollution and light pollution.<sup>135</sup>

### *Recreation, entertainment and leisure activities*

Unsurprising developments in the areas of entertainment and recreation activities include the following:

- For those with time and money, there is a trend is to spend more leisure time away from home splitting interests between commercial activities (for instance, sport or theatre), nature-based activities and long-distance travel.
- For the poorer, do-it-yourself home improvements, gardening, building and so on could be increasingly important leisure activities.
- Tourism will grow and shift towards activities favoured by older people—among them, educational, cultural and history-focused activities.
- Entertainment and recreation will become increasingly compartmentalised. There will be a broader selection of home entertainment; organised ‘passive’ mass entertainment; adventure and special interest holidays.<sup>136</sup> The advent of high-capacity communications channels has the potential to fragment mass audiences.
- The success of open universities will prompt a growing interest in leisure-time learning.
- Experience shows that gambling (only) grows in response to new gambling opportunities, so increasing numbers of casinos to boost government revenues will mean increasing participation.<sup>137</sup>
- Sport will remain an important part of our lives, whether it be as participants or onlookers. Fad sports will have their day but traditional sports like golf and tennis will remain popular.
- The health culture will become increasingly ingrained in our lives, with increased participation in activities like walking, cycling and swimming.<sup>138</sup>
- Virtual reality will dominate the field of passive entertainment.<sup>139</sup> An important question for the tourist industry is the extent to which ‘virtual tourism’ will replace real tourism.

### *Food*

Existing trends which stand to continue include the following:

- The trend away from preparing meals from raw materials in the home. This will take various forms, such as eating out, buying

meals in and using more pre-prepared foods. The range of dishes eaten will become more widely cosmopolitan.

- The decline in home cooking. This will hold for both poor and rich, although the range and quality of food consumed will differ—fruit cordial versus fruit juice, mince versus salmon, if you like.
- More and more food for home consumption will contain natural biological preservatives and be packed in film impregnated with freshness biosensors and oxygen-scavenging polymers.
- Today's modest trends towards vegetarianism and towards a revealed preference for chemical-free foods stand to continue.<sup>140</sup>

### *Religion*

Religion lost much of its appeal in the eighteenth and nineteenth centuries because the reigning idea of the inevitability of Progress—change which is desired by people<sup>141</sup>—offered something approaching a heaven on earth. A declining belief in the inevitability of Progress has prepared, perhaps, the ground for a religious revival. And, in the event of a concerted effort by Australian society to counter the increasing spread of dissociation, anomie and alienation, the churches could be given a key role to play, promoting their traditional values of agape, kindness, empathy, inclusiveness and civility.

Murray foresees two specific possibilities for institutionalised religion:<sup>142</sup>

- The main division among believers, be they Christian, Muslim or Jewish will be between liberals and fundamentalists.
- The growth of Islam in Australia will continue, creating both fear and loathing among the Christian majority. But there will not be sustained sectarian violence associated with any sect, Christian or non-Christian.

### TECHNOLOGIES

At the broadest level of understanding, technological 'revolutions'—families of technological advances—relax constraints on the possible. Technologies are extensions and externalisations of our own capabilities.<sup>143</sup> For example:

- the industrial revolution expanded our capacity to do physical work;
- the transport revolution expanded our capacity to travel long distances;
- the computer revolution expanded our capacity to acquire and process information;
- the communications revolution expanded our capacity to

- exchange information (McLuhan's 'extended nervous system');
- the medical revolution expanded our capacity to approach our genetic potential for longevity and to control population;
- the dematerialisation revolution expanded our capacity to produce given outputs from fewer inputs in primary and secondary industry.

Technological change, in these and other areas, will continue through the mid-future, although at an unpredictable rate and in often unpredictable ways. While avoiding compilation of a comprehensive list of technologies-in-the-pipeline (biotechnology, robotics, nanotechnology, materials fabrication, communications, computer and information technologies and so on), we can reasonably anticipate families of advances in:

- alternative energy technologies;
- body-upgrading technologies;
- technologies for urban water re-use;
- decentralising and small-scale technologies with the capacity to undermine the idea of natural monopolies, and hence the regulation of these;
- virtual reality technologies that expand the portfolio of amenity and instrumental experiences that can be fitted into a lifetime;
- technologies that express themselves in new consumer products as well as technologies embedded in production processes;
- convergent technologies that lead to similar technology interfaces across many industries—for instance, the trend towards 'virtual instrumentation' where a personal computer is plugged into a sensor and all signal processing and display is done by software that can be reprogrammed to function as any of a multitude of instruments.<sup>144</sup>

Technological change will continue to drive much social change, creeping into our lives, changing the way services are provided, the productivity of labour, the range of goods we buy and the way we do things. But will it lead to more interesting jobs, more leisure as distinct from more unemployment, environmental protection, a greater real choice of products and opportunities, especially for the disadvantaged? As ever, technology is neutral in itself and whether technological change is used to improve people's quality of life depends on the social and economic context within which it is embedded. For example, because they have more money it is usually far more profitable to use new technologies to produce goods and services for the rich rather than the poor.

Conversely, will some technological changes prove actively harmful? While the 'revenge' or 'bite-back' potential of new technologies<sup>145</sup> is increasingly recognised, efforts to undertake technology impact assessments before rather than after adoption stand to remain minimal. Being a small technology-taking country with a strong belief in the wisdom of the market, it will continue to prove particularly difficult for Australia to manage the penetration of potentially disruptive new technologies.

### *Research and development*

While, as noted, Australia is a small country adapting to technologies largely developed elsewhere, in many areas of science and industry we do have well-established research and development capabilities of our own. Will these capabilities be expanded over time? Will they be self-directed, will they be guided and directed in supposedly socially useful directions, or will they march to the beat of the market drum? Will their products be sold overseas?

In the immediate future, there will be a continuation of the movement of commercial research and development offshore as tax concessions for such activities are further reduced. Further out, there is no particular reason why the large companies that fund most commercial research and development would want to base that work in a high-cost country like Australia, all other things being equal. And, as evidenced by the closure of the Bell Telephone Laboratories,<sup>146</sup> industry is perhaps entering a phase of the long economic cycle that exploits past developments rather than one of seeking new clusters of innovations by funding large research programs.

For an OECD country, Australia has a high proportion of its research and development effort funded by government, mainly in CSIRO and the universities. If the trend to small government continues, this sector may not contract dramatically but will expand only to the extent that external funding can be obtained. And that is much more likely to be for research with commercial possibilities than public-interest research (into, for instance, nature conservation); for applied research rather than more basic research; and for whole-system integrative research rather than reductionist system-component research. More subtly, the push for external funding to meet targets expressed as fractions of total funding stands to increasingly favour the use of government-provided funds for commercially oriented research rather than, as might be first supposed, public-interest research.

Eventually, it would not be surprising to see the privatisation of all commercially successful areas of CSIRO and university research. Indeed, since the eighteenth century, science has been slowly losing

its autonomy; a final subordination of its spirit of free inquiry to state and business interests has been long foreseen.<sup>147</sup>

So, overall, it would be surprising to see any dramatic upsizing or reorientation of the Australian research and development effort in coming decades towards social technologies, appropriate technologies, environmentally benign technologies and other categories of non-commercial technologies.

#### INTERNATIONAL RELATIONS

In broad terms, the relationship between Australia and the world is that we are more future takers than future makers. While we have to accept the world largely as it is and will be, there is some scope for us to shape the way the world will be, and in particular, the part of it we live in. So, while it would be somewhat surprising if we were to play a leadership role in global or regional affairs,<sup>148</sup> it would be even more surprising, under any credible national strategy, if Australia failed to continue playing some sort of active role in such. For example:

- Papua New Guinea and the Pacific island states will be increasingly dogged by social and economic problems,<sup>149</sup> and it would be unsurprising to see an increasing share of Australia's still-less-than-generous foreign aid budget going to this region. Given the poor prospects for trade in the Pacific, it is doubtful that we will play the leadership role here that we so easily could.
- On the far side of the Pacific, Australia will continue to juggle its relationship with its great and powerful and overbearing friend, the United States and, further south, will work to establish economic and other ties with 'gateway' countries such as Chile.
- Looking across the Indian Ocean, interactions with Africa stand to remain much more limited than interactions with south Asian countries such as India.
- While they continue their rapid expansion, the economies of Pacific Asia will continue to bedazzle Australian exporters and policy makers. Plausibly, cultural affinities will also strengthen, fuelled by immigration, tourism and spinoffs from business links.
- Ongoing historically cemented cultural affinities and long-established commercial links will sustain Australia's relationships with a Europe obsessed with its own evolution.

While Australia has a remarkable diversity of relationships with connections to nearly all parts of the world, there is nothing sufficiently unique about Australia's relations with Europe, Asia or the United States to cause these regions to seek our help as guide,

interpreter or messenger. In American and European eyes we are very 'small beer'.

Trade (and defence—see below) will plausibly continue to be the focus of Australia's overseas interests for some decades. We will continue actively to seek bilateral and multilateral alliances and regional trade agreements, perhaps with significant success. We will play our part in the integration of national and international law and will have a (reluctant?) role in the growth of international environmental law and its linking to trade agreements and human rights agreements. Australian companies and government business enterprises operating overseas will be increasingly subject to Commonwealth environmental and other legislation. One consequence of Australia's increasing engagement with Asia could be that Australian policy and business thinking becomes more mission-oriented and long-term in style.<sup>150</sup>

In short then, how will Australia be cast in the global play? What are the mid-future possibilities? Will Australia be seen as a good global citizen, sympathetic to the health of the planet and the plight of disadvantaged countries, a source of cultural inspiration and a model of enlightened democracy? Or will we play the part of a selfish, materialistic and timid society without vision and without the wit to understand and adapt to a changing world? The latter would be less surprising, but it does not have to be that way.

### Defence

*For the 90s and into the 21st century, the Australian Defence Force may not need to be much larger in numerical terms. But it will need to be more accessible for combat operations. Readiness levels which, for most of the ground forces, are at present measured at 90 days or longer will simply be unacceptable if Australian governments are to be able to meet their rhetorical commitments. (O'Connor 1992)*

Militarily, probably no single power can dominate the Asia-Pacific region.<sup>151</sup> We have basically accepted, since the 1987 White Paper, that we can defend ourselves provided we continue to develop appropriate capabilities. And this has liberated our foreign policy from a focus of appeasing powerful friends by fighting alongside them in 'forward defence' areas.

The technical revolution in military affairs means that countries like Australia can do far more against potential opponents than ever before, provided they can afford to acquire expensive modern weaponry and the skill to use it properly.<sup>152</sup> Technology has decoupled territory and defence; by 2020 precision strike capabilities might create the potential to achieve strategic effects over continental distances. The extent to

which we acquire such expensive equipment will depend on how stable the Asia-Pacific region is perceived to be.<sup>153</sup>

Regional wars in Europe, central Asia and Africa in the first half of the twenty-first century can be taken as 'given' in looking at global futures. Of most importance to Australia would be instability in the Persian gulf, given the oil supply-price implications for our major trading partners, the United States and Japan. Such would lead to turmoil in Middle East food-importing countries like Iraq and Iran.

However, it would be more rather than less surprising if the Asia-Pacific region were to experience any number of regional wars in coming decades. Nonetheless, belligerent countries, China and Korea for example, could miscalculate the effects of their provocations and produce turmoil in important Australian markets. More directly, Indonesia might attack Australia to counter internal fragmentation, choosing to unify a country of collectively unmanageable provinces by the age-old political device of finding or creating a common enemy.

Australia will continue to be an extraordinarily difficult country to invade, at least without using nuclear weapons. In a fictional account, Wagar foresees Australia acquiring nuclear weapons in about 2008.<sup>154</sup> While it would be highly surprising, Australia could go nuclear under substantial threat, given sufficient lead time.

As a recent project to construct frigates showed, Australia cannot be self-sufficient in major military hardware. While that project was well executed, the capabilities developed had to be dismantled on completion. The temptation to maintain a capability for producing major military hardware by seeking to export production surplus may not be resisted—already we export small arms, rockets and so on.

### COLLAGE OF CAMEOS

The flavour of this chapter's cameo possibilities might be captured thus:

Amongst social trends that will persist, an ageing but slightly healthier, growing, under-employed population will share in a global culture and a global society managed internationally, at least in trade, labour, human rights, environmental and financial matters. Domestically, institutions will slowly reconfigure to cope with new or newly recognised problems. Thus, an ever-smaller federal system of government will lurch towards republicanism and greater recognition of minorities and social movements. An under-resourced legal system will become increasingly clogged and disreputable. The metropolises will grow at the expense of the regions and suffer increasing environmental and, particularly with transport, infrastructure problems. State support for the poor and disadvantaged will slowly decline in real terms. There will be a re-conceptualisation of work, and education will

be lifelong as employment changes through life. Lifestyle and time-use preferences will continue to change, becoming different rather than obviously better or worse. Technological change, particularly in computing and communications, will continue to underlie a speeding up of people's lives in terms of relationships, recreational activities, places and possessions. Sophisticated technology will also be the foundation of the country's minimally deployed defence capability.

Economically, Australia is already in transition from a declining industrial age to an emerging post-industrial, post-agricultural era, as evidenced, for example, by the growth of the service sector of the economy, particularly tourism. Thus we will continue to see the increasing importance of information relative to travel and physical transport, services replacing goods and quality of life interests replacing material possessions. Per capita energy consumption could begin to fall.

While our collage of cameos presents stimulating insights into what the national short- to mid-term future might hold, they do not add up to a systematic previewing of a comprehensive set of quality survival measures and their determinants. More critically, the major deficiency in writings about Australia's future is the near-absence of discussion about the society's long-term survival prospects. Apart from warnings about the various systemic shocks discussed above, such speculation has been largely confined to wondering if we are irreversibly and remorselessly degrading the natural resource base, and whether this will eventually cause the demise of Australian society. Let us at least begin a more thoroughgoing discussion.

## MAKING IT TO 3000 AD

We have adopted the working assumption that quality survival is an appropriate goal for Australian society—high quality of life for most Australians and a society that has good prospects of lasting in an acceptable and recognisable form for a very long time, perhaps a thousand years. Part of the reason so little has been written on this topic is that there is no recognised theory of what characterises well-adapted societies with good survival prospects (a well-adapted society being one that is judged highly likely to survive until it evolves gradually and easily, without violence, hunger, disease or other miseries into a different society).

Notwithstanding this, insights into the adaptability of societies can be gleaned from at least three disciplinary sources—history, systems theory and ecology.

History suggests factors behind the evolution, survival and demise of past societies, and hence, perhaps, of future societies. These include disease,<sup>155</sup> environmental degradation,<sup>156</sup> excessive organisational complexity<sup>157</sup> and the four dynamic growth strategies of family multiplication, conquest, commerce, and technological change.<sup>158</sup>



History alerts us to the possibilities of strong past trends (such as population growth or technological change) and cycles (be they economic or social) continuing into the future. Kondratieff<sup>159</sup> and successors, for example, identify periods of global growth and expansion in economic activities that last about 55 years and are punctuated with phases of fundamental change in the structure of the economy, the technological base and many social institutions and relations. Towards the end of a growth phase in the economy, many markets saturate and growth slows. The search for revitalised profits induces a cluster of new technologies which slowly at first, and then more rapidly, penetrate markets.<sup>160</sup>

Systems theory alerts us to the largely unpredictable behaviour of complex adaptive systems, of which Australian society is a good example; and suggests the need to monitor indicators of matters considered important, with a view to taking early corrective action in the face of adverse movements in such indicators.

In a complex adaptive system, the behavioural rules followed by one or more of its components are themselves changing over time. For all practical purposes, it is only systems with living components—organisms or organisations of linked organisms—which show adaptive behaviour. Living components have an adaptive capacity to create new behavioural rules for themselves and they act as though they are using this capacity to try to turn whatever happens to their advantage. Following the trial of a new behavioural rule, the rest of the system feeds back an ‘error’ message or a ‘success’ message to the adaptive component. That is, the message indicates whether the environment behaved as predicted and the prescribed behaviour worked (success) or it did not (error). Behaviour which earns a success message is reinforced—it indicates it is ‘more likely to be used again’—and behaviour which earns an error message is tentatively rejected.

This ‘trial-and-error/trial-and-success’ process is the common core of what is meant in different contexts by the terms ‘adaptive behaviour’, ‘learning behaviour’ and ‘evolution’. Biological evolution is an example of adaptive behaviour by a group of organisms linked through generational succession. Individual learning occurs when an organism’s behavioural rules alter during its own lifetime. Social learning occurs when organisations of organisms acquire new collective behavioural rules—rules which I call ‘social technologies’. Social evolution occurs when new organisations arise. At some fundamental level, learning, evolution and adaptation are all the same.

What then does it mean to ‘manage’ a complex adaptive system? One answer is that it means being able to manage that system so as to keep the levels of some of its important characteristics within

predefined bounds. Henderson identifies two basic strategies for managing complex systems: (a) introduce sophisticated controls or (b) simplify the system;<sup>161</sup> more recent thinking conceptualises this task as one of ‘adaptive management’, involving the development of a comprehensive set of feedback policies or contingency plans, one for each possible state of the system. Thus, the manager regularly monitors the values of key attributes of the system and then applies the appropriate predefined adjustments to the system attributes under their direct control—called control variables. For example, under adaptive management the feedback policy or recipe for avoiding wars and depressions might be to slow the rate of war debt repatriation and attempt to spread post-war baby booms over more years.<sup>162</sup>

Given an increase in available energy, complex adaptive systems generally evolve towards greater complexity,<sup>163</sup> towards more components and more elaborate inter-relationships between them. While such components and their rules evolve unconsciously in ‘natural’ systems, anthropic or human social systems have an awareness, albeit limited and patchy, of how successful hierarchical systems survive and consciously attempt to learn new and better behavioural rules or ‘levers’. The ongoing evolutionary process selects for populations with the ability to learn new behavioural rules; rather than populations that follow fixed rules regardless of context.<sup>164</sup>

Ecology, if ecosystems are taken as analogous to human communities, provides a wide range of insights into guidelines and principles that need to be adopted by human communities intent on long-term survival. Certainly ecological communities and human communities exhibit the same basic principles of organisation.<sup>165</sup> They are networks that are organisationally closed but open to flows of materials, energy and information. There are many differences, of course, such as language, consciousness and culture. However, ecosystems have a great capacity to continue functioning in a more or less unchanging way over time. The principles of successful ecological organisation therefore may offer guidance to human communities seeking to survive in acceptable form for hundreds of years. Capra identifies five such principles: recycling; reliance on solar power; balance between competitive and co-operative behaviour; resilience under extreme events; and a high level of species diversity.<sup>166</sup>

### A LEARNING SOCIETY?

The generalisation that flows from the lessons of history, of systems theory and of ecology, is that (Australian) society is a complex adaptive system which we cannot hope to manage directly but which we may be able to manage adaptively. That is, we can monitor society’s progress towards and away from situations we regard as desirable

and undesirable—goals and anti-goals. Armed with that knowledge we can attempt to steer or lever society in a preferred direction by thoughtful trial and error—a process of social learning—backed up by efforts to accumulate various forms of capital as a buffer against shocks and for resourcing social learning experiments and trials. *The thesis being asserted is that an appropriate accumulation of societal capital and a capacity for social or collective learning are the twin pillars of an adaptable society intent on maximising its prospects for long-term survival.*

‘Societal capital’ is an umbrella term for all the various forms of assets available to a society for achieving its social goals. These range from marketable assets like plant and machinery to non-marketable assets like a high level of trust between people. While not well defined, societal capital certainly includes: social and institutional capital (apparent, for instance, in a respect for government); human and intellectual capital (evidenced by a healthy, technically educated workforce); built and natural capital; psychic capital (reflected in confidence in the future). Capital-rich societies have the resources to experiment with ways of solving problems and grasping opportunities as they arise, without jeopardising the society’s existing activity patterns. Making appropriate decisions about the size and composition of the societal capital portfolio is central to society’s prospects for quality survival. And very difficult.

In social learning a population finds out by trial and error that some recurring problem can be solved or avoided by a new form of collective behaviour; this might be called a ‘social technology’. Numerous examples of social technologies come to mind: the alphabet, standard time, coinage, credit cards, the research and development team, pay-as-you-earn tax, debt-for-nature, national constitutions, policy instruments such as transferable fishing quotas, milk quotas and so on.

Given that we need a powerful social learning system for getting us through coming centuries, could we do better with a more directed and planned system than the present ad hoc system? Is it possible to deliberately create successful social technologies? For if we do not learn faster than the rate of change, we go backwards; faster learning is the ultimate competitive advantage in the survival stakes. Can Australia, as a society, learn better how to learn? Collecting these ideas together, might Australia one day become a learning society? It is an intriguing question.

## WHERE DO WE THINK WE ARE HEADING?

Provided that the world is not subjected to various imaginable destructuring shocks—what we might call a shock-driven future—it is hard to escape the conclusion that, over the next fifty years,

Australia will remain a middle-rank first-world power, making a small contribution to global governance while working out its own style of capitalism and liberal democracy for responding with more or less success to concerns about health, education, income distribution, environmental quality, crime, social conflict and so on. Within the scenario of Australia surviving as a capitalist liberal democracy of some sort, two ‘families’ of alternatives emerge from a contemplation of the broad-brush futures and cameo futures collated in this chapter.

The cameo futures suggest the possibility of a society ‘muddling along’,<sup>167</sup> much as it does now, without any over-arching goals but accumulating change and responding pragmatically to issues as they arise; a ‘strategy’ which might not allow society to learn quickly enough to adapt to changing circumstances. To my mind, if this were to happen, a large minority, or even a majority of Australians would be living a banal existence characterised by a slowly declining quality of life laced with a few bright spots to relieve the gloom. Still, there are other equally unsurprising scenarios lurking in the cameos of this chapter which could well be synoptically judged as ‘holding the line’ on overall quality of life. These would contain possibilities such as participatory democracy piggybacking on powerful communications technologies, longer, healthier lives, interesting jobs.

But, overall, our cameos convey no feeling of a future rich in accessible opportunities for enhancing quality of life. We are not, it would seem, going to be doing anything very radical; we will go on adjusting society at the margin, with the adjustments we do make being those which are welcomed or not strongly resisted by influential groups. ‘Issue-driven futures’ is the name I give to this family of unsurprising futures wherein quality of life is foreseen to stand still or fall slowly under the nudges of numerous relatively small changes.

On the other hand, the chapter’s broad-brush futures suggest that, although it would be somewhat surprising if it did occur, Australia could explicitly adopt a national goal-seeking strategy based on implementing some philosophical model of how society might best be organised, and to what ends. Without the impetus of global or national shocks to precipitate a rapid decline in quality of life for large numbers of Australians, it is difficult to foresee a comprehensive national conversion to any political philosophy that would demand a fundamental restructuring of the institutions of Australian society. As Boulding says, disappointment is the trigger for innovation; we try something, it doesn’t work, we try something else.<sup>168</sup> Nevertheless, since prudence suggests we should at least be considering them, it is the family of such ‘strategy-driven futures’ that we begin to explore in the next chapter.

# CHASING THE RAINBOW: SCOPING AUSTRALIA'S STRATEGIC OPTIONS

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## CHAPTER PREVIEW

In this chapter we begin the task of building three prescriptive strategy-testing national scenarios. That is, rather than building shock-driven or issue-driven scenarios of the type 'This (or this, or that) could happen to Australia,' we elect to build strategy-driven scenarios of the type 'What might be the consequences if we Australians tried this (or this, or that)?' Thus we are not building positive scenarios of different global environments to which Australia might have to adjust; it is left to a later chapter to complete our Australian scenarios by building global overlays on national agendas (asking, that is, how our three strategies might cope with ongoing global change and globalisation).

More specifically, this chapter does four things:

- 1 It argues the case for adopting quality survival as a national goal.
- 2 It delineates a 'strategy space' or 'option space' comprising a broad specification of 'all' feasible strategies from within which three candidate national strategies might be chosen. Both exclusion and inclusion are used to narrow the search for contrasting strategies around which to build three scenarios. Thus strategies based on 'alien' ideologies are excluded while all included candidate strategies are presumed to conform to some deeply embedded common values.
- 3 Subject to these constraints, three strategies are then developed around (a) three contrasting attitudes towards the appropriate balance between individualistic, hierarchical and mutualistic modes of social organisation, and (b) three contrasting core views of the importance for future quality of life of ameliorating the primary hazards—rate of economic growth, inequity, environmental

quality, sociopathy—associated with the contemporary socioeconomy.

- 4 And then, to begin giving each strategy an operational form, it is associated with a set of priority attitudes towards the dozen or so umbrella issues in societal management that are always with us, albeit in changing form.

The task of spelling out a more detailed manifesto for each of the three candidate strategies is reserved for Chapters 4, 5 and 6, while Chapter 7 speculates on Australian society's survival prospects and the quality of life consequences that might accompany the adoption of any of these three.

## NATIONAL GOALS

If you don't know where you are going, it doesn't matter which bus you catch.

Before beginning to explore alternative strategies for managing Australia's future, I want to strengthen the case for the idea that high quality of life for most Australians and the long-term survival of a civilised Australian society are convincing and inclusive national goals.

### PERSONAL QUALITY OF LIFE

Maslow provides a comprehensive and widely accepted theory of human nature that clarifies and elaborates what individuals are seeking from the future. People strive to satisfy physiological and psychological needs for life, safety and security, for belongingness and affection, for esteem, for respect and self-respect and for self-actualisation (personal development).<sup>1</sup> As more basic needs (such as food) are met, attention switches, in a hierarchical fashion, to satisfying higher needs (for example, for creative activity). Most of the needs Maslow postulates as driving complex human behaviour are 'hidden variables' and cannot be measured directly.

The idea of a needs hierarchy leads us to the idea of 'quality of life'. Following Maslow, a person enjoying high quality of life is one able to largely satisfy their higher needs. Birch similarly suggests that quality of life is measured by a person's feelings that their potentialities for creative activities and relationships with others are being satisfied.<sup>2</sup> After conceding that it is more easily experienced than measured, Wilkin says high quality of life consists of perceptions of satisfaction relative to one's personal set of values.<sup>3</sup> As a general and uncontroversial assertion, most individuals, tacitly or overtly, have the enjoyment of high quality of life, a 'better' life, as an umbrella goal.

While quality of life is a powerful idea for understanding people's motivations, it is also a problematic one insofar as the needs that an individual seeks to satisfy will change over time; tomorrow's priority needs cannot necessarily be foreseen. Certainly there are no standard ways of measuring the extent to which needs would be satisfied by a particular future situation.

#### FROM PERSONAL TO NATIONAL QUALITY OF LIFE

Looking beyond personal futures, we can think of the futures of various collectives such as the family, the tribe, the organisation, the nation and humankind. It is a small step from recognising the importance of quality of life to the individual to suggesting *high quality of life for all* as an appropriate goal for any society of people intent on choosing and pursuing a common goal.

#### FROM QUALITY OF LIFE TO QUALITY SURVIVAL

High quality of life is our priority, but not just for Australians living today. We might reasonably believe that most Australians want our society to survive for a long time; for at least the next thousand years, say, or perhaps 'as long as the Aborigines have lived here'. And, moreover, to survive that long in a way that offers the society's members high quality of life.

This is the 'long view' I will take as a starting point for comparing and evaluating the prospective success of whatever alternative adaptation strategies are open to Australian society today. Thus, our first goal is to survive as a society and the second is to ensure high (collective) quality of life for all, including future Australians. A shorthand phrase that recognises both these goals as aspects of our society's ultimate strivings and aspirations is *quality survival*—high quality of life combined with good survival prospects.

But what does it mean for a society to 'survive'? It must at least mean to avoid 'total social breakdown', the loss of those social processes that allow daily life to continue meeting people's basic needs.<sup>4</sup> Thinking of Australian society as a living organism, total social breakdown would equate to death. We are talking here about changes in Australian society that would render it unrecognisable—we are contemplating, for instance, a totalitarian order or a disorder of feuding warlords in an environment bereft of a collective social and physical infrastructure, normally registered by life expectancy, maternal mortality, access to primary health care, clean water and sanitation, illiteracy, malnutrition, justice, oppression of women and so on.

Does my suggestion of quality survival as a national vision or goal, a social purpose, for Australian society have any authority? In the middle ages European societies believed their paramount purpose was to serve God.<sup>5</sup> Having a clear social purpose disappeared

with the rise of individualism—heralded by Montaigne<sup>6</sup> and the arrival of the industrial revolution—and it has never really been regained (perhaps with the exception of wartime patriotism, or in the early days of some Communist societies).

Calls for a national vision or goal, describing where the community wants to be in several generations' time, are regularly made by prominent community members and might be thought of as analogous to an individual's choice of life goals. Because governments are the vehicle by which Australian communities articulate and implement a collective will, any long-term strategy for realising a national vision cannot be practicable if it does not have the active support of government. Thus Prime Minister Howard in the 1996 Robert Menzies Lecture spoke of the need to build a 'genuinely shared sense of national purpose'. But we must not get so bogged down in debating our social purpose that we are blocked from thinking about how to meet that purpose.

'Vision' has emerged in recent years as a word in good currency, replacing 'goals' to some extent but having a similar meaning. Perhaps it has a slightly 'richer' ring to it than goals. Thus:

The motivation underlying the specification of any vision is to articulate a set of goals and aspirations for the future in order to generate debate about alternative strategies for the present.<sup>7</sup>

...a national vision should not be viewed as a 'wish list'. The goals it contains must certainly be ambitious and challenging, but they must also be realistic, achievable and compatible with each other. In short, the vision must not only be desirable but feasible.<sup>8</sup>

With the exception perhaps of Chifley's 'light on the hill' theme, Australian federal governments have never shown interest in developing a mid-future national vision and a supporting strategy for seeking to realise that vision. I want that to change. Elections are contests between 'we will do this' and 'we will do that', but campaigning parties offer little choice between images of the future that extend very far forward in time. Because they desperately want to be re-elected, Australian governments act more like people who seek short-term gratification than people who make whole-of-life plans. Nevertheless, to note a lack of political interest in the mid-future—to lament short-termism—is not the same as to claim that the Australian electorate has never been presented with well-thought-out manifestos (take Whitlam in 1972 and Hewson in 1993).

It is against this background that quality survival is offered as a 'working suggestion' for the Australian national vision. It constitutes



the primary and necessary reference point against which Australia's strategic future-shaping choices will be evaluated in this book.

## WHERE DO WE START LOOKING?

Irishman to stranger asking the way to Dublin: 'If I were going to Dublin I wouldn't start from here.'

Where do we start looking for candidate strategies for guiding Australian society towards achieving its national goals by 2050?

A useful starting point might be to consider some principles, some instrumental and target values, standing to be acceptable to the protagonists of whatever contrasting strategies emerge from our analysis. From there, we might identify some strategies to be excluded *a priori* from further consideration. This process of exclusion and commitment will help reduce the 'strategy space' within which candidate strategies can then be sought.

### BACKGROUND VALUES COMMON TO ALL STRATEGIES

There are a number of positive values and well-regarded institutions which are so deeply embedded in Australian society that it would be implausible to project scenarios in which these were voluntarily recast. Thus, most fundamentally, we will assume agreement across all candidate strategies on what Rawls calls the basic structure of society—its government as a constitutional democracy and the acceptance of a role for markets in the production and distribution of goods and services—that is, a mixed open economy.<sup>9</sup> Our constructed strategies will accept the legitimacy of the will of the people as the source of their collective direction.

It may be that, in practice, constitutional democracies are not good for most people, being basically systems for keeping the rich and powerful satisfied.<sup>10</sup> But I choose to assume, as Aristotle did in his *Politics*, that the state exists to serve the common good, not the interests of power holders.

Donald Horne identifies five values 'that most Australians would have little difficulty in committing themselves to':<sup>11</sup>

- respect for the rule of law;
- equal rights for all under the law;
- support for the principles of a tolerant liberal democracy;
- acceptance of custodianship of the land;
- support for strengthening Australia as a fair society devoted to the wellbeing of the Australian people.

In relation to achieving high quality of life, I see these as both

target values (ends) and instrumental values (means). Here, they will be accepted as necessary (but not sufficient) conditions for high quality of life; we will distance ourselves from strategies that violate these values.

The *Shaping Our Future* national-strategies conference organised by the Government's Economic Planning Advisory Commission (EPAC) in November 1994 came to broad agreement that our national goals or ambitions were to develop a society that is creative, productive, inclusive and ecologically sustainable.<sup>12</sup> With this in mind I can see no reason to develop candidate strategies that are not committed to or, at least, accepting of, these values. The real questions focus on what these values mean in practice rather than in abstract, and how vigorously they are to be pursued.

Other 'values in good currency' that might be added to Horne's include:

- a society offering Birch's 'decent life for everyone'<sup>13</sup> and Stretton's 'secure and comfortable' lifestyle;<sup>14</sup>
- a technologically advanced society;
- a republican form of government;
- a society with a well-developed common cultural core, harmonious social relations and a strong concern for the wellbeing of the biosphere;
- a society offering equality of access to the 'tools of opportunity'. Equality of opportunity is a strongly favoured instrumental value within Australian society: in the 1995 International Social Science Survey, it scored an average rating of 90/100, compared with a rating of 26/100 for 'equality of outcome'. The principle behind notions of equality is that is unjust for people to secure benefits at the expense of others, or incur unshared burdens, on the basis of factors beyond their control.

Clearly, there are many background values uniting the great majority of Australians and hence narrowing the universe of potential national strategies. These values reflect persisting widely agreed attitudes to major issues of the time, memorials to past issues, and attitudes I feel worthy of wider support. *And here lies a clue as to how we might go about constructing contrasting hypothetical strategies for seeking quality survival:* build them around contrasting attitudes to a set of 'big' issues, in a way that respects background values and avoids strategy themes judged politically unacceptable.

#### REJECTED STRATEGY THEMES

There are a number of historically well-recognised ways for managing societies, or aspects of societies, which, it can be said with some

confidence, would not be willingly supported by the Australian people in the foreseeable future. They are politically unacceptable because they are impracticable or incompatible with background values. To narrow our search for three plausible strategies, we peremptorily exclude the following as candidates:

- a society run by a 'god-king' or dictator, benign or otherwise;
- a fascist society involving the subordination of workers' civil liberties to demands of the economy; a 'social contract' exchanging freedom for prosperity and order;
- a totalitarian society in which the state attempts to control the thinking as well as the behaviour of citizens;
- a revolutionary society, involving a takeover of the state by force, no matter how well intentioned (the idea of changing society by taking over the state seems ever less promising under globalisation and declining powers of the nation state);
- a society founded on the Soviet form of communism which attempts to base the entire economy on comprehensive state ownership of the means of production and imposes all-encompassing central planning, without any effective recourse to markets or pricing mechanisms (note concomitantly that the credibility of any form of fully socialist society such as that found in Cuba has been a collateral victim of the demise of Soviet communism);
- an ultra-libertarian society of the type preached by Ayn Rand,<sup>15</sup> in which personal power is only minimally constrained by the collective will;<sup>16</sup>
- an isolationist and autarkic society—'Fortress Australia'—seeking to minimise interaction via movements of money, goods, people and ideas with the rest of the world (here, we envisage the likes of Romania, or Pol Pot's Cambodia);
- a universalist society seeking the demise of Australia as a nation-state (the nation-state has been 'democracy's most promising host');<sup>17</sup>
- an imperialistic society seeking to annex other countries—nations function best when their nationalism is constructive, not aggressive;<sup>18</sup>
- a 'no cities' society based on villages or small communes (the kibbutzim model);
- a society practising institutionalised discrimination against any group.
- a reactionary society based on attempting to return Australia to some past state;
- a populist society based on the idea of a community with a single set of shared values, those of the 'people', whoever they might be.<sup>19</sup>

### WHY NOT EXISTING STRATEGIES?

Do contrasting candidate strategies already exist in the community in a form that can be appropriated for present purposes? Don't we have the bones of three ready-made strategies lurking in the sociopolitical philosophies of the three major groupings in the Commonwealth parliament—the Liberal–National Party Coalition, the Australian Labor Party and Australian Democrats–Australian Greens? Don't party platforms pretend to be reasonably comprehensive guides to how society should manage itself?

Perhaps, but there are several strong reasons for rejecting this approach. The first and most important is that if strategies presented in this book appear to be based on the policies of the existing political parties, there will be a natural inclination on the part of politically committed Australians to reject the strategies of the 'other parties' and to criticise interpretation of 'their party's' sociopolitical philosophy.

Second, the platforms of the existing parties are incomplete in the sense that they do not explicitly address many issues that are regarded as important in this book, and I would not presume to fill the gaps. Even on the issues that *are* addressed, policies are frequently vague, basically because parties want to persuade voters of the unalloyed virtues of their policies rather than convince them that, after confronting and refuting counter-arguments, their policies are better 'on balance'.

Third, even if existing party platforms have sufficiently different flavours to suggest alternative strategies, they are not radical enough (in Heilbroner's articulation which neatly reflects my agenda) to 'test the outer limits of liberal capitalism (without crossing) over into the uncertain terrain of... post-revolutionary society'.<sup>20</sup> To clarify perceptions of the country's options, I need to present strategies that, without being impossible, are as sharply contrasting as possible.

Another 'pre-packaged' approach for creating candidate strategies might be to build them around other people's previously developed scenarios. Thus, Chapter 2 reported how several authors have like-mindedly identified the three strategic choices available to Australia as versions of 'marketisation' (a term describing a strong push towards small government and an increasing role for deregulated markets in all aspects of society), interventionism (large government, a welfare state and strongly regulated markets) and some 'third way'. It was that third way that varied most between these authors, notwithstanding a degree of common concern for social cohesion, environmental quality and social justice and a common recognition that any such scenario's prerequisite was a major shift in Australian values and attitudes. I am not unsympathetic to these understandings of our options but prefer to come to something similar in my own particular theoretical way.

## FINDING THREE CONTRASTING STRATEGIES

We turn now to extracting three strategies from a perception of three ideotypical ways in which societies can be organised and three ways of prioritising some major systemic challenges.

### CONTRASTING MODES OF SOCIAL ORGANISATION

The primary dimension of any society is its 'worldview' belief about what form of (legitimate) social organisation is the best basis for social progress. All persisting societies rely on a mixture of three sorts of relationships between people to ensure completion of the ongoing tasks that keep the society operating smoothly—they practise *coercive*, *contractual* and *consensual* (or *voluntary*) relationships. These correspond to Lindblom's recognition of command (or authority) systems, market systems, and persuasive systems as the tools of social organisation.<sup>21</sup> Boulding suggests that organisations come into being through the activities of three analogous organisers—threats, exchange and love (or altruism).<sup>22</sup> Following the same line of thought, social theory commonly locates human relations within the realms of either the state, the economy or 'civil society'.<sup>23</sup>

Not only can these strongly overlapping classifications of relationships be used to describe real societies, they can be used to characterise three ideotypical societies (caricatures?) that form the models for three classes of sociopolitical philosophies, such being the driving engines of internally generated social, economic and environmental change. Thus societies that are largely organised by coercion, command, threats and rules and seek to minimise the use of contractual and voluntary arrangements (here we might think of autocracy, dictatorship, representative democracy, pluralism, or corporatism) can be said to have *hierarchical* or *structured* forms of organisation.<sup>24</sup> General arguments in favour of hierarchical social organisation include the putative benefits of specialisation and efficient co-ordination. The basic social technology for the organisation of a hierarchical society is some sort of mechanism (say, the class system) for assigning people to functional roles (for example, military, religious, political or economic) and resolving conflicts between functional groups (within, say, the judicial-legislative-bureaucratic system).

Societies that are largely organised by consensus, persuasion and love and seek to minimise the use of contractual and coercive arrangements can be said to have a *voluntarist* or *mutualistic* form of organisation. True anarchy and Quaker society figure here. General arguments in favour of mutualistic social organisation include the putative benefits of improved co-operation and sociality. The basic social technology for the organisation of a mutualistic

society is some form of participatory process delivering agreement between people to work towards agreed goals.

Societies that are largely organised by contracts, markets and exchanges and seek to minimise the use of coercive and voluntary arrangements have *individualistic* forms of organisation. Libertarianism and neo-liberalism fit this description. General arguments in favour of individualistic social organisation include the putative benefits of competition-driven efficiency and personal autonomy—freedom from state interference in one's life. The basic social technology for the organisation of an individualistic society is the legally enforceable contract between 'legally defined individuals' (that is, between people, companies, groups and so on).

Given the pervasive influence of its mode of social organisation on all aspects of a society's functioning, we could construct strategies around the proposition that the most promising basis for pursuing quality survival in Australian society is to be found in some pure form of hierarchical or mutualistic or individualistic social organisation. This would certainly give us strongly contrasting strategies to evaluate and compare, but they would be unsuitable for the purposes of this book.

Firstly, it is doubtful that pure versions of any of these forms of social organisation are possible. For example, even a laissez-faire market system can only function if the state is willing and able to enforce contractual arrangements.

Secondly, given the putative benefits of each form of social organisation, it seems doubtful that an optimal strategy for Australian society could be based on just one form of social organisation—some form of mixture will be needed.

Thirdly, even if the case for a nearly pure strategy could be argued, it would be unlikely to attract popular support, simply because it would be seeking something so different from the present form of social organisation that people would not be able to relate to it.

Nonetheless, changes in the 'contracts-coercion-consensus mix' stand to initiate internal change across all aspects of society and to fundamentally modify society's capacity to cope with globalisation and global change. For this reason, without going to the nearly pure extremes, we will build our three strategies around the possibilities for making significant and contrasting changes in the existing balance between hierarchical, individualistic and mutualistic relationships in social organisation. (If space had permitted a fourth strategy, it could have been based on maintaining the present balance between these relationships.)

Each of our strategies will be based on one of the following guiding principles:

- Over the next 50 years, our best strategy for seeking quality survival will be one based on moving decisively towards a more hierarchical, structured form of social organisation.
- Over the next 50 years, our best strategy for seeking quality survival will be one based on moving decisively towards a more mutualistic form of social organisation.
- Over the next 50 years, our best strategy for seeking quality survival will be one based on moving decisively towards a more individualistic form of social organisation.

While it is an important achievement to have established a guiding principle, a *weltanschauung*, for each strategy, there is no rest! The challenge for the remainder of this chapter is to begin elaborating three strategies which are (a) compatible with their corresponding guiding principle, (b) internally consistent and coherent, (c) comprehensive in terms of the range of issues they choose or choose not to address and (d) in a common form, an 'inclusive frame of reference', that allows strategies to be compared with each other.

#### CONTRASTING ATTITUDES TO SYSTEMIC HAZARDS

In itself, a guiding principle is reactive rather than proactive and conveys no understanding of a strategy's operational components. Operational components of a strategy involve (a) its view of what most needs to be done in order to improve quality of life over coming decades, (b) its attitudes or policy positions in relation to those objectives and other 'umbrella' issues facing society and (c) the programs, if any, it envisages as necessary to realise those objectives.

In this chapter we confine ourselves to developing, out of a common framework, three sets of strategy objectives and broad policy priorities compatible with our three guiding principles. Strategy implementation comes later, in Chapters 4, 5 and 6.

#### *Strategy objectives*

Three sets of strategy objectives will be drawn from the common framework of a broad critique of modernity, of late twentieth century capitalism,<sup>25</sup> including Australian capitalism. While recognising the successes of the system, such a critique will recognise its several 'hazards' and failures that demand acknowledgment if high quality of life is to be achieved (denying that the present system is generating major problems is also an option, of course).<sup>26</sup> The two most commonly recognised such impediments to high quality of life are:

- the increase in environmental pollution or, more generally, environmental degradation, of both built and natural environments, that is accompanying world, and therefore Australian, growth in

the production of goods and services, and threatening people's physiological and mental wellbeing;

- the increasing social injustice (marked especially by increasing numbers of poor confronting the increasing wealth of the already-rich) that is accompanying growth in gross world and domestic product.

But the most widely recognised failure of the capitalist system is 'direct' rather than, like inequity and pollution, 'collateral'. It is the failure to produce a type and rate of economic growth sufficient to provide employment, and hence sufficient goods and services, for all. Conversely, it is asserted in other quarters that the rate of economic growth is too high, leading to inequitably high consumption by 'the rich' and uncompensated pollution-exacerbating throughputs of materials and energy. Accommodating both perceptions, we can recognise capitalism's achievement of an *inappropriate level of economic growth*.

In addition to environmental degradation, injustice and inappropriate economic growth, there is a fourth hazard accompanying capitalism which, while less widely recognised, is still held by many to be just as much in need of society's attention. Deteriorating social relations is perceived to be a downside of capitalism's excessive concern for economic growth. Capitalism is destroying sociality—social 'health' as expressed through collaborative, altruistic, participatory and civil interactions—and breeding its opposite. Sociopathy (that is, social decay) or 'sick society syndrome' is evidenced by alienation, crime, dissociation, anomie, conflict, distrust and so on. A healthy (civilised? civil?) society is one where people feel secure, wanted, useful, empowered and able to grow.

### THREE CORE BELIEFS

*Social systems need a powerful buttressing ideology to survive...something more than the 'process' ideologies of capitalism and democracy.* (Thurow 1996)

While it is possible to lay other hazards at capitalism's door (failure to harness the power of advancing technology to improving the quality of life is one), we will develop three hypothetical strategies around three core beliefs or 'belief paradigms' (they are not quite ideologies) about how a society seeking high quality of life for all should confront this four-point list of hazards. The hazards are: an inappropriate rate of economic growth; excessive environmental degradation; increasing social injustice; and the Janus twins of declining sociality and rising sociopathy.

The first of these core beliefs, the one underpinning what will be called an *economic growth strategy*, is as follows:



While it is true that environmental degradation and social injustice are important impediments to achieving high quality of life, these hazards will be ameliorated without resorting to any serious collective intervention if we move towards a more individualistic form of social organisation focused on the feasible objective of reaching and maintaining a high rate of economic growth. Sociopathy is not a priority problem.

The second of these core beliefs, underpinning a *conservative development strategy*, is as follows:

Environmental degradation and social injustice are important impediments to high quality of life which will only be ameliorated if they are managed directly within the context of a more hierarchical, reconstructed form of social organisation. Nonetheless, it is desirable, and should be possible, to do this and simultaneously reach and maintain a high rate of economic growth. Sociopathy is a collateral problem rather than a priority problem.

The third of these core beliefs, underpinning a *post-materialism strategy*, is as follows:

Environmental degradation, social injustice and sociopathy are all important impediments to high quality of life which will only be ameliorated if managed within the context of a more mutualistic form of social organisation. Economic growth is also a priority problem requiring management, but in the sense that it is normally too high rather than too low, with social and environmental costs exceeding the benefits.

Table 3.1 summarises the broad objectives of these three strategies in terms of their declared priority problems and favoured direction of change in social organisation.

TABLE 3.1 OBJECTIVES OF THREE HYPOTHETICAL STRATEGIES FOR ACHIEVING HIGH QUALITY OF LIFE

STRATEGY	ECONOMIC GROWTH	CONSERVATIVE DEVELOPMENT	POST-MATERIALISM
<i>Objectives</i>			
More individualistic society?	Yes	No	No
More hierarchical society?	No	Yes	No
More mutualistic society?	No	No	Yes
High economic growth?	Yes	Yes	No
Low economic growth?	No	No	Yes
Reduced environmental degradation?	No, not directly	Yes	Yes
Reduced social injustice?	No, not directly	Yes	Yes
Reduced sociopathy?	No	No, not directly	Yes

## POLICY PRIORITIES IN RELATION TO UMBRELLA ISSUES

We now have three hypothetical strategies, defined by how each seeks to selectively address a peculiar subset of the socioeconomic system's broad failings and how each advocates a broadly different direction of change in the form of social organisation. And we have given each strategy a name—Economic growth; Conservative development; Post-materialism (Appendix 2 suggests some alternative names).

Table 3.2 makes a start on giving these strategies substance, in a summary form that allows a first understanding of what these strategies might mean in practice and how they might claim to be different from each other. Note that the policy stances tabulated are not exclusive. Having a priority in relation to a particular issue does not necessarily imply rejection of another strategy's priority with respect to that issue. Having 'priority' simply notes an interest in addressing an issue earlier in the life of the strategy. For example, protection of economic, civil and political rights is not being rejected as a policy stance under the post-materialist strategy.

In this chapter we will not attempt to further explain what at this stage may appear as cryptic policy stances. They will become clearer in following chapters, where details of each strategy are presented as an extended 'manifesto'.

## IN-A-SENTENCE STRATEGY IMPLEMENTATION

For a first comparative image of their programmatic as distinct from conceptual differences, here in a sentence each is each strategy's position:

Under the conservative development strategy, government programs would have a priority focus on increasing taxation revenues in order to finance employment directed particularly towards environmental protection and other interventions (to maintain the welfare state, for instance) and on managing environmental quality to agreed standards through regulatory and incentivisation programs.

Under the economic growth strategy, government programs would have a priority focus on creating an environment conducive to a high rate of economic growth by deregulating business as far as possible and reducing the size of the public sector as far as possible.

Under the post-materialism strategy, government programs would have a priority focus on capping consumption (say, through socialisation and taxes) and increasing investment in social development and reorganisation (encouraging greater collaboration, altruism and participation) and in creating an ecologically sophisticated society (green economy, green cities, if you like).

## ARE THESE AUSTRALIA'S REAL CHOICES?

Do these hypothesised strategies constitute a good sample of Australia's real choices? Do they suggest plausible ways for shaping the future and hence providing a basis on which to build a family of normative scenarios?

Certainly the strategies have been developed from first principles and have much in common with several earlier attempts at scenario construction for Australia.<sup>27</sup> Like these other attempts, I foresee two options that are strongly focused on the management of the economy as the nation's primary task: one based on a belief in the power of minimally regulated markets to ameliorate the major impediments to high quality of life; the other on a belief that while such amelioration requires active government fiscal intervention, this need not constrain the economic growth that is seen as a necessary condition for achieving high quality of life. And like these other efforts, my 'third way' strategy sees economic growth as less central to society's progress than addressing social and environmental concerns.

All three strategies are proactive, eschewing a 'do nothing' attitude towards shaping the future and assuming that governments will continue to exert great influence, where they have the will. Interpreted in the context of scenarios, all envisage a federal government being elected on a platform to begin implementing one or other of the three strategies, even while accepting that it could take fifty years to achieve full implementation. We are creating medium-term, 'big picture' or national scenarios, not sectoral or organisational or personal scenarios. The next three chapters present those election platforms as (simulated) vote-seeking manifestos. Chapter 7 looks to the possible consequences in quality survival terms of a prolonged effort to implement each strategy.

All three strategies are ideological to the extent that they are unprovable assertions as to the beneficial consequences of particular sets of strategic actions based on particular conceptualisations of society. Notwithstanding perceptions that the disappearance of communism has greatly reduced the ideological content of sociopolitical organisation (here I am thinking of Fukuyama's 'end of history'<sup>28</sup>), I am rejecting the notions that ideology is irrelevant and that we are centrally concerned only with what John Kennedy called 'the practical management of a modern economy',<sup>29</sup> with pragmatism rather than 'conviction politics'. Perhaps discussion should be of sociopolitical philosophies rather than ideologies which can be easily dismissed as 'values frozen in stone'.

Are these strategies even in the correct universe of discourse? Is it sensible to put effort into developing domestically focused strategies when Australia could be overwhelmed by external events at any time? A natural way to develop scenarios for Australia through the next century would be to develop a number of world scenarios and then develop a

TABLE 3.2 PRIORITY POLICY STANCES UNDER THREE NATIONAL

STRATEGY	ECONOMIC GROWTH
<i>Umbrella issue</i>	
1 The form and functions of government	Reduce size and scope of public sector
2 Society's responsibility to the individual	Protect civil (including property) and political rights
3 The individual's responsibility to society	Obedience to the law and responsibility to family
4 Management of the role of markets	Deregulate; internalise externalities; promote maximal marketisation
5 Management of environmental quality	Let markets resolve
6 Management of social justice	Provide minimal safety net income
7 Management of sociality-sociopathy	Punish unlawful behaviour
8 Management of technology	Allow technology to shape society
9 Management of society's capital mix	Let markets resolve; balanced budgets
10 Management of personal consumption	Let markets resolve
11 Management of international relations	Protect Australia from military aggression; promote liberalisation of trade and capital flows

## STRATEGIES IN RELATION TO ELEVEN UMBRELLA ISSUES

CONSERVATIVE DEVELOPMENT	POST-MATERIALISM
Maintain strong centralised interventionist government	Pursue devolution and subsidiarity
Establish and protect economic rights	Protect social rights
Responsible citizenship	Concern and collaboration
Regulate externalities; selectively extend marketisation	Market-scepticism; socially responsible businesses
Manage strongly with regulation and national programs	'Green citizens'; local and regional environmental programs
Provide 'tools of opportunity' and adequate safety net income while working towards guaranteed minimum income	Compress income distribution; work towards guaranteed basic income and lowering pensionable age
Provide socially useful roles for all	Educate children for citizenship, sociality; promote participatory institutions
Manage impact of technology	Work towards ensuring technology serves societal change
Strong public sector investment in health, education and infrastructure; budget deficits to finance long-lived infrastructure; some industry support	Strong public sector investment in community sector, personal and institutional development; more regional investment programs
Cap the economy's energy and material throughputs	Use socialisation and incentives to cap and guide consumption
Pursue multilateral environmental, labour, trade and defence agreements; support United Nations	Work to achieve a self-reliant Australia in a federation of world states

number of Australian scenarios within each of these. But space does not permit such an approach. The alternative is to develop three domestically focused scenarios under the assumption of a 'best case' global scenario and then ask, presently, what the consequences of a breakdown in that assumption might be—how well, in an unpredictable and capricious world, might each strategy deliver what Australians want for their grandchildren. Even just thinking domestically, the scenariographer's dilemma is evidenced by having to choose three out of sixteen combinations of domestic attitudes towards four major systemic hazards, a number of which are not obviously implausible.

More immediately, how surprising would it be for a government embracing one of these strategies to be elected in the first instance—and then re-elected? How much progress might such a government make in implementing its manifesto? Are these strategies plausible? Not implausible? Implausible? Can one imagine the world allowing us to pursue our choice of these strategies without trying to punish or exploit us? These questions will be better answered after digesting the next chapters but there are several points that can be made now.

All three candidate strategies accept the basic structure of the existing society and are presented as plans for evolutionary change over decades, not revolutionary change to escape an intolerable present. Most of the components of change already exist in contemporary Australia, at least in embryonic form; I am merely trying to make them more visible. Versions of the core ideas of the candidate strategies are even now widely recognised in the community: witness the push to improve economic growth by freeing up business; the use of government to fight poverty and pollution; and the flowering of values, social issues and political realignments (detected by Kelly<sup>30</sup>) that are not dissimilar to those behind the post-materialist strategy.

Notwithstanding this, the economic growth strategy and the post-materialist strategy are likely to be regarded by the electorate as radical departures from the status quo. The conservative development strategy is intrinsically less radical to the extent that we already live in a strongly structured society; it is advocating 'reconstruction' rather than 'deconstruction' (economic growth) or 'redesign' (post-materialism). Still, our political culture is such that no political party would promote any of these three stark political philosophies for fear of rejection by an electorate that is unhappy with the status quo but scared of radical redirection or even change.<sup>31</sup> To quote Dorrance and Hughes, 'the alternatives are never put clearly in front of voters. Politicians want to be re-elected. The national issues are muddled, particularly during elections, as voters are wooed by narrow sectional concessions. Change is represented as risky and uncomfortable.'<sup>32</sup>

And yet, one can imagine circumstances in which each of these strategies had electoral success, particularly if versions were being tried

elsewhere with some apparent success. The German Greens offer an example of how major change can occur quickly in a proportional representation system of government.<sup>33</sup> New Zealand's switch to a multi-member system of government allowed a broadening of the political agenda there in 1996 (and indeed, the minor parties in the Australian Senate can change a legislative thrust when the major parties are in disagreement<sup>34</sup>). A switch to proportional representation in the House of Representatives is not inconceivable.<sup>35</sup> To quote Geoffrey Barker:

(The Democrats)... are, in effect, challenging Labor from the Left for growing post-materialist constituencies concerned more with quality of life issues (environment, education, economic nationalism) than with narrowly conceived economic and physical security.<sup>36</sup>

One would have to agree with Milbrath that any eventual shift in what is politically saleable will only follow widespread 'perceptions of system failure'.<sup>37</sup> Failure and turbulence open people's minds to the need for new understanding. But, applying Galbraith's analysis to Australia, there is a contentment with the system amongst the well-to-do and a somewhat desperate acquiescence amongst the declining middle class—a comfortable majority of voters when taken together.<sup>38</sup> This is not fertile ground for flourishing ideological mutations, especially if we are Singer's pragmatic people, suspicious of overt ideology.<sup>39</sup> More specifically, Walmsley and Sorensen suggest that something like an economic growth scenario could only flourish if the resistance of pluralist-corporatist Australia could be overcome.<sup>40</sup> Expectations of tax cuts and the search for balanced budgets have narrowed the parameters within which a conservative development strategy might be politically possible.

We can conclude, then, that while our candidate strategies offer plausible enough themes for scenarios, and realistic choices, it would be surprising to see any of them offered by political parties or embraced by voters at this time. Still, we must bear in mind that scenarios are not predictions or forecasts, they are possibilities being created to help the 'client' (that is, Australian society) respond more confidently to the question, 'What should we be doing now to reach our quality survival goal by 2050?'

## 2050 AND ALL THAT

*Experience with long-run goal setting tells us that consideration of issues some way down the track enables a focus on more fundamental values whereas the near term brings us back to incremental plans and strategies and a preoccupation with issues of vested interest, ideology and political advocacy that are more divisive.* (Allen Consulting Group in EPAC 1946)

As identified in EPAC (1994),<sup>41</sup> strategy statements produced by a number of countries have had a time horizon of one to a few years. More recently, strategies with a five-or-so year focus and several national strategies with a time horizon of one or two decades have appeared. By what logic then can this book talk easily of fifty-year strategies?

Basically, the answer is that ours are being called fifty-year strategies because they have been presented as candidate ways of achieving the goal of quality survival by 2050, that is, some fifty years out. And there is little doubt that, in practice, it will take decades to achieve substantial progress towards any of the strategy objectives detailed in coming chapters. However, even as elaborated, these strategies do not incorporate a timetable of programs to be undertaken serially over fifty years. They each present a direction of change, suggest a rebalancing of the principles, policies and programs by which society is organised. For reasons which will become apparent in later chapters, the economic growth strategy, under propitious circumstances, would be quickest to implement, and the post-materialist strategy could take many decades.

But this is not the point. Even if a fifty-year implementation timetable could be envisaged for each strategy, no society would contemplate locking itself in to a fixed fifty-year schedule of programs. Adopting a strategy is like unrolling a carpet into the future. Just because you start walking down a particular runner, it does not follow that you must continue to do so. Every few years, as circumstances change, a choice can be made between further implementing the current strategy or rolling out a revised fifty-year strategy. Referring to our candidates as fifty-year 'rolling' strategies captures this idea. Not only does the longest journey begin with a single step, the autonomous traveller can revise the route after taking it!





# INTRODUCTION TO CHAPTERS 4, 5 AND 6

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We proceed now to three chapters describing three national future-shaping strategies cast in the form of manifestos presented by three imagined political parties—the Economic Growth Party (EGP), the Conservative Development Party (CDP) and the Post-Materialism Party (PMP). Each manifesto will be written as though trying to persuade the thoughtful voter to support the party and its commitment to an extended program of mid-future ‘reform’ (change for the better!) based on and compatible with the party’s strategic objectives and its policy priorities in relation to a suite of consequential issues.

Note that I will be making every attempt to present each manifesto in as disinterested, persuasive and succinct a manner as I can, avoiding intellectually dishonest arguments, and with minimal rhetoric. I shall try to write all three chapters as a ‘true believer’.

What will be missing from these manifestos is an evaluation of the possible mid-future consequences for Australian society of vigorously pursuing such strategies over coming decades; that will come in Chapter 7.

## STRATEGIES AS MANIFESTOS: THE COMMON FORMAT

To help with comparing and contrasting the three strategies, the manifestos through which these are to be presented will as far as possible be given a common format. At the broadest level this will be done by dividing each manifesto into two sections: (a) what the party believes and (b) the party’s reform program.

### **BELIEF SYSTEM**

The exposition-by-manifesto of each party’s beliefs will include brief statements on:

- their values in relation to alternative systems of social organisation;
- their perceptions of what is desirable and possible in relation to quality of life in the medium-term (that is, what the strategy is intended to deliver in terms of social structures that allow human needs to be met);
- their perceptions of, and attitudes towards, key current and possible future changes in Australia's external environment, particularly with respect to global change and globalisation;
- their perceptions of key policy-shaping interactions between economy, environment and society in Australia in the medium term;
- the core idea behind the party's strategy for quality survival; and
- why this strategy's time has come.

Clearly, any exposition of a party's beliefs has to be selective, so the manifestos will focus on beliefs particularly influencing the party's choice of a reform program.

#### REFORM PROGRAM

It is the translation of the party's beliefs into a schedule of proposed programs and government actions that constitutes the practical core of the party's strategy. Expositions of the parties' reform programs will cover:

- strategic objectives;
- favoured policy instruments and agents of change;
- issues, policies and programs; and
- strategy implementation plans.

Of these, the political heart of each strategy is its issues, policies and programs.

#### CANDIDATE ISSUES

At CSIRO's 1995 'resource futures' workshops, participating experts nominated numerous issues needing to be well managed if high quality of life is to be secured for future Australians. In somewhat arbitrary groupings, these included:

- *Economic issues*: access to natural resources; balance of payments; economic nationalism; State-run enterprises; fiscal and expenditure policies; rate of economic growth; ownership of information
- *Social issues*: distribution of wealth; land tenure; population size; the social wage and the social contract; conspicuous consumption;

the adversarial legal system; Aboriginal land and sea use; role of the mass media; education style (vocational versus personal development); patterns of internal migration; defence and international relations policy; education and social learning; national planning; role of scientific research and development; the nationalism–internationalism tradeoff.

- *Environmental issues*: land use planning; management of toxic waste; decarbonisation, dejouling and dematerialisation of the economy; environmental quality; settlement policy and regional planning policy; Australia's Antarctic territory and Exclusive Economic Zone; resources available for environmental management.

In my *Use With Care*, I identify fifteen national goals for managing Australia's natural resources in the twenty-first century.<sup>1</sup> These too can be interpreted as issues requiring debate, policy responses and action programs:

- *Five conservation goals*: maintenance of soil capability; maintenance of air and water quality; maintenance of biodiversity; preservation of cultural sites; creation of a quality system of nature reserves.
- *Three primary production goals*: availability of prime mineral, forestry, farmland and fishing resources; implementation of socially beneficial natural resource developments; maintenance of resource industries infrastructure.
- *Seven management goals for social, urban and industrial infrastructure*: creation of high quality national systems for transport, communications, water, energy and public recreation lands; providing infrastructure for urban community services; managing natural hazards; satisfaction of legitimate demands for land for Aboriginal occupation; high quality evaluation of public policies and programs.

The lists presented so far are all of Australian origin but 'futures' issues identified elsewhere in the first world translate easily into an Australian context. Masser and others analyse prospects for spatial change in Europe over coming decades under nine 'dimensions of change', suggesting nine areas in which policies and programs for guiding change will be needed.<sup>2</sup> These issues will need to be managed in Australia, just as much as in Europe. Specifically, the issues concern: regional development; urban and rural form; goods transport; passenger transport; lifestyles; communications; economy; environment; population.

And as a final list, the United States Environmental Protection Agency has suggested that important environmental quality issues for the future include natural resource depletion; biodiversity; human health; sources, nature and quantity of waste products; land, air and water quality; water quantity; food availability.<sup>3</sup>

#### A CONSOLIDATED LIST OF ISSUES

We turn now to extracting a manageable number of substantive issues for the manifestos. We will organise these under ten 'policy domains' derived from examination of (a) the issue lists above, (b) the earlier list of umbrella issues and (c) the ten domains of root change used in Chapter 2 to report on received perceptions of Australian futures. Recall that these latter were trends and contingencies that could evolve in markedly different ways with markedly different implications for mid-future quality of life. In this manner I have extracted the following forty issues as a framework from which to draw out each manifesto's policies and programs. These policy domains and issues are as follows:

- *Management of social health*: the social contract; socialisation; organisational reform.
- *Management of the economy*: monetary, fiscal and expenditure policies; taxation; savings and investment; trade; industry support; regional development.
- *Management of the work and business environments*: unemployment; wages and incomes; working conditions; managing business.
- *Management of community services*: health care; education.
- *Management of environmental quality*: personal consumption; energy and materials; urbanisation and land use.
- *Management of the governance system*: participatory democracy; devolution and subsidiarity; constitutional reform; justice system; national security.
- *Management of communication networks and the media*: communications system; the informed society.
- *Management of population*: immigration; minorities and indigenous; older Australians.
- *Management of technology*: research and development policy.
- *Management of international relations*: nationalism and internationalism; regional relations; the global economy; global equity; global environmental change.

#### STRATEGY IMPLEMENTATION

This set of forty substantive issues organised under ten policy domains comprehensively scopes the range of issues that could be addressed in our three manifestos. But, in accordance with each

strategy's different objectives and core idea, each manifesto will emphasise different issues and different aspects of the same issue—and even ignore some. The minimal condition I will impose on each manifesto is that it should identify its high priority policy domains and one or more priority policies and programs within each domain. I will also attempt to identify policy–program responses to difficult issues that can only be addressed over years or decades, rather than issues that can be addressed ‘instantaneously’ by fiat.

## A CONSERVATIVE DEVELOPMENT SCENARIO

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*Somewhere, in between the failed utopias of pure socialism and pure laissez-faire, a practical middle ground exists where economies can operate dynamically and civil society can flourish. (Kuttner 1991)*

*Democracy, in the sense of reasonable political equality between citizens, cannot function without a reasonable degree of economic equality. (Davidson 1996)*

### INTRODUCING THE CONSERVATIVE DEVELOPMENT PARTY

Our motto: Growth with equity, in a quality environment

Australian society has been amongst the modern world's most successful. We are one of the oldest democracies and a large proportion of the past and present population have enjoyed a high standard of living in a hauntingly beautiful continent that evokes great loyalty from its people. Pivotal to our successes have been governments with a sense of their responsibility to all groups, large or small, in our pluralist society. We say this because, like most Australians, the Conservative Development Party believes in the *authority and wisdom* of the democratically determined collective will as expressed through the interventions of representative government in the affairs of society (see Box 4.1). In particular, we believe a strong national government is essential to protect minority interests, manage the impacts of globalisation and global change and countervail the power of big business. Nevertheless, it is only when problems cannot be dealt with locally or at state level that they need to be passed upwards to a higher level of governance. The challenge is not to wind back the size and functions of government, but to renew and reinvent its methods to allow it to deliver faster progress on overcoming

obstacles to the achievement of high quality of life for present and future Australians.

State intervention in the economy is required to redress the hazards and negative side-effects flowing from a system driven by the single narrow incentive of capital accumulation while still providing a supportive environment for responsible business. Rolling back the power of big government does not so much liberate individuals to pursue their own ends as leave them at the mercy of economic forces beyond their control. But, we believe, the role of the state stops well short of dictating, much less taking over, the activities of the private sector. While it is legitimate for the state to help (for example through industry support programs and trade management programs), the private sector must be left as free as possible to produce the economic growth necessary to support the delivery of the goods and services component of high quality of life.

#### **Box 4.1 Conservative development or sustainable development?**

Could ours have been called the Sustainable Development Party instead of the Conservative Development Party? Sustainable development is a well-known phrase taken broadly to mean economic development that does not deplete, degrade or damage the natural resource base. Given that environmental protection is one of the two major concerns of the party (the other being social justice), sustainable development would seem to offer a ready-made, highly recognisable banner for political activity. However, sustainable-for-ever development implies using nature's dividends (that is, renewable resource flows) without impairing nature's capital. This is just not possible because nature's dividends are already fully reinvested in maintaining nature's capital.<sup>1</sup> It also unrealistically implies using non-renewable resources without loss (that is, no-loss recycling). Sustainable development is a myth; nothing is sustainable for ever and all development destroys something. So, while sustainable development is a well-intentioned idea, it is too problematic to be used as the name of a political party.

Conservative development,<sup>2</sup> on the other hand, recognises that while such an industrial system is impossible, such losses can, with careful choices of projects, be kept to a minimum. Conservative development is development which would still be profitable if a high royalty was charged for any accompanying depreciation of natural capital. It involves maximising the net benefits of economic development, subject to maintaining the services and quality of natural resources over time, as far as possible. This implies using renewable resources at rates less than, or equal to, the natural or managed rate at which they can regenerate, and non-renewable resources efficiently (which usually means a high level of recycling).

After careful consideration of the various candidates, the Conservative Development Party nominates environmental degradation and social injustice as the major ongoing systemic hazards demanding attention. While sympathetic to the view that Australian society is exposed to a third major hazard in the form of social decay—as evidenced by low levels of social and interpersonal trust, crime, selfishness, greed and so on—we regard this as a collateral effect of social injustice and low economic growth rather than a major hazard in its own right. Not to put too fine a point on it, if we can get everyone into a decent job at a decent wage, our social health will improve of its own accord.

So, on assuming office our first priority will be to initiate a Jobs and Incomes Program funded by a major tax reform program. Paid employment or social security benefits, such as unemployment benefits, are the ways in which most Australians acquire a capacity for purchasing goods and services. Not only is it extraordinarily inefficient economically to have large numbers out of work (a form of ‘Keynesian inefficiency’), we believe, in line with the International Declaration of Human Rights, all Australians have a right to work and be paid a living wage. Work, family life and friendship are the most important sources of personal development, fulfilment and happiness in countries like ours.<sup>3</sup>

In parallel with our Jobs and Incomes Program we will begin implementing an Environment Management Program which will include a significant ‘green jobs’ component. Environmental damage is strongly related to energy consumption and to the quantities of raw materials entering the economy as inputs and leaving the economy as pollutants. We will use regulatory, fiscal and market-based measures to stabilise both net materials use and energy use as rapidly as possible, and to cap the rate at which land is converted from low-intensity to high-intensity uses. Energy and materials consumption are themselves strongly related to population levels; the Environment Management Program will be supported by a policy to stabilise the Australian population within a generation or so.

#### **Box 4.2 The Conservative Development Party believes:**

- People have a right to work or, failing that, a right to a guaranteed minimum income.
- The *only* way to beat unemployment is to put it at the top of the political agenda—and even that may not be enough.
- Strong government is the key to successfully managing twenty-first century capitalism.
- It should be possible to design a high growth economy which does not threaten environmental and equity values.



In summary then (and also see Box 4.2), the belief guiding much of the Party's policy-making is that it is definitely possible to design a high-growth economy which does not threaten environmental and equity values. Our basic policy is one of steady balanced growth, with social and environmental goals having to be met first even if this constrains the rate of economic growth.

## OUR REFORM PROGRAM

The remainder of this manifesto describes the Conservative Development Party's strategy and programs for implementing our basic policy as well as our initial programs for addressing a range of other important issues.

### MANAGEMENT OF SOCIAL HEALTH

The Conservative Development Party recognises that many Australians feel alienated from their society and behave in socially unhealthy ways (for instance, they indulge in criminal activity and drug-taking). We believe that the key to reducing antisocial behaviour to tolerable levels is to ensure that all Australians have the opportunity to play a useful role in society—in particular, to have access to employment under reasonable conditions and to enjoy a living wage. Our avenue to managing social health is a full-employment society.

#### *The social contract*

The social contract is the partly tacit, partly explicit understanding that people have of their rights and their responsibilities as citizens of Australian society. The Conservative Development Party believes the time has come to expand people's rights beyond traditional civil rights (among them, the right to own property, and the right to sue) and political rights (notably, the right to vote) to include economic rights, in particular the right to work and earn a living wage; or if that cannot be met despite the best intentions of society, the right to a guaranteed minimum income.

In hand with the right to work, people have a right to be employable. That is, they have a right, which must not be limited by socioeconomic status or geographic location, to the opportunity for a vocational education. Disadvantaged students have a right to affirmative-action programs. Where opportunities within a vocational training course are limited by society, selection should be by a ballot of qualified applicants.

More generally, members of disadvantaged groups, such as Aboriginals and some migrant groups, have an 'in principle' right to programs that ameliorate their disadvantage, with those at most disadvantage having first call on resources available for such programs.

The other side of the social contract is that each individual has a duty to contribute to the smooth functioning of the society. Our view of individual responsibilities is that these include a duty to play an informed role in the political process (at least to vote) and a duty to obey the law; perhaps also to serve one's country in time of war. We further believe people have a presumptive responsibility to contribute to the wealth of society by seeking and earning a living through employment or self-employment. Society has a corresponding right to ensure that children are socialised to want to become fully contributing members of society.

Following Donald Horne's suggestion, the Conservative Development Party, in office, will develop a 'Charter of the Rights and Duties of Australian Citizens'.<sup>4</sup> An Office of Rights and Duties will help people under this charter. At some later date the Party will consider the difficult task of further extending this charter to include some environmental rights (for instance, to clean air and clean water).

#### MANAGEMENT OF THE ECONOMY

The Conservative Development Party supports the retention of a strong mixed open economy with a strong private sector to efficiently provide mass goods<sup>5</sup> and a strong government sector to manage redistribution, to counter the chronic instability of capitalism and to serve as an engine for economic development.<sup>6</sup> In spite of the widespread belief that the public sector is being rolled back around the world, the big economies have increased public spending on average from 36% to 40% of GDP since 1980.<sup>7</sup> In the very successful Dutch economy, the figure is 50%. Some further competitive privatisation and marketisation of government activities is part of our agenda, but only under strict quality control. We reject any large-scale public ownership of the means of production of goods and services.

The key to surviving and thriving in the global economy is to recognise that it is a grossly imperfect marketplace, glutted with competing suppliers in most sectors, including the advanced technology sectors where growth is concentrated. Australia, like other industrialised countries, is not only losing jobs and wages to labour-saving technologies and low offshore labour costs, it is losing jobs to countries that, in a buyers' market, demand a share of the jobs and access to the technology in return for market access. Price and quality are not enough. Overall, the global system is better described as a market-access system than a price-driven system.<sup>8</sup> It has been estimated that only 15% of world trade is not actively managed in contravention to some aspect of free market principles.<sup>9</sup>

It is no good bemoaning this situation, or pretending it is otherwise, as do many free market economists. Rather, it is the reason

why a Conservative Development government will be strongly interventionist with respect to trade management and industry support. Australian business needs the Australian government as an active partner, not so much to correct international market failures as to overcome them; and to provide an efficient operating environment at home.

Fortunately, a country no longer needs a big economy with a big internal market to succeed internationally—look at Singapore and the Netherlands. The technologies of globalisation have allowed us to slay the tyranny of distance and the economic disadvantage of small size.<sup>10</sup> And a company no longer has to be big to be global.<sup>11</sup> So, while we will have to work hard to have any chance of success, that chance is ours to grasp.

### *Civic capitalism—our contract with business*

The Conservative Development Party believes that a multi-faceted government-led strategy is needed to counter the threats and exploit the opportunities being created by the developing global economy. In partnership with the private sector, a Conservative Development government will work to ensure that Australian business is provided with:

- a sophisticated, modern operating environment, including physical infrastructure (telecommunications, conventional utilities, transport services and so on) and social or organisational infrastructure (legal, financial, law-enforcement services);
- a healthy educated workforce;
- stable domestic consumer markets based on equitably distributed purchasing power;
- a stable macro-economic environment in terms of inflation, interest rates, foreign account balance and rate of economic growth;<sup>12</sup>
- support for technological and structural change in the economy (for instance, support for research and development, export and import-replacement industries, sunrise industries, value-adding and elaborately-transformed manufactures);<sup>13</sup>
- measures for strengthening Australian capital markets and attracting foreign investment in productive economic activity.

The quid pro quo for this support of the private sector is that Australian business will be expected to comply willingly with:

- a tax-and-expenditure regime designed to finance full employment, improve environmental quality and maintain the state welfare system;
- a regulatory regime designed to maintain competition and environmental quality.

This 'contract with business' is neither legally nor morally binding. But it is a clear statement to business of the Conservative Development Party's strategy for managing the Australian economy. As further detailed below, we believe it is a strategy under which the economy can thrive and grow.

### *National economic policy*

#### *Monetary policy and inflation*

High inflation (rapidly rising prices) imposes an extra dimension of uncertainty and hazard on many aspects of economic life. It discourages long term investment, is a particular problem for people on fixed incomes and worsens the trade debt (unless we are particularly productive or our trading partners are even more inflation-prone than we are). Conversely, it takes business and consumers some time to adjust to very low inflation. Low inflation makes profits more difficult to find.

However, if the eminent economist Lester Thurow is correct, productivity gains in the globalising economy are tending to show up as falling prices rather than as rising wages, and there has been a basic shift from an inflation-prone environment to a deflation-prone environment.<sup>14</sup> Falling real wages suggest that, for the foreseeable future, inflation will be much less of a problem than unemployment for the Australian economy. And we believe that falling unemployment will not reignite inflation via rising wage demands.<sup>15</sup> We also believe that well-planned government spending at the levels required to tackle unemployment and environmental problems is not a threat to low inflation. To improve the flow of funds available for such investment, we will reintroduce rules requiring superannuation and insurance funds to invest a sizeable proportion of their monies in government and semi-government bonds.

Should inflation begin to rise again, we will not hesitate to use monetary policy—that is, control interest rates—to dampen inflation by dampening demand for goods and services. But we will use monetary policy very carefully because, while rising interest rates pull economic activity down, it is not clear that falling interest rates work the other way,<sup>16</sup> perhaps because loan repayments increase at the expense of new loans. We do not subscribe to the discredited monetarist theory that controlling the total money supply, only expanding it as the economy expands, produces price stability and a strong economy.

#### *Fiscal management*

The Conservative Development Party subscribes to two broad principles of fiscal management (that is, management of government income and expenditure):

- 1 Over the economic cycle of rising and falling GDP, the average level of public debt will be held to a prudent small percentage of national income.
- 2 The government will borrow only to invest, current spending being met from taxation.<sup>17</sup> Borrowing to finance long term investments (say, for a national high speed ground transport system) that will benefit future Australians is a sensible way of spreading the cost over all beneficiaries. Budget deficits are quite acceptable provided they are not bigger than the investment component of government spending, but budget papers should clearly separate government expenditures on normal operating functions from expenditures on capital building.<sup>18</sup>

We believe that operations in accordance with these principles will not even with inflation exacerbate that other villain of Australian economic life, the current account deficit.<sup>19</sup>

### *Economic infrastructure*

Government has a major role to play in ensuring that the physical and socioeconomic infrastructure required by all business enterprises is of high quality and available at competitive prices. This operating environment includes physical infrastructure, such as the transport and communications system, utilities such as power and water, and business services such as legal, judicial and financial services. Under the umbrellas of 'competition policy' and 'microeconomic reform', this role is fashionably and narrowly interpreted as requiring the extended privatisation of government functions and services and the deregulation of private sector banking and legal and other services to business. The Conservative Development Party is willing to consider all options for privatisation and deregulation on their merits but believes that, without some government-led national planning, Australian business will not enjoy an improving economic infrastructure over coming decades. We particularly need a national energy strategy, a national transport strategy and a national communications strategy.

While recognising that new, small-scale technologies are bringing the concept of 'natural monopolies' into question, it is wasteful of scarce capital to duplicate transport, power, water and communications networks. Duplication should be avoided, provided that the suppliers of the services are efficient and responsible monopolists. The Conservative Development Party believes that these services can best be provided by corporatised public agencies. Agencies acting as corporations can (and do) exploit an undoubted potential for supply costs to be markedly reduced while simultaneously meeting community service

obligations and developing local technical capabilities, all in a balanced way. To quote an eminent policy analyst, 'In the current wave of dismantling of federal and state public utilities and subsequent sale to the international private sector, important reference projects are being lost, core competencies discarded, engineering teams down-sized and local training, research and development links threatened as the newly-privatised entities focus on narrowly defined core policy and management business and short-term results, while sourcing products, services and research internationally'.<sup>20</sup> We believe corporatised public agencies can and should be in the vanguard for exporting our undoubted infrastructure skills. And they should be making large contributions to public revenue. Privatising infrastructure agencies to achieve illusory balanced budgets and putative cost savings is short-sighted, deceitful and simplistic, particularly when the buyers are overseas companies.

Access to publicly provided essential infrastructure should be open to all and be available at a price equal to marginal supply cost, with the capital cost of that infrastructure being recovered from users through lump sum access charges.<sup>21</sup> Thus, road users will be charged the full marginal costs of road maintenance through a fuel excise tax, and vehicle registration fees will fund new roads. We will establish an open market for independent producers to feed the electricity grid, and the emerging broadband communications network will be made available as a common carrier.

The Australian banking system has not always served business well. Government intervention is clearly needed to establish a venture-capital market where smaller businesses can learn how to properly use and gain access to such capital. In office, the Conservative Development Party will investigate the possibility of a mixed banking system, with banks that accept tight regulation being allowed to offer an unqualified public guarantee of safety to depositors. Deregulated banks would have no guarantee of public assistance in the event of financial difficulty.<sup>22</sup> More generally, services provided to business by the private sector must be competitive; this is best ensured by deregulation combined with effective surveillance and penalties for anti-competitive practices.

While there is considerable scope for contracting out (outsourcing) 'low and intermediate technology' services provided to and by government, the outsourcing of big, complex operations like information technology services is problematic. The task and the technologies are constantly changing and competition is limited, often to transnational corporations. Tender preparation and checking is costly and opportunities for fraud abound, particularly as government managers of outsourcing contracts tend to be less experienced than their vendor counterparts. Conversely, the positive externalities for

the country from keeping federal government information technology services 'in house' are significant.

More generally, a Conservative Development government will favour Australian companies and domestic-foreign partnerships in all contracts and purchases, a major support commitment indeed, given that government expenditures are more than 36% of GDP. But the margin of advantage to domestic companies will be quite explicit and companies benefiting from that margin will be expected to offset it against future improvements in efficiency and, perhaps, export performance. We recognise that success in overseas markets is usually predicated on success in domestic markets.

### *Reforming the tax system*

Reform of the tax system to raise more government revenue from the community, along with some reductions in defence expenditure, will be the main ways a Conservative Development government will finance its Jobs and Incomes Program and its Environment Management Program. Moreover, in addition to just raising revenue, a number of these reforms will directly ameliorate unemployment and environmental problems. Reform will also provide an opportunity to address several other weaknesses in the economy (namely, the low rate of domestic savings and our ability to compete internationally). And, as far as possible, our reforms will create a system which is transparent, equitable, simple, unavoidable and non-distorting—the recognised procedural attributes of a good tax system.

Apart from company and various personal income taxes which account for the bulk of tax revenues, Australians pay payroll tax, sales tax, land tax, council rates, gambling, franchise and fuel taxes, customs duties on imports, pre-sale excise duties on domestic products, stamp duties, financial institution duties, bank debit taxes, car registration and insurance and environmental levies... Of these, the only one to be dropped under our tax reform program would be payroll tax, as paid by companies with substantial wages bills. Payroll tax is a definite disincentive to employment and will be replaced by a 'negative payroll tax' under which small to medium sized businesses will be able to claim a 150% deduction from taxable income of a sum equal to the wages of extra workers employed.<sup>23</sup> In line with a suggestion by United States labour secretary Robert Reich, a similar deduction may be made available for company expenditures on improving skills, retraining and helping retrenched employees find jobs.<sup>24</sup>

The incidence of most existing taxes will be modified and several 'new' taxes will be introduced, notably an inheritance tax, a wealth tax and an energy tax. For reasons to be explained, we have considered

and rejected several fashionable ideas for tax reform, namely a uniform consumption tax (also known as a goods and services tax or value-added tax) and a flat-rate income tax.

We also plan to reform the tax collection system so as to minimise tax evasion and reduce opportunities for tax avoidance. For example, most family trusts are set up to avoid tax and trust income will, in future, be taxed as though it is income accruing to the trustee. Family-company income will be taxed at the highest personal rate.<sup>25</sup> It is also important to limit the ability of taxpayers to use losses, deductions and credits from 'passive' business investments to offset other income. In particular, we will not allow interest payments on loans used to buy stocks and real estate to be deducted from taxable income.

Taxes on physical entities (land, resources, goods, inputs, pollutants and so on) will be emphasised because they are more easily and reliably collected than taxes on money flows. An early inquiry will be instituted into the possibilities for collecting customs duties, excise, sales and income taxes incurred by electronic commerce on the Internet. The problem of tax avoidance by multinational companies using 'transfer pricing' (attributing profits to low-tax countries) must also be addressed. These are difficult and growing problems for which we cannot as yet see solutions.

Given that approximately a million Australians are unemployed or seriously under-employed, and taking note of declining environmental quality, we plan to raise some \$20 billion in extra taxation revenue—an approximate 10% increase that will bring Australians' tax payments up to around the OECD average—to finance our Jobs and Incomes Program and our Environment Management Program. This may be more than enough, given the increases in tax revenue associated with a fully employed workforce and the stimulatory effects on the economy of higher and more stable consumer expenditures.

In modifying and rebalancing tax revenues from various sources, we will be guided by several principles:

- The Commonwealth government should remain the major collector of taxes in Australia.
- While income and company taxes need to be modified, they will not be expected to contribute a high proportion of the additional tax revenues being sought.
- While all factors of production need to be taxed, additional taxes will be preferentially sought first from land and natural resources, then capital and then, lastly, labour.
- Care must be taken to avoid regressive taxes that impact proportionately more heavily on the poor than the rich.



- As a form of assistance to people and companies, subsidies are preferable to tax concessions, wherever possible, because they are more transparent.
- People should be taxed on the external costs their behaviour imposes on others. Road congestion and pollution are foremost among our concerns here.
- The use of non-renewable resources should be taxed now so we can learn to economise on their use and replace them with renewable substitutes so that we can avoid price shocks similar to those experienced during the 1970s oil crises.
- It is legitimate to tax wealth created with community help.
- Taxes on land sales (for instance, stamp duty) and other expressions of structural adjustment should be avoided.

What follows, then, are our initial proposals for several types of taxation instruments.

#### *Income tax*

While not contemplating a rise in the top marginal tax rate, thus maintaining its relationship to the company tax rate, we will seek to adjust income tax schedules to further favour middle and lower income groups. The tax system will be used to provide each adult with a guaranteed minimum income tied to and equal to perhaps a third of the median adult taxable income. The guaranteed minimum income will be tax free<sup>26</sup> and incomes below the minimum will be topped up through the tax refund system. The guaranteed minimum income will not depend on workforce participation but, to encourage job-seeking, the marginal rate of tax will be zero in the range between the minimum award wage and the guaranteed minimum income. Between the minimum award wage and the median income the tax rate will be low,<sup>27</sup> rising sharply thereafter to reach a maximum for the top quartile of income earners. While proposing at this stage to introduce a tax-free guaranteed minimum income, we recognise that there may be superior alternatives,<sup>28</sup> and will immediately examine all options on assuming office. We reject the idea of a flat-rate income tax on the grounds that it is regressive—it is proportionately harder on the poor. If our tax reforms fail to provide adequate funds for our Jobs and Incomes Program and our Environment Management Program, it may be necessary to impose an additional ‘jobs levy’ on high income earners.

#### *Company tax*

The Conservative Development Party is sensitive to the importance of low company tax rates for attracting and retaining both local and foreign investment. So, while we cannot see our way clear to lower

company tax, we will not be raising it. We will however be re-examining allowable depreciation rates for plant and equipment. We believe that allowing artificially high rates of depreciation raises profits but does not necessarily induce an optimal rate of technological change. Very high profits, particularly in established industries, indicate that competition is not working. At some stage we will therefore evaluate the advantages and disadvantages of an excess profits tax.

In order to set a floor on the amount of tax paid by companies (and perhaps by individuals), we will introduce a United States-style tax on assessable income (as distinct from taxable income) which will only be levied to the extent that company tax payable falls below this floor.

### *Consumption tax*

Is it legitimate to tax consumption from an income on which income tax has already been paid? Like the double-taxing of dividends, this is certainly a matter that needs to be traded off with some care. We believe that a uniform consumption tax (that is, a tax levied on a firm's sales and rebated on all purchased inputs), at a rate sufficient to raise significant revenue (7% to 15%?), represents a proportionately greater burden on low-income earners who spend most of their after-tax income than on those with incomes high enough to allow saving. There is a limit (\$1–2 million?) to what even the rich can consume in a year! This inequity can be addressed by exempting necessities from the tax (albeit destroying its simplicity), as in Canada, or by including some form of income compensation package for the poor (say, by increasing pensions, or raising the income tax threshold). The attendant risk here is that such adjustments might not be increased in line with inflation.

Still, a variable consumption tax is little different in principle from the present wholesale sales tax. Both of them tax labour and material inputs. It is the overall amount of revenue being raised that is important about any form of consumption tax (as well as which taxes, if any, it is meant to replace). So, rather than introduce a consumption tax designed to provide a major share of tax revenue (which with the growth of electronic commerce is becoming increasingly difficult), the Conservative Development Party will broaden the wholesale sales tax system to cover a range of services (for instance, accommodation, and inner-city parking spaces) and goods. This will permit a zero tax on necessities and a high tax on luxury goods — those produced by highly polluting methods and goods endangering public health.<sup>29</sup>

An expenditure tax is a progressive form of consumption tax in which income tax is deferred until income is withdrawn from savings vehicles such as houses, shares and bank accounts. An expenditure tax has the further advantage of encouraging investment by not

taxing savings, but has the disadvantage of delaying the receipt of government revenues. It will not be considered by a Conservative Development government in its first term.

### *Inheritance tax*

The goals of economic liberalism and equality tend to be in conflict.<sup>30</sup> Capitalist institutions favour the retention of capital gains (the rich get richer); we have institutionalised an unending relay race where an individual's position at the end of their lap is largely determined, not by how well he or she has used the resources they started with, but how far ahead their parents were when they passed on the baton. Life is not a dash with everyone starting from scratch; reintroduction of an inheritance tax (in the form of death or probate duties) will help reduce handicaps.

Our method of taxing inheritances will be to treat them as normal income, although we will allow this income to be spread over some years so as to lower the effective rate of tax on modest estates bequeathed to middle and lower income heirs. We also want to protect family farms from crippling inheritance taxes. Heirs willing to surrender farmland development rights will be able to deduct the value of those rights from the taxable value of the estate.

### *Wealth tax*

The Conservative Development Party will institute an annual tax on wealth by collecting a small percentage of net worth above a threshold approximating the value of several average family homes or a commercial farm. Apart from raising revenue from those well able to afford it, such a tax has several virtues: great wealth gives the owner undue influence in democratic political debate. The difficulty of restricting the influence of wealth suggests that wealth itself needs to be restricted.<sup>31</sup> And a wealth tax may be an incentive for the children of the rich to work.<sup>32</sup>

### *Dividends tax*

Dividend imputation is a scheme under which profits are taxed at company tax rates but not taxed again when distributed to shareholders as dividends. While this is a legitimate recognition of the need to avoid double taxation of company profits, it does encourage low-growth high-dividend stocks at the expense of productive investment. The present scheme is too generous and the Conservative Development Party will significantly reduce the percentage of dividend payments eligible for imputation from the present 100%. To encourage the retention in Australia of the profits of foreign-owned companies, imputation credits under the Australian tax system will not be transferable. However, we will not introduce a surtax on dividends remitted to foreign parent companies by their Australian subsidiaries.

### *Capital gains tax*

Australia's capital gains tax on shares, property and so on sold at a profit supposedly discourages venture capital from investing here compared with countries such as Malaysia, Hong Kong and Singapore which have no such tax. In fact, there is little historical data to confirm that unlocking accrued capital gains by reducing tax liability leads to efficient reinvestment. Notwithstanding this, the Conservative Development Party will introduce a capital gains tax that declines to zero on gains that are ten years old but is somewhat higher than at present on short term and 'speculative' gains (such as land speculation, which is a key force behind urban sprawl). The exemption of expensive owner-occupied housing from capital gains tax will be capped.

### *A transaction tax*

International finance markets are a chaotic daily round of zero-sum games. The Conservative Development Party will experimentally introduce a tax of something less than 0.5% on all foreign exchange transactions, not only to raise revenue but, by slowing the daily tide of currency in and out of the country, to encourage longer-term investment in Australia and allow us to use interest rate policy more effectively. This initiative will be combined with government support for Australia becoming the Asian node of a payments system between central banks that offers guaranteed settlements of time-critical cross-border payments. Ideally, a tax on foreign exchange transactions needs to be introduced globally so that Australia's initiative is not singled out for 'punishment' by the market, but we believe that this would be unlikely if the rate is very low. In government, we will also consider introducing a transfer tax on the sale of shares held speculatively for a very short time.

### *Land tax*

Land, particularly urban land, owes its market value largely to being geographically near the community's social and economic activities and it is therefore legitimate for the community—that is, the government—to capture a large part of the annual unimproved rental value of such land. Although land tax cannot be a major contributor to revenue, given that land is a minor factor of production nowadays, it is an otherwise ideal tax because its incidence cannot be avoided or passed on in a competitive economy. The Conservative Development Party will (re)introduce a rapidly steepening federal tax on all urban land parcels of above-median unimproved value. Land-rich cash-poor pensioners will be allowed to defer land tax charges until they can be paid from their estates. In some areas of high environmental value, land tax may be levied on the improved value of land (the value of land plus buildings), rather than the

unimproved value, in order to discourage development. Similarly, vacant city office space may be taxed on its improved value to discourage speculative building.

### *Resource and environment taxes*

Land is not the only natural resource that can be taxed to raise revenue and simultaneously improve environmental quality. Under a Conservative Development government, use rights to the community's timber and water resources will be auctioned and made available under strict environmental regulations. Mineral exploration rights will be auctioned, royalties paid on minerals production to compensate the community for the consumption of its natural capital and a resource rent tax levied on any economic rent (profits above 'normal' levels) from the sale of the community's minerals. At the other end of the production-use pipeline, the unprocessed residues we know as pollutants will be subject to emission (or effluent) taxes and emission quotas. After being initially purchased at government auction, emission quotas for air and water pollutants will be transferable between producers. The government will set a ceiling on emissions in each category in each region, divide the ceiling into 'pollution quotas' and auction each quota. Each ceiling will be set at a level that ensures the meeting of national air and water quality standards.

The Conservative Development Party recognises the importance to the Australian economy of primary-product exports, but is not prepared to forgo its obligation to improve environmental quality in order to exempt primary producers from fully compensating the community for the loss of natural capital and of environmental quality accompanying primary production. However, support for export industries is part of our agenda, and is described presently. We also recognise that it is difficult to set resource and environment taxes at correct levels from the start and will be introducing these at minimal rates initially. Our challenge is to ensure that industry both prospers and pays its way.

**Energy tax:** An energy tax based on the use of fossil fuels—a carbon tax—will be the Conservative Development Party's main environmental management tax. An energy tax will:

- reduce Australia's high per capita contribution to global warming caused by carbon dioxide emissions from, mainly, coal-fired power stations and vehicles;
- encourage the existing trend in the economy towards a product mix of lower energy intensity (joules expended per dollar of GDP generated). Given Australia's dependence on high energy content exports such as refined aluminium, an energy tax will reduce

GDP in the short term, but not, we believe, to a noticeable extent;<sup>33</sup>

- give early encouragement to the inevitable shift in energy supplies from non-renewable sources to renewable sources such as wind, solar, hydro, geothermal and tidal power. Changing the energy-production infrastructure in this way is itself very energy-demanding and has to be done over a long period if it is not to lead to a rebound increase in total energy use or a shortage of power for other purposes. To extend and better manage the transition to renewable energy, it may be also necessary to limit exports of fossil fuels by auctioning export quotas or depletion quotas;
- begin reducing total energy consumption, which is strongly correlated with total environmental degradation;
- encourage energy efficiency measures such as home insulation, fuel efficiency in vehicles and energy-saving buildings.

A carbon tax on liquid fuels will have to be introduced at a low rate initially, given the importance of fuel prices to the transport industry, primary industry and poor motorists. The existing rebate on diesel fuel tax however will be removed immediately.

Virgin materials taxes: The Conservative Development Party believes it is important to reduce the rate at which both renewable and non-renewable resources are consumed by the economy. Why? At all stages of the production-consumption process, from collection, harvesting and mining through to production, use and disposal, the processing of physical materials generates pollution (unprocessed residues) and often destroys and degrades ecosystems. As it happens, the Western world seems to be moving in this direction anyway, without it being planned. This is partly due to new energy- and material-saving technologies and partly due to an increase in the size of the services sector of the economy relative to the goods sector. However, while 'dematerialisation' of the economy reduces environmental degradation and pollution per dollar of GDP, this effect may be obscured by overall growth in the economy. An economy growing at 3% a year doubles in size every 24 years.

The question now is one of the extent to which this unplanned trend should be actively encouraged by taxing construction and fabrication materials such as minerals and timber as they are used in the production process. If applied to all materials, such a tax would be similar to a consumption tax but with the advantage for employment of only taxing the non-labour components of goods and services. Initially, however, a Conservative Development government will only tax 'virgin' materials entering the production process for the

first time, with the aim of encouraging maximal recycling and re-use in the economy. This tax might be combined with a legal requirement for some products to contain more than a certain percentage of recycled materials.

If a virgin materials tax does not slow material throughput rates sufficiently, it may become necessary to set aggregate depletion quotas on each basic resource and auction quota rights to individuals or firms. Property rights to quotas could be subsequently traded in a dedicated marketplace, and in appropriate circumstances government could create further rights or buy in existing rights. While the Conservative Development Party does not generally favour limits on the rate of production of non-renewable resources in order to guarantee ongoing self-sufficiency, there can be situations where approaching depletion of several resources simultaneously might strain the economy's capacity to develop substitute processes.<sup>34</sup>

**Land conversion tax:** Energy use and materials use are the major indirect threats to environmental quality. The two great direct threats to Australia's biodiversity and ecosystems are the destruction and disturbance of native vegetation and pest species (that is, weeds and feral animals).<sup>35</sup> The Conservative Development Party will implement a significant tax on extensive land clearance for agricultural purposes and on any major disturbance of natural ecosystems for any development purpose. This may need to be done in conjunction with the land tax system. A tax on the conversion of land to more intensive uses may also be introduced to contain urban sprawl.

#### *Administering tax reform*

The Conservative Development Party is proposing major changes to the tax system in order to, amongst other things, finance its Jobs and Incomes Program and its Environment Management Program. But the precise mix of new and revised taxes cannot be specified without extensive modelling of impacts of different possibilities on business, labour, and consumers with different income levels.<sup>36</sup> Because it takes time to do such modelling well and to build up government's capacity to raise tax revenue, tax reform will be amongst the Party's highest priorities on assuming government.

#### *Savings and investment*

Australia's national savings rate dropped from 24% of GDP in the 1970s to 17% in the 1990s; the economy is becoming oriented towards consumption. If the community is not prepared to increase its saving rate it must choose between accepting an increase in foreign ownership/debt or slower economic growth—because productive investment cannot be otherwise financed.<sup>37</sup> Subject to meeting its commitments to employment and the environment, a

Conservative Development government will be looking to see Australia transformed into a high savings, high investment, high growth economy; and be planning to play an important role in that transformation. Investment is fundamental to improving productivity, production and the employment rate.

The federal government to a large extent manages its own investment and savings through its annual budget, and can encourage private savings and investment (both domestic and foreign) in several ways. Thus, given that public sector capital expenditure on transport, utilities, communications and so on has been declining in recent times, a Conservative Development government will reverse this to ensure that the country's public infrastructure is maintained and modernised at an appropriate rate. Government must be careful not to use funds myopically for consumption today which could be used for long-term investment. The Conservative Development Party does not believe that public investment crowds out private investment; the relationship is complementary rather than competitive.

In considering policy options for encouraging private saving, the Conservative Development Party rejects the 'Singapore option' of forcing people to save by minimising the availability of unemployment and age benefits and the inequitable option of lowering taxes on the well-to-do so that they can save even more. Rather, our policy of increasing tax revenue and taxing high income earners vigorously will facilitate the reduction of public debt. And, indirectly, our pursuit of balance in our overseas trade account (see below), will increase domestic firms' profits and hence the domestic savings rate. We will not allow interest on savings accounts to be tax deductible, but we will allow interest earned from savings-type accounts to be taxed as capital gains rather than income.

However, our main program for encouraging saving will be a universal, compulsory multi-fund superannuation scheme under which income tax on employers' and workers' contributions plus the investment earnings will not be incurred until received as post-retirement income. The self-employed will be included in this scheme. Tax concessions on superannuation must be equitable between lower and higher income earners.

Under a Conservative Development government, superannuation funds will also have an important role to play in encouraging productive investment in Australia. Over \$300 billion, growing at \$90 million a day, is currently invested in superannuation funds. This will significantly increase the national savings ratio over time and, given that a high fraction of contributions is invested abroad, perhaps reduce foreign debt. However, it may be that this fraction is too high and that, in return for the favourable tax treatment they receive,



a significant proportion of funds' investments will legally have to be made in Australia. This proposal will be investigated when we assume office. In any case, Australia's large superannuation funds are a perfect source of long-term capital, and our plans for a declining rate of capital gains tax and penalties on speculative investment stand to reduce our dependence on foreign capital for funding 'patient' investment.

In a world of mobile capital, governments face the dual challenge of minimising the flight of domestic capital and attracting direct foreign investment which creates new productive capacity. We are less interested in attracting 'passive' foreign investment which, while it may release funds for direct investment, is eventually going to contribute to balance of payments problems. We must be cautious of investment designed simply to lower the supply price of Australian commodities (witness Japanese investment in thermal coal production). In general, the Conservative Development Party favours Australian ownership for both sovereignty and balance of payments reasons. Whether this preference will be backed up by tax discrimination or other means (other than non-transferable imputation credits) has yet to be decided.

The question of whether and how much to subsidise direct investment, foreign or domestic, to encourage new enterprises to establish in Australia is difficult. Subsidies to new enterprises translate eventually into taxes on existing capital and labour, and yet, without them Australia, despite its political and social stability, becomes a much less attractive place to invest than the many other countries that offer investors generous subsidies and tax exemptions. At this stage the Conservative Development Party has decided, in principle, to offer small transparent investment subsidies to domestic and foreign investors according to a formula based on number of jobs created, sector of the economy, export potential, technology to be used and capitalisation. Government's challenge is not to *pick* winners but to *attract* winners, to induce market-selected winners to set up in Australia.

### ***Balance of payments***

If the economy is to both grow and become more efficient, using technologically advanced methods to produce goods and services for consumers, Australia needs to be able to buy and pay for a wide range of productive imports which would be expensive to produce here. It is primarily because these imports have to be paid for that we need to export goods and services of equivalent value, and at prices that are profitable for exporters. Australians also like to buy foreign consumer goods (consumptive imports), and more exports again are needed to pay for these.

But what happens when export sales fail to match import purchases? In theory, the price of the Australian dollar falls on world currency markets, imports become more expensive and we import less. In practice, for several reasons, we cannot rely on exchange rate movements to balance our overseas current account. People do not always buy less when prices rise or offer less for sale when prices fall (long periods of currency depreciation in recent decades have not rescued any of the OECD's chronic deficit traders). And, in our deregulated financial system, instead of having to buy foreign exchange banks can borrow to finance excess imports, and that destroys the equilibrating mechanism.<sup>38</sup> Nor is it any solution to allow import-financing debt to accumulate; that only postpones the day of reckoning. Also, the Australian dollar is a speculative currency whose price is only loosely linked to the process of matching the dollar value of Australian imports to the dollar value of exports. These speculative forces are unregulated and very powerful and it is not realistic for Australia to expect to be able to manage the exchange rate, by buying and selling dollars, to achieve balanced trade. In any case, exchange rate protection is a very blunt weapon because it makes all imports more expensive, both productive and consumptive.

Just as allowing overseas debt (currently \$200 billion net) to accumulate is a short-sighted way of dealing with a current account deficit, so is the selling of Australian assets to foreigners (net foreign equity is currently above \$100 billion). In the end, just as debts have to be repaid, interest and dividends on the sold assets have to be remitted overseas and paid for by more exports. Equally short-sighted is the 'non-strategy' of failing to actively address unemployment on the grounds that unemployment depresses total demand and therefore proportionately depresses the demand for imports. In the end, a government seeking to address a problem of trade imbalance—and such must be addressed—must take action to influence quantities of exports or imports.

The Conservative Development Party accepts that Australia's long-term economic wellbeing depends on presently achieving an increased volume of overseas trade (measured as a fraction of GDP), with the annual values of exports and imports in approximate balance (called balanced trade) and without using tariffs, quotas, offsets or other means to protect the domestic economy from 'cheap' imports and without having to subsidise export industries to allow them to compete on world markets. Given that Australia has regularly run a sizeable deficit on current account (that is, imports have exceeded exports) in recent years, the considerable policy challenge is to devise a strategy for achieving the desired high level of balanced, unprotected, unsubsidised trade.

The Conservative Development Party's response to this challenge is that the required outcome can best be achieved under an agreement between government and the traded-goods sectors of the economy as follows: government is willing to protect and subsidise the traded-goods sector of the economy, particularly those with strong growth prospects, until balanced trade is convincingly achieved, on the condition that, and for as long as, the traded goods sector demonstrates that it is becoming increasingly competitive as evidenced by meeting efficiency targets, increasing exports and increasing import-replacement. Industries in the traded goods sector that cannot demonstrate increasing competitiveness over time will lose government support and protection. We believe that this strategy can be implemented without breaching the 'free trade' guidelines of the World Trade Organisation to which Australia belongs. The principle behind this strategy is similar to Alfred Deakin's 'New Protection' which, in 1907, required that for an industry to receive tariff protection, it had to pay 'fair and reasonable' wages.<sup>39</sup>

#### *Managing imports and exports*

What then are the best tools, and mixes of tools, for bringing imports and exports into balance? Despite the reservations of the Treasury and the Industry Commission, the Conservative Development Party believes that Australia, like many successful exporting countries, must embrace a 'strategic trade policy'<sup>40</sup> of targeted assistance to specific export industries, this being part of a more general 'industry support policy' (see below).

To help exporters ship at lower prices a Conservative Development government will rebate most indirect taxes on exports, including sales tax and any tariffs on imported inputs; but not including environmental taxes designed to protect environmental quality as well as raise revenue. Other export-specific programs of industry support will include government-funded market intelligence services such as Austrade and proactive market access negotiations, to shape global and regional multilateral trade regimes and to reduce non-tariff barriers to agricultural and services exports. Direct subsidies in the form of export incentive schemes, apart from being problematic under World Trade Organisation rules, will be used sparingly, perhaps in a few situations where major export growth stands to result from a small pulse of investment.

Under a Conservative Development government, annual imports will be limited, by several direct and indirect means, to the trend value of foreign earnings. However, we will be extremely reluctant to impose new tariffs, especially 'blunt' tariffs covering a wide range of imports, and tariffs on inputs used by export industries.

Rather, import levels will be controlled using a mix of sales tax, primage, duties (particularly on luxury consumer goods) and transferable physical and dollar import quotas (perhaps allocated by auction). One situation in which new tariffs may be imposed, basically to raise revenue by capturing supernormal profits (rent), is when there is little competition between importers or importers and domestic suppliers. Another reason for new tariffs will be to protect efficient local industries from dumping (that is, the selling of imports below cost to drive Australian competitors out of the market).

We may also consider other less transparent alternatives to tariffs (say, introducing environmental and quarantine measures), but only if the current account deficit fails to respond to more-open correctives. For as long as proves necessary, the availability of foreign exchange for non-productive imports will be rationed, but foreign borrowing to finance productive investment will not be limited. It will not however be Conservative Development Party policy to directly support the growth of import-replacement industries. While export-led economic growth exposes a country to the vagaries of world markets, the alternative strategy of import replacement has rarely been particularly successful.<sup>41</sup>

Besides limiting their volume, another way that imports can be managed to promote balanced trade is to make maximum use of off-sets as a bargaining chip when negotiating market access with importers. For example, importers can be required to buy and re-export Australian goods when their sales pass a threshold fraction of the Australian market.<sup>42</sup> In addition to encouraging balanced trade, off-sets can equally well be used to create Australian jobs, ensure Australian content, locate research and development in Australia or to facilitate local access to new technologies. In collaboration with industry, a Conservative Development government will continue past successful efforts (in, for instance, telecommunications, pharmaceuticals and information technology) to vigorously pursue such policies for the likes of oil and gas developments.

### *Industry support*

Collating proposals outlined already in this manifesto, a Conservative Development government will actively support Australian business and industry by:

- providing a stable exchange, monetary and fiscal environment;
- fostering a high quality operating environment with services provided by an appropriate mix of government and private suppliers;
- subsidising direct investment in accordance with its associated job-creating and export potential;

- forgoing selected indirect taxes on exports and limiting imports to the trend value of foreign earnings;
- giving Australian companies conditional preference in tendering for government business.

In addition to these initiatives, a Conservative Development government will be looking to encourage the reshaping of the Australian economy from one relying strongly on supplying raw materials to one structured to participate in the fastest growing sectors of the global economy. In taking this position, we are aware that it is not particularly obvious how much governments can do to reshape the economic structure in ways which boost the high growth sectors.<sup>43</sup> What is clear, and this is not a matter of ‘picking winners’, is that high growth is most likely to occur in the knowledge-intensive ‘sunrise’ industries and in the provision of sophisticated services to regional governments and the rapidly growing middle classes of our northern neighbours. So, while not neglecting to consolidate and add value to production in the primary sector (for instance, with green agriculture) and secondary sector (for instance, in pharmaceuticals,<sup>44</sup> and elaborately transformed manufactures), we are seeking to encourage the creation of new jobs in:

- industries underpinned by advanced generic technologies such as biotechnology, nanotechnology, information technology, robotics, renewable energy and advanced materials;
- sophisticated international service industries such as tourism, insurance, healthcare,<sup>45</sup> environmental services, public administration, education and legal services.

While we would hope to retain jobs in traditional manufacturing, not least because they have a high ‘job multiplier’ effect, we may have to be prepared to see them move slowly offshore, or just disappear.

Despite their potential importance to the economy, a Conservative Development government is not prepared to offer additional direct budget assistance to promote knowledge-intensive industries and international service industries in Australia, largely because the benefits and costs of such support cannot be foreseen with any confidence. We are prepared, however, to offer indirect support through the education system and the research and development system. In the advanced-technology industries, this means funding research and development grants for business, university places and university research programs. It means funding high-level training in the sophisticated service industries. The aim would be to produce technically- and managerially-sophisticated entrepreneurs

equipped to develop niche products in the growth sectors of the global economy.

Finally, there is a useful role for 'indicative' planning in any industry support program, to keep business informed of how the structure of the economy is evolving and how government would like it to see it further evolve. But such indicative planning must be open to feedback from the market, with support conditional on performance.

### *Regional economies*

Economic activity in Australia is increasingly concentrating in a few large cities. Regional economies are based on mining, agriculture, tourism, recreation, transport and servicing residents who are not in the workforce. While they contribute more than proportionately to exports, most regional economies are narrowly based and vulnerable to relatively small changes in the structure of an evolving economy. For the quality of life of their residents and for the good of the export economy, the Conservative Development Party wants to see thriving, diversified and robust regional economies. However, it is not prepared to pursue this by supporting a decentralisation of the metropolitan economies through the use of relocation subsidies for individual firms.

Rather, a Conservative Development government will allocate federal funds to regional economic development organisations, to be used both for labour market programs and to upgrade regions' physical and socioeconomic infrastructure. Vehicles such as pooled development funds, infrastructure bonds and the like will be established to preferentially channel local savings back into regional development projects.

One indirect but efficient way in which regional economic activity could be further encouraged would be to charge capital city residents for the costs they impose on the urban environment and each other.<sup>46</sup> Cities like Sydney and Melbourne are more congested and polluted than they would be if people had to pay for the congestion and pollution they cause. While imposts like increasing registration fees for city cars need to be considered, such measures are usually regressive. It is even more difficult to see how 'new' residents of cities can be charged the full marginal costs they impose on others.

A Conservative Development government will actively encourage telecommuting so that regional residents can 'virtually' work in the metropolises. The basic infrastructure requirement for this is a broadband telecommunications network connecting as many Australians as possible. Long-distance commuting by car is expensive in energy and congestion terms, but there could be an alternative. A high speed ground transport system, perhaps using hovercraft, linking

Gladstone (in Queensland) and Adelaide via Brisbane, Sydney and Melbourne and served by feeder links at major centres would bring 80% of regional Australians within several hours of a metropolis. It is doubtful that this massive project would be profitable under conventional cost-benefit analysis, but a broader perspective could show it to be a national investment with the potential to sensibly redistribute Australia's population. In government, we will fully investigate this exciting idea.

### *We can be optimistic*

The great hope for the Australian economy is that the search for cheap labour and raw materials has become less significant in economic strategy as the world economy moves from an energy- and materials-intensive mass production focus to a knowledge-intensive and service industries focus.<sup>47</sup> We have the human, social, institutional and physical capital to find enough niches in the growth sectors of the global economy and our well-established primary industries have a sufficient comparative advantage to survive declining real prices. Manufacturing will continue to come under great pressure though and will only survive by moving to more sophisticated products.

The Conservative Development Party is optimistic. Prospects for a strongly growing Australian economy are good, provided that business and government make a major effort to detect and understand trends in the global economy and then actively collaborate in responding imaginatively to the problems and opportunities being generated. But success is unlikely to come from leaving this complex challenge to imperfect market forces. The macro-economy, trade, savings, investment, infrastructure and industry support all have to be actively managed along the lines indicated above. We have to advance collectively on all fronts.

### MANAGEMENT OF WORK AND BUSINESS

The enormous cost in lost output stemming from over 8% unemployment which has been sustained for most of the past 15 years is \$40 to \$80 billion a year.<sup>48</sup> Reducing unemployment, and with that, welfare payments and income inequalities, will be the core of social policy under a Conservative Development government. There is no other way of maintaining the welfare state that successfully offered Australians generous protection against the vicissitudes of life during the long post-war boom. We reject beliefs that a large pool of unemployed is needed to dampen inflationary wage pressures and the demand for imports. Rather, the income distribution associated with full employment gives business the predictable buying power it needs for effective planning;<sup>49</sup> after all, domestic

consumption is some 60% of national expenditure (compare that with 11% going to business investment).

### Unemployment

*I think it is unrealistic to believe that we can return to full employment in any sense that we have known in the past. We will have to be prepared to allow people to stay in the education system a lot longer and provide a means of sustenance for people who won't be picked up by the market as such.*  
(Alan Fels, interview in *ANU Reporter*, November 1995)

The Conservative Development Party does not believe that the consequence for the job market of a globalising economy is that we have to choose between high unemployment and an increasing fraction of the workforce on subsistence wages. Under a Conservative Development government, the state will guarantee retraining or a job at a basic living wage for every adult who requires employment. This is no easy task, so how do we plan to accomplish it? The Party's Jobs and Incomes Program will be financed from increased tax revenues as outlined above and will include the following initiatives:

- managing the economy to facilitate economic growth, subject to meeting environmental and social justice obligations. While economic growth alone cannot eliminate unemployment, it is still a major conventional source of new jobs, despite the increasing adoption of labour-saving technologies and the relative growth of capital-intensive sectors of the economy;
- funding up to 350 000 public-sector jobs<sup>50</sup> and not-for-profit jobs in labour-intensive community service areas such as health services, policing, education and, particularly, environmental services;
- removing the obligation for business to pay payroll tax;
- allowing 150% tax deductibility of the wages of verified additional small-business employees;
- allowing 150% tax deductibility of employee training and retraining costs;
- expanding and upgrading the apprenticeship system;
- initiating a number of major infrastructure projects (for instance, a national high speed ground transport system);
- legislating to shorten the standard working week, thus forcing employers to pay more overtime or employ more people or introduce job sharing;
- reducing the tax deductibility of overtime payments in excess of a designated number of hours per week;
- encouraging job sharing, perhaps with a one-off subsidy;



- legislating for more generous redundancy packages;<sup>51</sup>
- encourage staged retirement or redundancy;
- surtaxing productivity-sharing gains above inflation, unless taken as shorter hours, until a 32-hour week is reached;
- helping unemployed people to become job-ready, through training in both technical and social skills;
- offering each unemployed person individual case management of their search for work;
- helping local and regional bodies establish regional employment development schemes;
- exploring the idea of jobs growth agreements with unions and business;
- tailoring numbers in vocational education courses more closely to the economy's projected needs;
- trimming and stabilising the labour pool in various ways, including:
  - increasing annual leave entitlements;
  - extending tertiary education to include a year of general education as a pre-requisite for vocational courses;
  - reducing the retirement age to 55 for both sexes;
  - stabilising the population within a generation or so;
  - reducing the number of short-stay work visas issued.

Thus, economic growth, job creation, job readiness and work reorganisation will all play a part in achieving near-full employment. The task is challenging, but not overwhelming. The existence of mass unemployment simply means that we have failed to organise our society in such a way that full employment is secured.

### *Wages and incomes*

Wage policy, taxation policy and social security policy need to be developed as a coherent package to achieve distributional equity.<sup>52</sup> As a rule of thumb for avoiding social divisiveness, the top 10% of available incomes should not average more than five or six times the average of the bottom 10% of available incomes.

The foundations for managing wages and incomes under a Conservative Development government will be arbitrated award wages and a guaranteed minimum income for all. We believe that the United States and New Zealand low wage, low welfare solution to unemployment is inferior to a higher (minimum) wage, higher welfare payments solution—provided that the number of long-term unemployed can be kept down. Indeed we are sceptical of a strong relationship existing between unemployment and the size of the minimum wage (although we are less sceptical of a relationship between unemployment and the average wage). In general, lifting

award rates does not kill employment in an economy where there is output and productivity growth. And we certainly do not believe that providing welfare benefits at any level of generosity destroys people's willingness and ability to provide for themselves and make their maximum contribution to increasing the wealth of society, especially when incremental earnings above the guaranteed minimum level are not taxed.

The Australian social security system currently has over twenty different types of income support and, while we plan a comprehensive review of the system,<sup>53</sup> we are highly conscious of the need to make changes carefully and experimentally, if people are not to be unnecessarily hurt. For example, more than 40% of Australian children are being raised in poor families; their lot must only be improved. Sole parents and the disabled have a special need for long-term support. Unemployment and housing costs are the main sources of poverty in Australia,<sup>54</sup> so special attention will be paid to ensuring the availability of public and not-for-profit housing to poor families.

Other changes that will need to be considered in any review include: the ageing of the population; the changing role of women; new patterns of labour force participation; two-earner families; employer contributions to superannuation; and decentralised wage bargaining. While the Conservative Development Party favours a minimally-targeted (universal) income support system, this may be just too expensive. Health and education are two high-expenditure areas where income and means testing and 'user pays' schemes can be applied equitably—here we look to Medibank levies and the Higher Education Contribution Scheme.

### *Managing work*

Under today's capitalism, labour is exploited by capital because, when negotiating contracts, labour cannot afford to wait, while capital can. Negotiating wages through individual contracts rather than by collective bargaining also favours employers over employees. The Conservative Development Party will therefore establish an industrial relations environment which gives labour greater bargaining power, even if this poses some threat to the economy's rate of growth. Apart from accepting labour's right to bargain collectively, we also accept that workers have an unqualified right to strike, to impose secondary boycotts and to set up picket lines. Employers will have a matching right to stand down employees. We expect that giving comparable power to both labour and capital will lead to a much-expanded use of the mediation and arbitration system.

While we expect working hours to shorten under the initiatives of our Jobs and Incomes Program, we intend to assist this process

by holding an all-parties summit to see if a 35-hour week can be agreed and, if so, introducing binding legislation.

### *Managing business*

Regulations and economic instruments are the Conservative Development Party's favoured methods for ensuring that business activities do not impose an unacceptable level of external costs on the community in fields as diverse as employment conditions and environmental impacts. It is particularly important to regulate anti-competitive and collusive behaviour. It must be accepted that regulations can be very blunt instruments, but they are effective, legitimate and easily understood. Self-regulation, on the other hand, is largely ineffective, because of the unwillingness of business associations to enforce conduct codes and their inability to impose significant penalties in what are rare cases of enforcement.<sup>55</sup> We accept that business is entitled to the convenience and certainty of uniform standards and regulations throughout the country with respect to such things as goods, services, occupations, industrial relations, transport and even education.<sup>56</sup>

Economic instruments involve either changing the ownership of property rights or using taxes and subsidies to influence the prices and charges faced by producers. Taxes and subsidies are particularly difficult to get right, but can safely be used to move resource use marginally in socially desirable directions.

Property rights refer to the ownership of bundles and parts of bundles of rights to use particular resources up to specified limits (for instance, to pollute air, to harvest fish). Transferable property rights that can be bought and sold are a very appealing way of reducing environmental impacts, and their use will be expanded under a Conservative Development government. But they must be managed so as to avoid loss of ultimate public control and ownership of resources; and their use must not involve the granting of 'windfall' gains to private interests. Under our 'social markets' philosophy,<sup>57</sup> the community is always entitled to attach obligations to any property rights granted.

### MANAGEMENT OF COMMUNITY SERVICES

For up to a century, Western democracies like Australia have placed a good deal of faith in public institutions to create social wellbeing and cohesion: free, secular education; cheap, accessible public transport; reliable public health care; an accessible justice system; an accessible political system; public broadcasting; public parklands and so on. Now we find ourselves in an era where some of this past success at providing a 'social wage' seems to be slipping away, raising concern that our children and grandchildren will not have our ready

access to rewarding work and a rising quality of life and will be forced to live in a badly damaged natural environment. Already there is widespread concern that a significant minority in our society does not have access to what Hillary Clinton calls ‘tools of opportunity’. The Conservative Development Party believes that it is possible to continue to provide high-quality community services but does not pretend that this will be easy.

Here we concentrate on health and education, community-provided services that not only assist the individual to achieve personal development but, as ‘new growth’ theories emphasise, increase the ‘human capital’ available for boosting economic growth.<sup>58</sup> For example, Fogel argues that about 30% of the growth in income per head in Britain between 1790 and 1980 can be attributed to improved nutrition!<sup>59</sup> Thus, the welfare state provides the economy with human capital in the form of healthy, educated workers. It is therefore important, for both personal and social purposes, that quality services be available to everybody on a ‘needs’ basis.

### *Health care*

A Conservative Development government will assume full responsibility for the nation’s health care, combining eight state and territory systems into a single organisation, working to national standards. This will also allow states to adjust to the reduced tax revenues which they can expect under a reformed tax system. Our aim will be to consolidate past successes while introducing reforms such as those suggested by McCallum and Geiselhart.<sup>60</sup> We would anticipate:

- consumer-driven, not provider-driven services;
- providers being held to best practice;
- more evidence-based medicine (calling for proper analysis of collated clinical results);
- reduced research into high-technology limited-benefit procedures;
- a shift from illness treatment to health promotion;
- better integration of home-based carers into the health system;
- increased efficiencies through the use of more day surgery, more allied health services, better home support and more community care.

While government will continue to exercise tight control over delivered quality, the public service will move away from direct delivery of health-care services to contracted delivery, as indeed it will in the delivery of education and welfare services. Within a single national health-care system providing a high standard of universal service, it has to remain possible, for political reasons, for the rich to buy in the extra services they feel they need.

## Education

*The existence of high-quality national public education school systems for the first dozen or so years of training is the key to a democracy where legitimacy lies with the citizen.*  
(Saul 1997)

The Conservative Development Party's goal for primary and secondary education is a high-quality public school system that offers children at all schools an equal chance of qualifying for the post-secondary education or training of their choice. Private schools will qualify for the same per capita recurrent funding as state schools, as long as they continue to meet national performance-based standards for literacy, numeracy, computer skills and clear thinking and, as long as they convey a critical understanding of how Australian society functions, include an appreciation of the social contract.

Historically, the roles of universities have included giving intellectual leadership, critiquing society, transferring knowledge, repackaging knowledge to give it contemporary meaning and producing new knowledge by research. The formulae that allowed these roles to be integrated into an organic whole have failed as increasing student numbers strain resources and as a self-funding imperative increasingly replaces public funding. Activities that cannot be financed by student fees, consultancies and partnerships with business have commonly declined. Even public funds are increasingly being earmarked to prepare universities to take advantage of emerging self-funding activities. Academics have no time to be public intellectuals (and some fear of being so).

Is there any alternative to either privatising the universities or returning them to full public funding? The Conservative Development Party believes that the best solution is a mixed system in which some universities are wholly publicly funded and some are privatised. Publicly funded universities will be expected to play all the roles of a traditional university and privatised universities will be expected to be fully self-funding, basically offering vocational training. Students at both types of university would be able to finance their education through deferred-loan schemes like the current Higher Education Contribution Scheme.

## MANAGEMENT OF ENVIRONMENTAL QUALITY

Outside the cities, the term 'declining environmental quality' or 'environmental degradation' means the ongoing loss of stocks or flows of natural resources such as productive soils, useful plants and animals, landscapes, waterbodies, clean air and natural (undisturbed) ecosystems. These losses of natural capital are a more-or-less unavoidable side effect or collateral cost of the resource-based farming, mining, forestry and tourism industries, a cost that offsets their

obvious benefits of jobs, exports and goods and services in the hands of domestic consumers. Most of these costs are also external costs, in the sense that they do not appear on the books of the companies causing the losses.

When entrepreneurs use an area's natural resources, they damage two things: they damage their capacity to yield market goods and services into the future, and they damage their capacity to continue providing people with non-market amenity-benefits such as ecosystems for marvelling at and landscapes for playing in and living in. Environmental degradation becomes a problem when the perceived benefits of additional activity in resource-based industries are less than the costs in terms of the natural-capital losses perceived to be associated with that activity.

The urban environmental quality problem is a little different. It can be summarised as an ongoing failure to provide city dwellers with access to natural resources (such as clean quiet air, sunlight, clean water and 'natural' areas) and a built environment within which their needs (for services, housing, transport, security, ambience and so on) can be readily satisfied—things which even the rich may sometimes have difficulty in providing for themselves.

The Conservative Development Party believes that government has to take responsibility both for improving urban environmental quality and for managing the rate of decline in non-urban environmental quality. The reason is simply that the market forces controlling urban and non-urban business activity do not contain price signals that could ensure the balance between environmental quality levels and economic activity levels that the community wants. For example, there is no market in which future Australians can bid today for a lower rate of loss of productive and amenity resources in rural areas. There is no way that city dwellers can directly bid to maintain the leafy character of their suburb, or to improve the local bus system. And so on.

### *A National Environment Protection Authority*

To manage environmental quality in a balanced way, a Conservative Development government will use the full repertoire of environmental policy instruments, including: national, regional, urban and rural planning; environmental regulation; information, education and research programs; and price-signal adjustments such as taxes, subsidies and quasi-markets. We do not expect our strong management of environmental quality to harm the economy's competitiveness; indeed, it may enhance exports of environmental services. Environmental standards are rarely a significant enough cost to induce firms to move on. Porter found that countries with the

strictest environmental laws had the highest rates of economic growth and job creation.<sup>61</sup>

On assuming government we will establish an independent, powerful National Environment Protection Authority. It will have responsibility for:

- managing the environmental and social impact assessment of all major development proposals;
- undertaking regular environmental audits of all businesses;
- consolidating national state-of-the-environment reporting efforts, which would include maintaining a national pollution inventory;
- establishing a system of social and environmental indicators of quality of life;
- developing national outcome-oriented environmental standards, particularly air- and water-quality standards;
- establishing a trust fund of levies on hazardous chemicals for use in cleanup operations;
- certifying technologies and environmental management systems as environmentally benign;
- certifying agricultural enterprises as 'clean and green';
- establishing a national ecotourism accreditation scheme;
- instituting a system of environmental performance bonds to protect communities against environmental mismanagement;
- establishing 'green' national accounts;
- establishing a system of excise duties on environmentally damaging goods; and
- developing appropriate enabling legislation for all these policy instruments.

A Conservative Development government will put considerable effort into developing a system of 'natural resource accounting' that will allow losses of natural capital to be monitored. Conventional accounting procedures include depreciation of capital items as a cost before calculating profit. Not quite so the national accounting procedures used to calculate whether 'Australia, Inc' had a good year. Depreciation of (hu)man-made assets, machines, buildings and so on, is included, but not depreciation of natural capital—minerals, forests, fossil groundwater and the like. If a country's manmade assets depreciate faster than they are being replaced, it is clearly living beyond its means. Conventional economics applies no such concept to natural capital. As natural capital is used up, national accounts include no charge to reflect the fall in future potential production. Natural resource accounting is the attempt to include such

values in the national or regional accounts. The effect of treating natural capital as ‘free’ is, generally, to overstate increases in national income.

### ***An Environment Management Program***

Nationally, our environment management program will be directed towards two primary goals.

**Balancing land use:** We aim to reduce the rate at which land is degraded or is converted from less to more intensive uses to as low a level as possible. For example, intensification increases as land use progresses from undisturbed natural area, to cleared land, to farming, to rural residential use, to suburbia, to industrial use. Land use intensification, which leads to habitat loss, and weeds and feral animals (such as rabbits, cats, foxes and carp), are the main causes of biodiversity loss in Australia.

**Managing energy and material throughput:** We aim to reduce the input quantities of energy and physical materials and the output quantities of carbon dioxide and other unprocessed residues per unit of GDP to as low a level as possible—a process of decarbonising, dejouring, dematerialising and depolluting the economy.

### ***Balanced land use***

As noted in our tax reform program, a land clearing tax will be a major instrument for slowing habitat loss on private land. The other major initiative for maintaining the diversity and distribution of the nation’s plant and animal resources, including rare and endangered species, will be the national parks system. We will establish an extensive system of large national parks and other conservation reserves, representative of some hundreds of types of ecosystems. The conservation system will be designed and developed in parallel with a high quality system of public recreation lands and tourist zones. The recreation system will include Australia’s remaining large wilderness areas, albeit zoned to protect them from harmful visitor impact.

Using the Great Barrier Reef Marine Park Authority as a model, particular attention will be paid to the management of Australia’s coastal and marine resources to ensure balanced use by fishing, tourism, mining, conservation, recreation and other interests. A high tax will be placed on the clearing of mangroves, seagrasses and other inshore vegetation communities.

Other land management programs to be implemented include:

- ensuring that publicly owned native forests are exploited only by low impact selective logging (for instance, cable logging);
- buying out leaseholders in non-viable rangelands areas and offering to re-employ them as stewards to manage weeds and feral animals;



- purchasing cropping rights from landholders in marginal and fragile cropping areas;
- introducing full-cost pricing and transferable quotas for irrigation water. These measures will reduce water usage per unit of output and improve rural water quality.

The questions of settlement policy and urbanisation strategy are also land-use questions. Do we manage the distribution of population at all, or let it concentrate, as now, in a handful of sprawling congested cities? Sydney does not have to be big in terms of population numbers to enhance its role as a world city; that depends on the functions it performs. Even with a slow-growing population, internal migration will still produce some rapidly growing cities. A Conservative Development government will attempt to actively divert population into a string of well-planned compact coastal cities, connected as far as possible through a high-speed ground-transport spine running along the eastern seaboard. The cities themselves will be deliberately multi-nodal rather than being allowed to just sprawl at the edges (only a percentage of new residential developments will be allowed on 'greenfield' sites). To attract sunrise industry investments, the main city in each region will eventually have an international airport and a world-class university.

#### *Managing energy and material throughput*

**Energy:** Our longer-term goals for managing carbon and energy in the Australian economy are to stabilise energy production and reduce carbon emissions from today's 420 million tonnes to 350 million tonnes by 2015 and 200 million tonnes by 2050. This is the sort of reduction that will be required of all developed countries if atmospheric carbon dioxide levels are to eventually stabilise at about twice present levels. This will require a range of changes in the Australian economy. A Conservative Development government will initiate a national energy strategy directed towards six major goals to be achieved by 2050:

- Over 90% of all grid-based energy supplies to be produced from renewable energy sources. This can only be achieved by immediately beginning investment in alternative energy technologies at the rate of at least 6000 megawatts per year, encouraged by guaranteed government purchases of output and a preference for Australian suppliers. Nuclear energy is not seen as an option by the Conservative Development Party.
- Complete substitution of natural gas for coal in electricity generation by 2020. While the efficiency of thermal power plants might eventually increase from today's 34% to around 46%, the

demise of this technology will be hastened by making carbon scrubbers compulsory on such plants after 2020.

- A reduction of over 90%, from current levels, in the emission of carbon per tonne-kilometre of the national transport effort. This will involve a substantial modal switch from road to rail transport for long-distance freight and a switch in fuel for most of the vehicle fleet—from diesel and petrol to compressed natural gas, electricity or hydrogen by 2020. It should not be necessary to forgo the convenience of the personal automobile. Exports of natural gas will need to be severely curtailed if gas reserves are to last long enough to ease the transition from fossil fuels to renewable energy.
- A significant reduction in each individual's lifetime energy consumption (including both direct energy consumption and consumption of energy embodied in goods and services consumed).
- A significant increase in the efficiency of energy use in industry, including moves to energy-efficient buildings, the use of stand-alone fuel cells and co-generation.<sup>62</sup> In co-generation, heat generated by industrial processes is used directly or to drive gas turbines which can provide on-site power or feed the local electricity grid.
- Establishment of sufficient pine and eucalypt plantations to provide domestic timber needs.

We expect that, under the influences of low population growth, a carbon tax and the existing trend towards declining energy intensity of the economy, growth in energy use will slow rapidly within a decade or so. If it does not, a Conservative Development government will investigate the possibility of setting a ceiling on carbon dioxide emissions (including vehicle emissions) and auctioning emission quotas.

The switch from thermal to alternative energy sources will complement the Conservative Development Party's plans to achieve full employment, particularly in the form of 'green' jobs. Indicative figures suggest that generating 1000 gigawatt-hours of electricity requires 116 workers in a coal-fired plant, 248 workers in a solar-thermal facility and 542 on a wind farm!

**Materials:** The Conservative Development Party believes that the long-term survival of Australian society requires the conservative use of non-renewable resources; plans for a virgin materials tax have been outlined. Using non-renewable minerals too fast might lead to economic shocks and over-use of substitute renewable resources when these start to run out. More significantly, using non-renewables pollutes and degrades renewable resources, an external cost which suggests that unmanaged rates of use may leave social costs and benefits unbalanced.<sup>63</sup>

At the other end of the production-use pipeline, worsening air and water quality are the nation's biggest pollution problems and, in addition to emission taxes and quotas on industry as described, local government will have to meet tough standards on the quality of sewage and stormwater runoff. We will offer financial assistance to local authorities seeking to upgrade sewerage and stormwater systems. In the longer term we will move to eliminate offshore disposal of sewage and ship-based marine pollution in Australian waters.

#### MANAGEMENT OF THE GOVERNANCE SYSTEM

*The major role of government is to represent the interests of the future to the present.* (Thurow 1996)

The Conservative Development Party believes that, in terms of basic structure and functions, the Australian governance system is generally appropriate. Certainly, we need to become a republic, independent of the United Kingdom, and we will move forward on this front. Extending parliamentary terms to four years would better allow governments to demonstrate the rewards—and failures—flowing from the agendas on which they were elected. Fining people for not voting is a readily understood reminder that the citizen–society relationship is mutually obligatory; compulsory voting will be retained.

However, the major constraint on a reformist federal government is the powers of the states. Reflecting the challenge of unifying six colonies, the overwhelming theme of the constitution is federalism. Now, the caravan has moved on and the states are lead in the saddlebags. They compete destructively for investment, sacrificing tax revenues which they then seek to recoup from the Commonwealth. They have a constitutional responsibility to manage natural resources yet, overall, their record on this score is poor. Services like health and education are extraordinarily difficult to rationalise when they require agreement between nine governments—governments that are too big to be good managers and too provincial to develop good policy. It has to be accepted that it would be politically difficult to abolish the states, but they can be managed by a strong federal government, prepared to exercise its financial power through tied grants. The pity is that the states could function as a natural laboratory, trying different approaches to common problems and choosing the one that promises most.

The bread-and-butter work of government lies in developing a wide range of policies and programs to tackle a wide range of socio-cultural and environmental problems and challenges facing Australia. But the context within which this effort takes place is one of balancing a plurality of interests; not just the interests of big business, big unions and the middle class, but the interests of diverse minority

groups and, most importantly, future generations. Governments have to both represent and protect, in a balanced way, the interests of the disadvantaged and voiceless. In the Conservative Development Party's view, that is the essence of social justice in a representative democracy.

Ours is a corporatist society, one made up of interest groups between which changes have to be negotiated and refereed by government. Under corporatism, interest group leaders deliver their members' acceptance of government policy in return for some say in policy making, perhaps a veto.<sup>64</sup> We accept Saul's critique that corporatism as currently practised in Western societies is not delivering fair outcomes.<sup>65</sup> And we affirm the criticism that outcomes of any sort are too often inordinately delayed, gridlocked by rent-seeking conflicts and fossilised institutions—Lindblom's 'pluralistic stagnation'.<sup>66</sup>

A Conservative Development government will therefore work to improve the efficiency and fairness of the processes through which the demands and needs of conflicting and disputing interest groups are identified and balanced. Our agenda for the renewal of this primary government function will include:

- programs to minimise unbalanced lobbying of government, basically by providing resources to community groups for preparing and presenting views to government;
- strong freedom of information legislation, combined with strong rights of appeal against administrative decisions;
- programs to actively compensate clear losers from government decisions;<sup>67</sup>
- affirmative action programs for disadvantaged groups;
- programs to introduce modern techniques of dispute resolution into diverse areas of society such as natural resource management and workplace relations. Problems can often be redefined in solvable ways by placing the matter at issue in a broader context. Often, the key to securing acceptable compromise is to broaden the scope of what is to be decided so that everyone is at least a partial winner;
- establishment of a House of Representatives Standing Committee on Equity in Government Decision-Making;
- establishment within the Department of Prime Minister and Cabinet of an Office for the Welfare of Unborn Generations; an Office for the Welfare of Minority Groups; an Office for the Welfare of Middle Australia; an Office for the Welfare of Indigenous People; and an Office for the Welfare of Pensioners.

The justice system is an important part of society's efforts to

ensure its own legitimacy in the eyes of its citizens. A Conservative Development government will work towards a criminal justice system oriented more towards justice than social control. Such a system will have relatively more concern for crimes of the powerful against the weak, relatively more resources for rehabilitation than incarceration and relatively more concern for crime prevention programs than punitive responses.<sup>68</sup>

The other aspect of governance to which we will pay particular attention on coming to office is the reconstruction of a well-resourced highly-professional public service, one that offers good conditions of employment while retaining both adaptive flexibility and 'corporate memory'. We are seeking a bureaucracy that has the capacity to respond to crises as well as competently administering or contracting out the delivery of routine services. But the core capacity of the service to be nurtured must continue to be the capacity to piercingly evaluate existing policy and proactively develop rich policy options for addressing emerging issues.

#### MANAGEMENT OF COMMUNICATIONS AND THE MEDIA

There is a role for government to play in ensuring both the technical quality and content quality of Australia's media and communications systems.

##### *Communications system*

Radio, television, telephony and data transfer will converge in the first half of the next century. Broadband cable networks and satellite systems will constitute the infrastructure of the national communications system. The Conservative Development Party believes that it is grossly inefficient for the broadband voice and digital network to be duplicated and, in government, will own and manage a single corporatised network as a 'common carrier' with capacity periodically leased by tender, subject to major penalties for under-utilisation of purchased capacity (to prevent the stifling of competition). All successful tenderers would additionally pay a fixed access fee and every effort would be made to provide high capacity relative to demand.

The Internet and its descendants within a decade or so will become the major method of communication and information transfer in Australia. It is important that all Australians be able to access the Internet routinely. In government, the Conservative Development Party will either set up its own corporatised Internet service provider or make the provision of a cheap basic Internet service for all an offset condition for securing the government's Internet business.

In the immediate future Telstra will be fully privatised, but strong community service obligations (to provide, in particular, untimed local calls and subsidised rural calls) will be imposed on the

telephony industry as a whole. After reserving frequencies for public broadcasting, radio and television frequencies also will be periodically leased by auction, subject to anti-monopoly and conflict-of-interest criteria being met. Wherever there are no technical constraints, new channels, including broadband channels for digital television, will be leased. While diversity of ownership cannot guarantee good news coverage and a championing of every point of view, it increases the chances.<sup>69</sup>

### *The informed society*

The Australian Broadcasting Corporation (ABC) and the Special Broadcasting Service (SBS) play several important roles in Australian society, including functioning as providers of reliable news and current affairs, education and quality entertainment. Their most important role however is to provide a 'cultural glue' of shared ideas which gives Australian society a coherent and distinctive identity. A Conservative Development government will massively expand funding to the ABC and the SBS to allow them to provide the world's best national broadcasting service, particularly in the areas of sport, drama, business and education. And the ABC will be specifically charged with presenting diverse explicitly partisan views on all major issues. The other existing component of the public media is several hundred voluntarily funded and staffed 'public radio' stations. A Conservative Development government will expand support for this sector.

More generally, an open society relies on the publicly owned and commercial electronic and print media to debate issues, challenge corruption and hold all institutions accountable. Apart from regulating to ensure diversity of ownership, a Conservative Development government will encourage diversity of views in several ways. On election, we will establish a Commission of Inquiry into ways and means of ensuring that the media industry is comprehensive, pluralist and diverse. Terms of reference will include looking at ways to establish daily papers that are run co-operatively by journalists, sponsored by government or managed by trusts. Another reference will address the possibility of offsetting the granting of licences and market penetration limits with 'charters of journalistic and editorial independence'.

We will adopt a liberal attitude towards media and Internet content and encourage the presentation of anti-establishment views. While censorship is never justified, media productions must be clearly labelled as to their content so that people can choose whether or not to be exposed.<sup>70</sup> We will establish a Press and Broadcasting Council with the power to require corrections and right-of-reply offers.<sup>71</sup> We will establish a Media Diversity Board to provide 'seed money' for new

ventures and give help to ailing ventures. The money will come from a 1% tax on all media advertising expenditures.<sup>72</sup>

### MANAGEMENT OF POPULATION

The Conservative Development Party believes that the case against major population growth is much stronger than the case for it. We are not convinced by the available evidence that population growth helps per capita economic growth in any significant way. Given the increasing difficulty governments are finding in funding urban infrastructure and services and keeping charges down, we are convinced that the quality of life for ordinary people living in the big capitals could deteriorate quite markedly over coming decades if the population continues to grow at the recent rate of about 1% a year. We are also concerned about possible social tensions under rapid population growth.

We have decided therefore to adopt a population policy focused on stabilising Australia's population within a generation or so.<sup>73</sup> Under a Conservative Development government, Australia's projected population in 2050 will be 23.3 million and nearly stable, growing at about 17 000 people a year. This will be the result of fixing net immigration at 40 000 people a year (reflecting gross immigration of 70 000 people a year). These figures assume no further decline in fertility or mortality rates. Moving towards population stability will anchor Australia's efforts to adapt to a rapidly changing external world and to environmental and social change at home.

While immigrant selection will be totally non-discriminatory with respect to race and religion, we will be looking for people whose skills make them readily employable. In many cases though, temporary skilled, business and professional migration into Australia will prove to be a quicker and more flexible way than permanent migration to avoid skill bottlenecks. More unskilled labour is just not needed in the industrialised world<sup>74</sup> and low immigration will contribute substantially to maintaining the bargaining power of labour. Refugees are a special case and we will continue to welcome a generous complement of refugees from political oppression and environmental disasters.

### *Minority and indigenous groups*

Policy towards minority and indigenous groups is an important component of population policy. We celebrate the cultural diversity of Australian society and welcome all of its expressions, as long as these are respectful of the natural world and other humans. A Conservative Development government will accept the same responsibility for the promotion of equality of opportunity for members of cultural and ethnic groups as it accepts for other minority groups and for women.

Aborigines and Torres Strait Islanders have a very strong claim on this country and, given the spiritual and social importance of land to Aborigines, their land needs must be identified and met. Every attempt will be made to foster land use agreements in the style of the successful Cape York agreement between Aborigines, Islanders and other stakeholders. Ultimately, a treaty will have to be negotiated with the Aborigines and Islanders; a Conservative Development government will work to achieve this.

### *Older Australians*

The longevity and average age of Australians will increase slowly over coming decades. Despite some minor concerns about rising dependency ratios (retirees per worker), this will not lead to ballooning health costs; these are a function of time from death, not time from birth.<sup>75</sup> Conservative Development policy in relation to the ageing will focus on encouraging independence while ensuring that support is available when needed. We will use the education system and other avenues to challenge ‘ageism’—discrimination against the elderly because they are elderly.

### MANAGEMENT OF TECHNOLOGY

A Conservative Development government will support research and development in advanced generic technologies such as biotechnology, nanotechnology, information technology, robotics, renewable energy and advanced materials. This is the family of technologies that will underpin growth in the global economy over coming decades. Support will be through direct funding to appropriate disciplines in the university system, to co-operative research centres and to public research agencies. Support will also be given by allowing 150% tax deductibility for research and development expenditures by business.

Research for survival in the global economy has to be matched by research into what is uniquely Australian—the continent’s natural capital. No one else is going to develop the deep and specific understanding needed to manage this conservatively yet productively. The public research agencies and research corporations will need to be funded for tasks such as:

- understanding and modelling key landscape processes and ecosystem processes (fire, water movement, vegetation change, soil movement and so on);
- improving resource inventory and monitoring methods (locating and counting plant and animal species, measuring and remeasuring forests, climate change, minerals, agricultural soils and so on);
- improving decision-support systems for managers (to help them with choosing and timing operations, allocating resources, and so on);



- learning to design social technologies for resolving conflicts between resource users, distributing the rewards from resource exploitation fairly;
- developing benign and profitable material technologies (low pollution per unit of output, low degradation per unit of output and so on);
- controlling weeds and feral animals.

Building here on what our resource and environmental scientists and technologists have already achieved, a Conservative Development government will be looking to encourage knowledge-based exports within a short time in areas such as:

- sustainable food and farming systems;
- land and water care;
- marine science and engineering;
- minerals and energy;
- forestry and timber products.

#### MANAGEMENT OF INTERNATIONAL RELATIONS

The Conservative Development Party agrees with the perception<sup>76</sup> that one of the major challenges facing Australia is to find a balance between internationalism and nationalism—that is, between being a good global citizen and attending to national self-interest. While our first responsibility is to work for high quality of life for present and future generations of Australians, we must also work with other nations to ensure that this does not come at the expense of others, particularly the poor. And we must decide how, and how generously, we are going to help the poor and disadvantaged nations of the world achieve quality of life for their peoples. At the same time we must be fully able to respond to foreseeable military and terrorist challenges.

#### *Collective action*

Because it is the only forum where global collective actions can be agreed, we support the United Nations (UN) as the major instrument for managing global-scale and multi-country social, economic and environmental problems. However, the UN is a very imperfect organisation and we will seek various reforms to it such as:

- increased national contributions, combined with a ban on defaulters being able to move motions in the General Assembly or the main subsidiary organisations;
- transfer of law and order and security issues from the Security Council to the General Assembly.

A Conservative Development government will extend its domestic interest in social justice and environmental issues to promoting these as ongoing priority issues for collective action within the UN. We will emphasise:

- global environmental management challenges such as global climate change, stratospheric ozone, marine pollution, marine resources, land use change;
- social justice challenges such as disaster relief, disarmament and the arms trade, family planning, status of women, third world debt, civil and political rights and labour issues including child and prison labour, wages, working conditions.

On the particular issue of greenhouse gases, we believe that the Australian coal and power industries have the flexibility and financial strength to survive a requirement to reduce carbon emissions by, say, 20% over the next few years. We do not need to make the perverse argument that we should receive lenient treatment on greenhouse gas emissions because we are a major per capita contributor to the problem.<sup>77</sup>

### *Managing the global economy*

The Conservative Development Party is concerned that at least seventy third world countries are sinking further and further into debt, and that their people are suffering. The global environment continues to deteriorate, as do employment conditions and prospects for hundreds of millions. In particular, many transnational corporations avoid taxation responsibilities and have a poor record on environment and employment issues. Clearly, the global economy is failing many, if not most, people. In principle then, a Conservative Development government would be willing to promote international action to regulate international trade and finance and transnational corporations. In practice, we recognise that there is little political will in the first world to move in this direction and a paucity of instruments that might be used to achieve change.

Notwithstanding this, we will support a new round of WTO/GATT (General Agreement on Tariffs and Trade) negotiations on transfer pricing, debt shuffling and other forms of international tax avoidance. And, given the importance of balanced trade, we will support moves to compel exporting nations to become larger importers.<sup>78</sup> Since the 1970s, all trade deficit countries whose currencies have depreciated have acquired increased foreign debts, and all trade surplus countries have acquired bigger reserves.<sup>79</sup> We will also support moves for first world countries to forgive third world countries their international debts.

Eventually, the international financial system must be recast as the servant of business, not its master.<sup>80</sup> As the Mexican and Asian crises of the 1990s confirm, when necessary governments collectively can regulate global finance. We will support any moves which give nations more room to manipulate monetary and fiscal policy without having to endure speculative attacks on their currencies. We will support, for example:

- An international tax (Tobin tax) on all cross-border financial transactions.
- A new Bretton Woods agreement to replace floating exchange rates with bracketed but flexible exchange rates.<sup>81</sup> It is particularly important, for the purpose of holding up international investment, to maintain the stability of the dollar, yen and mark.
- Closing down the offshore banking centres that handle most currency speculation, by refusing to let local banks honour transfers from these centres.
- An international body with the power and responsibility to partly regulate international credit by guaranteeing loans up to some limit.<sup>82</sup> At present, knowing that they will always be repaid via International Monetary Fund (IMF) loans (or whatever) encourages lenders to overlend to high risk countries. Also, the time has come, perhaps, to restructure the IMF and its recipes for fiscal rectitude.

### *Bilateral and regional relations*

Under a Conservative Development government, Australia will engage strongly with other inhabitants of our turbulent and dynamic region of the world. Because our policy objectives will increasingly differ from those of our traditional allies (except, most likely, New Zealand), we will have to rely on our persuasive powers and improved regional intelligence, rather than economic, strategic or military clout, to shape regional security and economic and social co-operation. The proactive focus of Australian foreign policy will be multilateral environmental, labour, trade and defence agreements. While our defence strategy will remain strongly oriented towards defending Australia, we will equip ourselves to participate fully in regional peace-keeping operations.

There is one matter which would require immediate attention in government. Illegal fishing (and waste dumping) in Australia's Antarctic Territory and Exclusive Economic Zone is essentially out of control; with the help of satellite surveillance, we will enforce a period of total exclusion of foreign fishing vessels.

Australia has a special responsibility for the welfare of the many

small South Pacific nations and, with New Zealand, must offer them a generous level of aid and administrative support, for instance, for family planning programs. In particular, Papua New Guinea, which has an inaccessible, bellicose and fragmented society, must be helped to resist total social breakdown under the impact of crime, corruption and disease.

## **CODA: CONDITIONAL GROWTH**

We have now outlined the platform on which the Conservative Development Party will seek election and re-election. What are we offering?

We are offering people the opportunity to live in a society where there is work for all and where a proactive and well-resourced government develops equitable policies and programs for steadily progressing the full range of environmental, economic and social issues.

While we have presented plans for scores of reforms, those most likely to be perceived as challenging and radical cluster around a tax-and-expenditure regime designed to finance full employment, improve environmental quality and maintain the state welfare system—even as the economy continues to grow.

Thus, our Jobs and Incomes Program and Environmental Management Program will be financed by ‘new’ taxes including an inheritance tax, a wealth tax, an energy (carbon) tax, a virgin materials tax and a federal land tax. We will fund up to 350 000 public-sector and not-for-profit jobs in labour-intensive community service areas, and everyone will be guaranteed a minimum income or, in employment, arbitrated award wages. We believe that employment is the cornerstone of social justice and that the only way we can even hope to beat unemployment is to put it at the top of the political agenda.

Growth in the economy will be encouraged by selectively protecting and assisting the traded-goods sector until balanced trade is convincingly achieved (with the help of import constraints if necessary).

Our Environmental Management Program will be built around a powerful National Environment Protection Authority responsible for halving carbon emissions by 2050. By then, a stabilised population of around 23 million will be decentralising into a string of well-planned, compact coastal cities, connected by high-speed ground transport. Land use will be tightly managed and major developments subjected to environmental and social impact assessment.

Social development will be guided by a Charter of the Rights and Duties of Australian Citizens. Some universities will be privatised.

An amalgamated national health-care system, still funded by Medicare levies, will be administered by the Commonwealth. The national communications system will be built around a single corporatised broadband network managed as a 'common carrier'. The Commonwealth will make greater use of tied grants in managing state-federal financial relationships.

Drawing together all these plans, we provide a re-statement of what we believe about how to manage society to achieve quality survival:

The wide range of socio-cultural and environmental problems and challenges facing Australia is best tackled by an interventionist, centralist government willing to use a considered combination of policies and programs to democratically balance the interests of diverse groups of present and future Australians. When managed to counter market failures, markets do not lose their capacity to generate a high rate of economic growth and, indeed, should perform better than otherwise.

# AN ECONOMIC GROWTH SCENARIO

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*Economic power, the defining characteristic of the first-world state, rarely comes as a by-product of some other goal. If a society wants to be rich, it must aim to be rich. If, having become rich, it changes its goals—and puts conquest, piety, justice, ecology, art, leisure, or some other value ahead of production—it will lose its place to other societies that continue to hold production as their major goal. (Kennon 1995)*

*We should understand that the drive for economic efficiency through the emphasis on market mechanisms, more flexible economies and the need to fund more investment through our own savings—the so-called rationalist agenda—is only in its early phases both in Australia and the world. (Paul Kelly in EPAC 1994a)*

*Countries and peoples who, for reasons of nationalism, are willing to accept domestic second best over foreign best will always lose out over time. It is hard to find even one example of an inward-looking society that has had long-term economic or political success. (Kennon 1995)*

## INTRODUCING THE ECONOMIC GROWTH PARTY

Our motto: Free to grow

We live in a tough world where only the tough survive. The Economic Growth Party not only believes that Australians are tough enough to survive, but that we are sufficiently endowed with the human, natural and social resources to earn a good living in this tough world while keeping or enhancing the freedom we already have to live our lives as

we choose. Freedom and wealth are the keys to high quality of life because they guarantee people a wide range of alternatives from which to make lifestyle choices. And also, when a society is wealthy, it can painlessly afford the public expenditures required to finance an effective defence force, purchase essential infrastructure, police crime and provide a modest welfare safety net for those unable to pay their own way. A healthy economy is the essential prerequisite for a healthy society.

The Economic Growth Party believes that by creating and protecting a self-regulated and competitive market economy Australia will produce the wealth needed to continuously improve the standard of living of all members of society. We are already a relatively rich society and, provided that government creates an appropriate operating environment for the private sector, we can reasonably expect to become much richer over coming decades. Wealth creation and the protection of civil and political liberties are the primary tasks and, in government, the Economic Growth Party will focus on managing market and government operations to these ends.

We do not pretend to the people of Australia that it is going to be easy to harvest these rewards. Our economic problems began in the 1970s as export commodity prices continued their century-long decline and our manufactured goods became increasingly less competitive against goods produced in cheap-labour countries. Our balance of payments began to suffer. Trade is the world's greatest creator of wealth, but not for everyone. Unless we can keep our foreign account in balance, to dampen the demand for imports we must devalue the dollar, borrow, sell off Australian resources and businesses or allow unemployment to rise. It is far more rewarding to sell more than you buy on world markets and Australians, with hard work, are in a position to do it. Fortunately, new communications and transport technologies now allow us to overcome our historic disadvantages of isolation and a small domestic market.

Some in Australia still believe that import tariffs and other devices can protect our trade balance and our domestic producers and their employees from competition. While tariffs can indeed protect one sector of the economy for a while, they cannot protect all and other sectors suffer. Why? Because tariffs make goods more expensive for Australian consumers. Tariffs are 'a tax on Australian business'; they make the import component of the input mix more expensive for Australian exporters trying to compete in world markets. And when our exports suffer we can no longer pay for the imports of specialised products and technology needed to keep our exporters competitive. And while tariffs temporarily protect jobs in one sector of the economy, they simultaneously stop resources flowing to emerging new competitive sectors of the economy.

Just as we have no alternative to boldly engaging in the fierce competition of world trade if we are to keep the Australian economy thriving, we have no alternative to vigorously adopting innovative and cost-cutting new technologies throughout the economy as they appear. While sticking to old technologies will save some jobs in the short term, we will ultimately lose more jobs than we save. Why? Because industries not adopting new labour-saving technologies will be unable to sell their goods and services cheaply enough to compete with those who are. Developing and adopting new technologies is the road to the productivity gains that secure market advantage. The Economic Growth Party believes it is self-regulated market economies which produce high rates of innovation and technological change.

Besides moving towards self-regulated markets, free trade and new labour-saving technologies, any successful strategy for producing wealth and freedom for present and future Australians must also include cuts in public sector spending and employment. Why? One reason is to release resources for use in the private sector which is where wealth is created; another is to lighten the tax burden on businesses needing every cost advantage they can get if they are to compete successfully in the global economy.

But there are other reasons why the Economic Growth Party intends to reduce government spending on coming to office. In recent decades a large part of government expenditure has gone towards maintaining a 'welfare state' that has signally failed to reduce poverty and created a culture of dependency on government. We believe that most people have the will to survive and thrive *without* generous taxpayer support and that this becomes a realistic possibility in a dynamic free market economy. Certainly we will maintain a modest welfare safety net for those who genuinely cannot provide for themselves, but the rest of us must accept that the world does not owe us a living. And that in earning that living we are helping to create the growing economy that is the foundation for a high quality of life for all. Besides welfare spending, other large savings in government expenditure will be made on the costs of regulating business and people's lives (we are 'social liberals') and by dismantling business 'welfare'—programs to support industries that cannot compete without government help. Do not misunderstand. The Economic Growth Party is not anti-government. Defence, justice, the protection of civil and political liberties, the provision of public goods and a small role in environmental protection are all legitimate functions of government.

This then is the situation in which Australia finds itself. If we do not compete energetically in the global economy with a strategy of self-regulated markets, free trade, labour-saving technologies and small government, ordinary Australians will suffer slowly declining standards of



living. Even if we do all this we may still fail, simply because under competition not everyone can be a winner. The Economic Growth Party offers itself as the party which most clearly understands this situation and as the party best able to do what is required to maximise the prospect of high quality of life for present and future Australians.

The remainder of this manifesto details the Party's agenda and programs for achieving its major reforms and outlines our initial programs for addressing a range of other important issues.

## OUR REFORM PROGRAM

### MANAGEMENT OF SOCIAL HEALTH

The Economic Growth Party is concerned about certain aspects of Australian society which it believes to be unhealthy. One is the high level of criminal activity. The other is welfare dependency, a situation under which more than a quarter of all Australians obtain their main income from government. In fifty years, the welfare state has failed to significantly reduce poverty. While it is self-evident that no one wants to be the victim of criminal activity, we also believe that most Australians of working age want to earn a decent income from being honestly and productively employed or self-employed. It is the problems of crime and welfare dependency that are the main focus of the Economic Growth Party's plans for managing social health when in office. These plans have both general and particular aspects.

In general, we believe that a poorly functioning economy will almost always lead to a poorly functioning society and that the minimally regulated or 'free market' economy we will be encouraging will provide adequate employment for most Australians. We similarly believe that most individuals and families can solve most of the problems of day-to-day life if given the freedom to do so. The essence of the individualism we believe in is that people should not be bound by any moral or communal ties they have not freely chosen.<sup>1</sup>

More particularly then, we plan to symbolically offer all Australians a social contract that guarantees them personal freedoms and economic opportunity in return for accepting certain responsibilities and duties. We will not be adopting the fashionable idea of embedding citizen and community rights and responsibilities in legislation. Apart from difficulties in giving legal interpretation to complex concepts and the problem of conflicting rights, we are reluctant to see decision-making power passing from governments to the courts.

#### *The social contract*

The social contract is the partly tacit, partly explicit understanding people have of their rights and their responsibilities as members of

Australian society. With several exceptions, the Economic Growth Party believes that the individual has no responsibilities, obligations or duties that her or she does not choose to assume. Their minimal duties are to obey the law and vote. Also, we believe families have a duty to teach their children to be law abiding, industrious, self reliant, patriotic and responsible for the wellbeing and behaviour of family members.

Apart from protecting traditional civil and political rights, the state's primary duties to the individual are to ensure justice before the law and to ensure that the law and police powers are used to protect private property and personal safety. Under an Economic Growth government, the individual will be guaranteed the opportunity to participate in the vigorous activity of a minimally regulated market economy. Because we do not wish to return to the days of the workhouse, those who fail to provide for themselves and those who cannot provide for themselves in a free market society will be supported in frugal comfort by the state.

In keeping with our liberal philosophy, social constraints on personal behaviour that does not interfere with the rights of others will be largely removed by an Economic Growth government. For example, people will have the right to suicide and the right to use abortion services, although they will not have the right to sell themselves into slavery. All recreational drug-taking will be decriminalised; as a consequence, we expect the establishment of legal drugs markets to lead to massive reductions in crime, so much of which is drug related. Combining this with strong policing and the effects of near-full employment, we expect small-scale crime to largely disappear.

#### MANAGEMENT OF THE ECONOMY

In government, the Economic Growth Party will treat the management of the Australian economy as its most important task. We are particularly keen to boost the profit prospects of business and the individual's rewards for hard work.<sup>2</sup> We believe that a high average rate of economic growth over coming decades will be achieved by:

- government and business creating a stable macro-economic environment in terms of inflation, interest rates and a balanced foreign account;
- ensuring competition in the provision of physical infrastructure (telecommunications, conventional utilities, transport services and so on) and social infrastructure (such as legal, financial, law-enforcement services);
- reducing public sector expenditure, particularly on social welfare, and using these savings to reduce taxes on business;
- protecting business from force and fraud;

- extending property rights wherever possible;
- reducing government regulation of environmental quality in favour of self-regulation;
- eliminating tariffs and all other forms of protection and support for particular industries.
- government, on behalf of the community, acting as either a direct provider or as a purchaser of services to the community in the areas of defence, justice, infrastructure, education and health.

In return for government helping to create a favourable business environment, business has an obligation to:

- obey the law;
- avoid anti-competitive and corrupt practices;
- accept government intervention to correct unwanted side-effects of business activity;
- seek high profits;
- pay taxes as required.

### *National economic policy*

#### *Monetary and fiscal policy*

An Economic Growth Party government will run balanced or surplus budgets at all times, with budget expenditures declining slowly over time as a fraction of GDP. Deficit budgets and high budget outlays are an impost on the future and crowd out private sector activity in the present. Monetary policy—basically operating through control over interest rates—will be used as required to keep inflation below 3% per annum at all times. Low inflation is an absolute imperative. As a general guide to budget priorities, we believe that Australia needs to significantly improve its transport infrastructure (particularly ports), its vocational education system and the economy's research and development system.

#### *Infrastructure provision*

As far as possible, all new long-lived physical infrastructure (transport, utilities, communications, schools and hospitals) will be provided, to strict government specifications, by the private sector, under arrangements such as BOOT—Build, Own, Operate, Transfer (in short, transfer ownership back to government after private investment has been adequately recouped). Nonetheless, while encouraging private financing, it is still the responsibility of government to set priorities for infrastructure development. These tentatively include:

- a nuclear power industry;
- a high-speed ground-transport system linking all major settlements between Cairns and Adelaide;
- increasing the productivity of Australia's nutrient-poor continental shelf through the use of fertilisers;
- major water desalinisation projects;
- new irrigation projects, in the Ord and Fitzroy Basins for example;
- a continental network of natural gas pipelines.

As for existing publicly owned utilities and infrastructure, these will be sold to the private sector as expeditiously as possible. We believe that this will lower the cost at which services are supplied to business and the community and provide funds for repaying past public borrowings.

It has to be recognised that getting national economic policy right is a necessary rather than a sufficient condition for achieving high economic growth. Government sets the stage but it is business that must deliver growth in the end; we believe that the Australian business community has the necessary knowledge, skills and competitive drive to do this.

### **Reforming the tax system**

*The Australian economy...needs tax reform, with more weight on the taxation of labour (via a goods and services tax) so that, over time, less weight can be put on the taxation of mobile capital.* (Mitchell 1997)

Creating a stable, internationally competitive tax environment for business is an important part of making Australia an attractive destination for investment funds from around the world. To ensure that the Australian tax burden on mobile capital is competitive with that imposed overseas, we particularly need to reduce the rates of tax on company profits and capital gains. For example, a capital gains tax on land is a 'lock in' transfer tax that impedes movement between uses. We need generous depreciation and investment allowances which encourage industry to benefit from new technologies by replacing rather than repairing plant.

To the extent that tax revenues need to be boosted to compensate for planned reductions in company tax receipts, an Economic Growth government will increase taxes on land (including natural-resource use), labour and congesting or polluting activities.<sup>3</sup> Taxes on labour and capital are inherently distorting in a way which is not true of taxes on immobile land. It needs to be noted, though, that before too hastily looking to restore the tax base, there are inefficiencies in the delivery and targeting of government services that should be examined first for expenditure savings.

Under an Economic Growth government, personal income tax will be replaced to a significant extent with a uniform consumption tax. Taxing consumption rather than income has the advantage of discouraging consumption and encouraging investment, a change that will reduce Australia's dependence on foreign investment—with all that this implies for our balance of payments. While accepting that a uniform consumption tax is regressive, it also has to be accepted that considerable inequality of income is probably necessary to generate high levels of savings and investment.<sup>4</sup> In any case, low income earners and welfare recipients will be financially compensated for the one-off price increases associated with introducing a consumption tax. Note also that a uniform tax does not distort the relative prices of business inputs.

The other changes we plan for personal income tax are generous rebates for outlays on health insurance and education expenses and on income from savings accounts. This is in recognition of the importance of savings and of a healthy, educated workforce to the prosperity of the Australian economy.

### ***Savings and investment***

*In my view, the most significant factor in Australia becoming a much more prosperous economy over the next thirty years will be our ability to attract investment.*  
(Industry Minister John Moore 1997)

Globalisation includes the tendency for the world's capital markets to become much more integrated, with potentially very large amounts of capital flowing across national borders in search of profit and arbitrage.<sup>5</sup> Like trade in goods and services, trade in international funds for investment and assets should be free because this allows funds to move to where they are most productive and frees funds to finance additional investments that increase our stock of real capital. Protecting domestic firms from foreign takeover tends to foster inefficiency. Australia's Foreign Investment Review Board will be abolished under an Economic Growth government.

The share of world investment funds coming to Australia has been declining since 1979. Australian business investment as a share of GDP has also fallen, from a peak of 17% in the late 1960s to around 12% currently. Besides a sympathetic tax system and the provision of modern infrastructure, targets that must be addressed if these trends are to be reversed include: a flexible labour market; reductions in the on-costs associated with employing people; improved educational standards; small balanced budgets; and well-developed alternatives to the Australian Stock Exchange for raising equity and venture capital. Light-handed regulation, to allow the development of economies of scale and to minimise entry barriers for new business, is important, but

must be balanced with resisting any tendencies towards creating anti-competitive monopolies.<sup>6</sup> It is the total business environment that must be favourable if we are to attract significant investment.

We must also finance a larger proportion of investment in Australia from domestic savings. Our savings of about 17% of GDP compares with 48% in Singapore and 32% in Japan. Balanced budgets and budget surpluses are the key to public sector saving. Private sector saving, by people on incomes above the 'frugal comfort' level, appear to depend on their need to save to provide for themselves in old age. For this reason, an Economic Growth government, while not seeking to increase age pensions, will look carefully at the withdrawal rate to ensure that increasing retirement income from superannuation and savings does not reduce pension size at a discouraging rate.

We have little doubt that if Australia does not manage its savings-investment strategy in these ways—to what might be called the new international standard—we will be penalised severely by the world investment community, in terms of both capital exit and capital entry. There is not a lot of choice.

### *Balance of payments*

The case against tariffs and for a free-trade economy is simple and strong. While protecting one sector of the economy (and its jobs) from competition for a time, tariffs (a) harm consumers (through higher prices), (b) harm exporters (through higher input costs) and (c) slow the rate at which the economy redirects resources and jobs to more efficient industries—a redirection, it should be noted, that lowers imports as well as increasing exports.<sup>7</sup> Australia's practical experience with tariff reduction is that as import protection for manufacturing has halved since the mid-1980s, manufacturing exports have boomed.

Tariffs don't even protect jobs efficiently, if that is their main purpose. The benefits of tariff protection are shared between capital and labour in the protected sector. Former Prime Minister Whitlam is partly correct when he says that tariffs protect profits, not jobs.<sup>8</sup> If jobs are the benefit of interest, it would be more efficient to subsidise wages directly, or cut payroll tax.<sup>9</sup>

An Economic Growth government will reduce all tariffs to zero over a five-year period. Speed is important because, in a world of rapidly declining tariffs, the highest benefits go to the first countries to cut tariffs. This makes their exports more competitive more quickly. Those in front stay in front. In any case, under evolving World Trade Organisation rules, it is becoming increasingly difficult to subsidise domestic industries in any way.<sup>10</sup> An Economic Growth government will be vigilant in ensuring that our competitors meet their obligations under international trade agreements.

An Economic Growth government's main way of encouraging exports, given our plans for a uniform consumption tax, will be to allow exporters to claim a rebate of consumption tax on all inputs.

### *Industry support*

As a matter of principle, the Economic Growth Party does not favour supporting one sector of the economy over another. Doing so implies that governments can do better than competitive market forces in judging which sectors have the best growth and profit prospects, provided they are subsidised in some way. Rather, government's responsibility is to provide the best possible climate for business in general and let the market determine what will be produced. We expect to be judged by business in terms of such things as monetary and fiscal policy, taxation reform, trade reform, business regulation and infrastructure provision.

We recognise that multinational companies, those with a significant presence in a number of countries, are more profitable, responsible for an increasing proportion of global sales and are more likely to survive than domestic companies. For this reason, it is particularly important to eliminate any barriers to the accumulation of capital by Australian multinationals and potential multinationals; even the largest are kept under tremendous pressure to keep performing by a global economy.<sup>11</sup>

### *Regional economies*

Just as an Economic Growth government will not be supporting one sector of the economy over another, it will not be supporting one regional economy over another. Supporting one region is equivalent to taxing other regions. It is the role of the market to determine the efficient geographic distribution of economic activity. Notwithstanding this, we do expect the benefits of deregulation and privatisation to be particularly noticeable in regional Australia.

## MANAGEMENT OF WORK AND BUSINESS

### *Unemployment*

*Austria, Switzerland and Norway have kept their unemployment below 6% by placing a high national all-party emphasis on full employment and tailoring their policies to stimulating the demand for labour and to creating a suitable supply of labour. Australia could join this group of countries if it placed a similar emphasis on full employment...Experience suggests that labour-market programs have low success rates and low rates of return and create 'queue shuffling' problems. (Dorrance & Hughes 1996)*

While unemployment is a personal and social tragedy, it must also be viewed as a symptom of an economy adjusting to changing patterns of supply and demand. It is partly because we are in an era of high economic change that unemployment levels are high by the standards of older Australians, although unemployment in Australia in recent decades is perhaps not quite so bad given the increase in the participation rate (the proportion of the population in the workforce). It must also be remembered that too high a level of employment fans inflation as employers bid for labour and that a sharp rise in employment can trigger a worrying increase in demand for imports.

The Economic Growth Party believes that unemployment will largely disappear if we manage the economy correctly. If we free up the labour market by making wages more flexible, and improve training and retraining, most people will end up with a job. We do not believe that work reorganisation through job-sharing and the like is the solution to structural unemployment; we believe in job creation through economic growth.

### *Wages and incomes*

Allowing Australian wages to be determined by market forces is both an effective response to the increasing pressures of international competition and conducive to a more productive, hard-working workforce. But wage flexibility is more than a euphemism for falling wages. Certainly there is likely to be an increase in the spread or dispersion of wages in a deregulated labour market as labour is employed where it is most valued at a price reflecting what it contributes. But this does not necessarily imply an absolute fall in anyone's earnings. In principle, many can be earning more without others earning less, even as consumers are gaining from the economy's greater efficiency.<sup>12</sup> Indeed, given the size of its natural resources, Australia is labour-poor relative to other countries, and therefore we might expect wages to remain higher in Australia than elsewhere, even under a deregulated labour market.

Even though an Economic Growth government will be seeking to rapidly reduce the percentage of the workforce covered by more-than-minimal awards or unionisation, both of these being impediments to wage flexibility, we will not allow the working poor to become worse off in an absolute sense. This may require targeted income assistance (in the form of food stamps, clothing allowances and low-income housing) for the bottom 10–30% of wage earners.

Those who genuinely cannot support themselves in a deregulated economy, particularly the severely disabled and the elderly, will be supported under a clearly targeted welfare system. An Economic Growth government has no intention of dismantling the welfare



state, only to shrink its reach and costs to something taxpayers will tolerate. For example, no country can finance an age pension system when the age of retirement is falling and life expectancy is rising.<sup>13</sup> The pensionable age will have to be raised and older people will be expected to finance their lives by a mixture of state pension, job pension or superannuation, savings and some paid work.<sup>14</sup>

While a strongly targeted welfare system avoids the inefficiencies of ‘churning’ (where middle-income earners pay taxes in order to receive tax-funded benefits), it can lead to high withdrawal rates for people on the margin of eligibility (typically, part-time workers).<sup>15</sup> If disincentives to work are to be avoided, close co-ordination of ‘safety net’ wage levels and social security benefits will be required.

### *Managing work*

Under an Economic Growth government, unions will be encouraged to become enterprise-based rather than industry-based; this will put negotiations between employers and employees in a more direct relationship. While unions will retain the right to strike, they will have to first traverse staged processes of consultation with members and negotiations with the employer. Industrial action not only leads to immediate losses and inconveniences, but to a loss of suppliers’ reputations for reliability—something a competitive economy can ill afford.

### *Managing business*

The primary responsibility of any business is to the owners or shareholders. An Economic Growth government will not attempt to change or extend this responsibility. The competitive position of Australian business is already at risk through tight regulation<sup>16</sup> so, while Australian business has a responsibility to comply with all regulation in the public interest, such regulation will be kept to a minimum.

## MANAGEMENT OF COMMUNITY SERVICES

It has to be accepted by governments that taxpayers are becoming less willing to fund universally available community services and facilities. The principle that users should pay for the services they directly access, partly as a deterrent to over-use, partly to encourage self-reliance, is now widely recognised. It is equally recognised that many services once routinely provided by governments can now be provided more cheaply and with a wider range of client choice by the private sector.

It is these new realities that lie behind the Economic Growth Party’s policies for introducing more competition and more fee-for-service elements into the provision of community services. However, these reforms have to be balanced against the Party’s belief that all

Australians have a right to two community services in particular: to a good education and to a high standard of health care. Not only are these tools of opportunity fundamental to the individual's capacity to provide for himself or herself through life, they represent, on average, a highly profitable investment by the community in that individual's capacity to contribute productively to the economy. It is government's responsibility to ensure that such services are provided to 'best practice' standards.

### *Health care*

An Economic Growth government will move towards a health service wholly provided by and staffed from the private sector. Welfare recipients will receive free health care provided under contract to government. Others will be required, through the tax system, to pay most of the cost of treatment through compulsory health insurance, with a fund of choice and with premiums adjusted according to taxable income.

### *Education*

It is imperative that Australia develop an education system that provides the economy with the properly trained workforce it needs, particularly a workforce with the capacity to operate in a global economy.

The present mix of public and private, primary and secondary schools will continue under an Economic Growth government. Accredited private schools will receive the same capital and recurrent funding from government as most public schools. This recognises that private schools are carrying out a function that would otherwise be assumed by government. Some government secondary schools will be especially developed to provide advanced educational facilities and scholarships for gifted students. Other government-funded scholarships will allow some gifted, but poor, students to attend private schools of their choice. We need a system that can feed the most-talented students up through the education system in the most appropriate way, irrespective of family ability to pay education fees.

Higher education will be largely privatised under an Economic Growth government. Existing universities will be sold, subject to a guarantee that no new universities will be established for a period. We believe that this will establish a competitive environment conducive to the provision of courses wanted by employers and students. The total cost of providing a standard university education will be divided into a portion to be paid by the student through a scheme similar to the present Higher Education Contribution Scheme (HECS) and a portion to be paid by government through the provision of education vouchers that can be used at the student's

university of choice. Government will provide refinancing facilities that will enable universities to access HECS repayments ahead of time. It will also be possible to take out HECS loans to cover living expenses as well as fees.

### MANAGEMENT OF ENVIRONMENTAL QUALITY

Global environmental problems include greenhouse warming, stratospheric ozone depletion, marine pollution (land-based and sea-based) and declining stocks of migratory fish. Acid rain is a widespread problem, but not for Australia. Most such problems can be ameliorated through international regulations and systems of transferable quotas; quotas to pollute, harvest, dump and so on. Also, market forces are already working to improve the global environment: insurance companies and banks, many of whom lend money on 20 to 40 year terms, are moving to reduce global warming, and hence the incidence of natural disasters, by encouraging investment in solar energy technologies. An Economic Growth government is willing to accept international agreements for managing global environmental problems, provided that the short-term and medium-term economic losses that such agreements usually imply are fairly distributed between countries. Given the rate at which official 'best estimates' for future global warming continue to fall, a cautious approach to managing global carbon emissions seems appropriate.

Within Australia, environmental degradation is not as large or as intractable a problem as many people think. A number of trends which will reduce the impact of production and consumption on environmental quality are already under way and seem set to continue. These include dematerialisation, miniaturisation and dejouling, and the economy's increasing emphasis on services at the expense of goods. Furthermore, the Economic Growth Party's plans to maximally deregulate the economy stand to improve environmental quality in several ways. Free trade allows a given level of real income to be maintained with a lower level of resource inputs<sup>17</sup> and hence of pollution and the like. And the superior economic efficiency of free markets over regulated markets similarly stands to reduce the material inputs that have to be used to produce a given level of real income.

### *Rural environments*

Undeniably our farmlands have been degraded over 150 years by soil erosion, compaction and acidification and by salinisation of irrigated and unirrigated land. While this is to be regretted, the questions for contemporary landholders are whether it is profitable to try and restore degraded farmland (and it frequently is not) and how much it is worth paying to prevent future degradation. And to what extent

should the community be prepared to subsidise such conservation works and practices, given that these will also forestall off-site costs such as those attributable to reservoir silting, algal blooms, turbidity and salinisation on neighbouring land?

Because they stand to capture associated capital gains in the form of higher land values or avoid associated capital losses, conservation works and practices are more likely to be carried out by farmers with freehold title to the land they farm. In office, the Economic Growth Party will convert all rural leasehold land to freehold.

While state forests will also be privatised, this is harder with fisheries and river flows. To prevent over-exploitation, both irrigation waters and marine fish stocks will be managed through systems of marketable quotas.

The issue of biodiversity loss is a difficult one. In no way has it been proven that a reduction in biodiversity poses a threat to human society, nor that forestry and crop monocultures are less productive than mixed farming systems. Highly simplified ecosystems may be less resilient than more natural systems but appear equally capable of performing essential support functions such as capturing solar energy, cleaning soil and water and circulating nutrients. It is the increasingly important tourism and recreation sectors that are particularly dependent on natural ecosystems, the highest expression of biodiversity. For this reason, and because market forces offer little prospect of comprehensively and systematically conserving Australia's biodiversity, an Economic Growth government will act to ensure that the positive externalities of biodiversity conservation on private land are captured.

How? In general, it would seem unwise to attempt to impose extra charges on the use of natural resources based on undemonstrated social costs, particularly where, on top of the charges themselves, this might impose capital losses.<sup>18</sup> Farmers, foresters, miners and tourism operators will be given a 'duty of care' for their land and will be responsible for such things as species and habitat protection. This will involve following approved voluntary codes of conduct with deviations permitted when demonstrably consistent with a duty of care. Government will also promote voluntary agreements to protect on-farm environments and, in areas of particularly high conservation value, will offer to buy development rights (to prevent clearing, for instance). All publicly owned national parks will be privatised under strict conservation covenants governing visitor impact and fencing out feral animals.

### *Urban environments*

The important environmental problems of cities include infrastructure overload (traffic congestion, inadequate utilities and so on) and

sink overload (basically, air and water pollution). Even after privatisation of all utilities is completed, there will still be a role for government in managing the urban environment. This is because residents are overusing the infrastructure (exceeding its capacity) and overloading pollutant sinks. This in turn is because individuals are not required to pay the external costs that they impose on others (consider how each new car slightly increases the costs of other road users).

In general, an Economic Growth government will tackle the problems of urban environmental quality by ensuring full-cost pricing, including the cost of environmental damage, for all services. Most environmental problems arise because it is not in anyone's interest to solve them. Full-cost pricing will change that. Programs for implementing this policy will include:

- *Full-cost water charges:* These have been demonstrated to be particularly effective in reducing demand for water. Such charges will also speed up the development and marketing of water-saving technologies such as electric toilets and recycling systems for 'grey' water. Urban water quality will be managed through local government charges reflecting change in water quality as it drains through each area.
- *Full-cost road charges:* Road maintenance and development costs will be fully recovered through tolls and vehicle registration fees. Congestion charges will be levied by in-road sensing of each vehicle's use of congested areas.
- *Full-cost air quality charges:* A system of transferable pollution quotas will apply to industrial emissions in each metropolitan airshed, particularly in relation to carbon dioxide, nitrogen oxides, sulphur dioxide and particulates. Vehicle emissions will be managed through a fuel tax, particularly on diesel fuel, and a system of mandatory emission control devices. A substantial fuel tax should encourage the development of both electric vehicles and fuel-efficient conventional vehicles.

Because it is not possible to pre-calculate 'correct' levels for charges and total quotas, these will be monitored and adjusted by trial-and-error until acceptable environmental standards are reached.

### ***Settlement policy and land use policy***

Notwithstanding calls to reduce capital city populations as a way of reducing pressure on urban environments, an Economic Growth government will not in any way attempt to decentralise population. There are good economic reasons (among them, labour pools,

communications, higher-order services and so on) why jobs and businesses congregate in cities, despite some environmental costs. More generally, an Economic Growth government will not be using land planning and development control instruments to guide land use in ways that constrain market forces.

The global economy of the twenty-first century will be dominated by a handful of large, economically dynamic cities functioning as gateways into the global information society. It is important to Australia's economic future that at least Sydney, and possibly Brisbane or Melbourne, achieve such gateway status. Under an active immigration policy, and given the propensity of immigrants to settle in Sydney (and to a lesser extent Melbourne),<sup>19</sup> Sydney should continue to grow and, hopefully, thrive.

### *Industrial ecology*

An Economic Growth government will not be introducing subsidies for recycling and the adoption of new waste management technologies. Nor will there be any direct encouragement of the production of higher quality, more durable goods. These are matters to be left to the market.

### MANAGEMENT OF THE GOVERNANCE SYSTEM

The Economic Growth Party's perception of the role of government has already been made clear. The rule of law is an essential prerequisite for the development of industrial capitalism (to protect, for instance, trademarks, copyright and patents) but, after ensuring people's political and civil rights and providing legal protection for the operations of a self-regulating market economy, a federal government has few other responsibilities:

- to protect the efficiency of competitive markets from the threat of anti-competitive behaviour such as cartelisation and monopolistic competition;
- to extend privately owned property rights into all parts of the economy where the benefits of such ownership can be captured. Generally it is inefficient to attach obligations of any sort to private property rights;
- to tax any external diseconomies which persist under a system of extended property rights;
- to finance the provision of any public goods, such as maintaining a defence force, which would not be provided automatically in a free-market economy;
- to finance a modest level of welfare benefits to those unable to support themselves or obtain support from their family or a charity organisation.

Before an Economic Growth government can take on a true ‘night watchman’ role as outlined, it will be necessary to first dismantle and devolve much of the apparatus of government which has grown inexorably since the 1940s.

The Economic Growth Party subscribes to a ‘public-choice’ view of government which sees politics as being like a marketplace where politicians win votes by satisfying vocal constituencies, whether or not their vote-winning policies make economic sense. Indeed, in contrast to decisions made by individuals, collective decisions made by governments tend to be slow, coercive, expensive, discriminatory, unproductive, unimaginative, and offer little choice.<sup>20</sup> The conclusion following from this view is that it is necessary to shift economic life out of the ‘political market’ and into private markets where competition ensures efficiency. Under no circumstances should the state spend more than 25% of GDP. One of the side benefits of small government is that there is not much for interest groups to squabble over.

While our inherited government expenditures on goods and services, subsidies and transfer payments clearly benefit some, the opportunity cost to all is high. The taxes imposed to fund these expenditures are lost to productive use elsewhere—a crowding out effect<sup>21</sup>—and we run the risk of becoming overly dependent on government,<sup>21</sup> even as we are losing our freedom from coercion. It is because all government activity involves some loss of freedom that the Economic Growth Party believes that the onus of proof of the effectiveness of any specific government intervention lies with the advocates of that intervention. While markets are never perfect, the case for government intervention to improve them must always be demonstrated. All expenditures that cannot pass this test will be phased out.

Nevertheless, government expenditures will remain substantial; the challenge to government is to ensure that the bureaucracy operates with private-sector efficiency. Outsourcing and corporatisation bring private sector attitudes and standards directly into government, so these approaches will be maximally implemented under an Economic Growth government. Giving agency and department heads the power to employ under contract and to promote and reward on merit and results is another important reform to be pursued.

The justice and law enforcement system offers a good example of how the costs of government operations can be reduced once we allow traditional thinking to be questioned. For example:

- the costs of running prisons can be reduced by privatising them and by developing a prison-labour industry;
- private security services can carry out many policing functions at competitive prices;

- police rights to undertake routine surveillance of persons, transactions, and communications need to be clarified. The civil rights of suspects may need to be re-balanced against the need to reduce investigation costs;
- jury trials are very expensive and perhaps should only be retained for cases where heavy penalties are possible. Judges will continue to be appointed public servants;
- mediation outside the court system can save costs and will be encouraged.

One factor slowing the rate at which any federal government can implement its reform agenda is the need to negotiate at length with minor parties and the Opposition in the Senate. The Economic Growth Party believes that any party elected to govern has a mandate to implement its manifesto with minimum difficulty within the parliament. For this reason, an Economic Growth government will legislate to make the election of minor party candidates to the Senate more difficult, by dividing each 'whole state' electorate into smaller electorates, each having two members. If this proves unconstitutional, we will hold a referendum seeking to abolish the Senate.

#### MANAGEMENT OF COMMUNICATIONS AND THE MEDIA

Unlike the radio and television industries, the telephony industry has not yet been successfully commercialised and opened up to market forces. The present duopoly must be exposed to more competition by allowing new entrants to have at-cost access to capacity on the telephony network. Similarly, to the extent that technical constraints allow, some new radio and television (including cable television) licences will be sold by tender each year, although existing licensees will be permitted to buy these and 'deep freeze' them for two years before they revert to public ownership. Apart from raising revenue based on the partly monopolistic rental value of existing licences, this will allow the benefits of new technologies to be captured as new players come into the market when profit prospects permit.

An Economic Growth government will continue to take responsibility for monitoring concentration in media markets, including the daily newspaper market. However, there is not a lot that a non-interventionist government can do once competition is lost, so it is therefore important to forestall anti-competitive takeovers. Fortunately, as Internet capabilities improve in line with expanding bandwidth, the services available there are likely to provide a base level of competition in most cases of media monopoly.

The Australian Broadcasting Corporation and the Special Broadcasting Service will continue to receive funding from an



Economic Growth government but will be required to direct programming towards areas which are in the public interest but not necessarily commercially profitable.

#### MANAGEMENT OF POPULATION

While accepting the evidence that population growth does little to increase GDP per head, it does not decrease GDP per head either. The Economic Growth Party views strong population growth as an obvious way to build a much bigger Australian economy. A bigger population and bigger economy will give Australia a stronger voice in world affairs and be a better springboard from which our domestic manufacturers can launch themselves into world markets. A rapidly growing economy can adapt to changing global opportunities more readily than one whose growth depends only on productivity growth. And, without raising the cost per capita, a bigger population will allow Australia to maintain a stronger defence force.

Under an Economic Growth government, Australia's (projected) population in 2050 will be 28.3 million and growing at about 115 000 people a year. This will be the result of fixing net immigration at 120 000 people a year (reflecting gross immigration of 150 000 people a year). These figures assume no further decline in fertility or mortality rates.

Because the consequences of doing so are not clear, an Economic Growth government will not remove all restrictions on immigration, despite a natural inclination to let market forces determine the ebb and flow of Australia's population. We will monitor the social consequences of rapid population growth, including any effects on wages and social cohesion, and allow immigration to rise above 150 000 as appropriate. Indeed, under an Economic Growth government we expect many of the tens of thousands of Australian professionals already working in Asia because of low tax rates there to return home.<sup>22</sup> Because the opportunity to participate in a vigorous Australian economy has a market value, we will investigate the possibility of auctioning permanent entry visas to eligible applicants.

#### *Minority and indigenous groups*

Business people with non-European cultural backgrounds can forge valuable trade links for Australia in Asia, Africa and South America. An Economic Growth government will ensure that minority ethnic and religious groups are treated equally and without discrimination, positive or negative. Such will of course be free to engage in traditional cultural activities as they wish.

It is a blot on Australia's record as a modern, progressive country that many indigenous Australians have poor health and live short lives in third world conditions. While not being sure how to tackle this difficult public health problem, an Economic Growth

government will continue to fund attempts to improve Aboriginal health, housing and education.

### *An ageing society*

Older people can be of great economic benefit to the country and, in the process, help themselves. An Economic Growth government will legislate to remove compulsory retirement, and older people will be encouraged to fund their 'young' old age by a mixture of state pension, superannuation and some paid work. As they become frail, the elderly will be assisted to continue living at home—a situation less costly to government and more satisfying for the individual.

### MANAGEMENT OF TECHNOLOGY

New knowledge, in the form of new technologies, is the only source of economic growth in economies where the traditional factors of production are being fully utilised. With a new technology, a specified result can be achieved with less capital, labour and resources. Alternatively, new technologies create new products and, hence, new markets.

The Economic Growth Party is technologically optimistic. That is, we believe that new technologies and new economic instruments will usually emerge to solve problems associated with rapid economic and population growth, including environmental degradation and social dislocation. It is true that problem-solving technologies do, on occasions, create further problems, even as they solve the initial problem. However, provided that there is an effective demand for such induced problems to be solved, market forces will ensure that most technology-induced problems are short-lived.

It seems likely that in coming decades the growth sectors of the global economy will be built around a group of advanced generic technologies which includes biotechnology, nanotechnology, information technology, robotics, renewable energy and advanced materials. An Economic Growth government will encourage business to be aware of emerging possibilities and to consider research and development programs as the best way to create innovative high-value products. In office, we will consider the reintroduction of tax concessions for research and development expenditures, notwithstanding our inclination to view this as an intervention in free-market processes.

### MANAGEMENT OF INTERNATIONAL RELATIONS

*A globalised world is good for everyone; it makes the Asian sweatshop workers better off than they otherwise would be, it makes the capitalists richer and it makes us more efficient.*  
(T McCrann, 'A globalised world is good for all of us', in *The Australian*, 5 May 1997)

An Economic Growth government will approach the management of international relations with considerable caution. We will be reluctant to surrender any aspect of Australian sovereignty to any form of international representative government which may be empowered to commit us to actions we as a country do not wish to take. Rather, we will rely on negotiating bilateral and multilateral treaties on specific topics of immediate direct interest.

The Party has two major foreign policy goals. One is to see the removal of all restrictions on international movements of goods and capital, the other is to build a network of bilateral defence agreements that go a long way towards ensuring Australia's freedom from military attack, while locking in support should this happen. We will continue to slowly expand defence expenditure even as we seek to negotiate mutual security pacts, including explicit intervention commitments, with all significant powers in our region. As a militarily strong regional power, with a capacity for forward operations, our bargaining position in such negotiations will be strengthened.

### *Managing the global economy*

As a prelude to world free trade, Australia will pursue the free trade objective within regional groupings like the Asia-Pacific Economic Co-operation group (APEC) and Indian Ocean Economic Co-operation group (IOEC). Within the World Trade Organisation (WTO) Australia will advocate the removal of all tariffs by the earliest possible date. We will look favourably at proposals within the Organisation for Economic Co-operation and Development (OECD) for a multilateral agreement on investment, seeing this as a means of freeing capital to move to wherever it can earn maximum returns. We reject proposals to incorporate requirements for reforms to working conditions, human rights, environmental quality and so on into trade agreements. These can be pursued in other forums.

### *Foreign aid*

It is in Australia's diplomatic interests to offer aid to developing countries at a level that is neither high nor low by first world standards. Aid can also be in Australia's economic interests if well planned. This means favouring recipients in the Asia-Pacific region who stand to develop into active trading partners, and tying grants and loans to specific projects and to the use of Australian contractors and the purchase of Australian goods.

## **CODA: FREE TO GROW**

We have now outlined the platform on which the Economic Growth Party will seek election and re-election. What are we offering?

We are offering everyone the chance to live in a society where people are largely free of government interference in their lives, with the right to acquire, own and use property as they wish. We believe that in such a society most people will be able to enjoy a high quality of life based on a high, increasing material standard of living.

We believe this is possible because, in such a society, market systems evolve which, as cheaply as possible, provide people with a wide choice of high quality goods and services.

While we have presented plans for numerous reforms, those most likely to be perceived as challenging and radical cluster around the dismantling of a system of government constraints and subsidies that have been accumulating since federation. When this dismantling is complete, there will be no protection of domestic industry, minimal environmental regulation, a minimal social wage, no government business enterprises and no controls on foreign investment or ownership. In parallel with the elimination of most of this system, it will be possible to reduce the size and cost of government and hence the size of the tax burden required to support it.

# A POST-MATERIALISM SCENARIO

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*We must concentrate on the stage beyond growth where 'quality of life' is the aim. (David Cooper, Submission to Jones Inquiry (LTSC 1994))*

*If we want to reconcile our humanity with our economics, we have to find a way to give more influence to what is personal and local, so that we can each feel that we have a chance to make a difference...A formal democracy will not be enough. We have to find another way, by changing the structure of our institutions to give more power to the small and to the local...while still looking for efficiency, and the benefits of co-ordination and control. (Handy 1994)*

*Building and sustaining democracy has always required a ...balance of public political power, private economic power and the power of civil society, the formal and informal networks that bring people together to make decisions for themselves and for the common good. (Hillary Clinton, Remarks to Australian Women, Sydney, 21 November 1996)*

*The answer to the apparent determinism and fatalism of processes which cannot be stopped or diverted, is the creation of other competing processes, which have the potential to stop and to divert existing ones. (Burton 1982)*

## INTRODUCING THE POST-MATERIALISM PARTY

Our motto: Social health and a green economy

By world standards Australians live comfortably in a fair and friendly society, and enjoy a healthy, still-natural environment. But this description ignores the many Australians who live poorly in an unfair

and uncaring world. And even the materially affluent have no choice but to live in a society that is, increasingly, damaging and destroying the natural environment that is so essential to our physical and mental health. As for being a warm and friendly society, many feel, once outside the bosom of family and friends, that they are in a conflictive, adversarial, violent and suspicious society where it is difficult for groups and individuals to enjoy the collaborative, trusting, sharing and altruistic relationships that our human nature needs.

The Post-Materialism Party believes that environmental degradation, social injustice and an unsociable society are the three most important impediments to achieving the goal of high quality of life for present and future Australians. And that these problems will only be ameliorated or, better still, pre-empted, if managed within the context of a more mutualistic form of social organisation—that is, one which explicitly acknowledges the degree to which we depend on one another to build successful lives.

We Australians are in the fortunate position where past economic growth has given us an economy that is productive enough to supply everyone with the material means to enjoy comfortable, secure and satisfying lives, provided the economy's outputs are fairly shared. This being so, and given that we do not send the economy spinning into recession, we are free to focus our collective priorities on removing impediments to environmental quality, social justice and social health.

The Post-Materialism Party believes that the first fundamental change needed to open the way to successfully tackling these hazards of modern capitalist society is to simply stop viewing traditional economic growth as the necessary and sufficient condition for most present and future Australians to achieve high quality of life. Rather, we believe the real economic challenge facing Australia is to transform the domestic economy, *without depressing economic activity*, so that it explicitly serves a range of community goals (social and environmental) as well as its own goal of private capital accumulation. We believe this to be possible and here present policies and programs which will achieve it.

The second fundamental change required to set the stage for effectively tackling society's environmental degradation, social injustice and sociopathy hazards is to actively devolve the powers of federal and state governments;<sup>1</sup> not only to regional and local governments, but to not-for-profit participatory organisations in the community sector such as citizen action groups, self-help movements and social movements; and to a strong, independent media sector and judiciary.<sup>2</sup> As the power of the state as a control centre declines,<sup>3</sup> an active redistribution of power is needed to counter our

declining sense of community and the common perception that we are losing control of our lives, individually and collectively. It is not just the power of big government that will be diffused under a Post-Materialism administration. More participatory democracy in all social structures (stakeholder participation) and an expanded charter of citizen rights will de-concentrate the power of big business, big unions and other large organisations.

The third fundamental change that will allow the major hazards of twenty-first century life to be tackled more effectively will be to shift the current emphasis in the socialisation system away from the narrowly vocational. We will ensure that children and adults are educated and socialised to be responsible and useful community members and to be people who are better equipped to manage and enjoy their own lives. This can be done.

Make no mistake. The Post-Materialism Party is intent on strong reform of values, markets and political structures.<sup>4</sup> We are seeking major changes to tackle major problems. We are seeking to transform the economy, redistribute power in society and radically reform the socialisation system. These are our starting points for ameliorating environmental degradation, social injustice and pervasive social decay.

But, equally importantly, reform is not revolution. This manifesto presents the rationale and outline of a comprehensive program of practical reforms that will move Australian society in manageable, politically legitimate steps down policy paths that are already sign-posted, perhaps even tried somewhere. None of our ideas for reform is particularly new; and while none will be implemented without further detailed analysis, on assuming office we will move vigorously on a number of fronts. Important as it is, income justice is not enough by itself. Our intention is to begin replacing failing institutions as early as possible and to continue auditing each change for effectiveness after it is implemented. It will be the cumulative impact of a well-designed suite of individually modest programs that adds up to radical reform over a period of years.

We accept that the prospect of widespread change is scary for many people—better the devil you know—but we are convinced of two things. First, without major changes life will be worse for many Australians. Second, while we accept that our program of reform might not work (nothing is certain) our best chance of success is to think through the options as thoughtfully as we can and then implement our choice boldly and confidently. Dare to be wise, and in the destructive element, immerse! That is our way forward. We accept that markets have an important role but we reject the view that marketisation of all aspects of life or management by big government are Australian society's only choices.

The remainder of this manifesto details the Post-Materialism Party's strategy and programs for achieving its major reforms, and sets out our initial programs for addressing a range of other important issues. As a preview, Box 6.1 summarises our strategic objectives.

#### **Box 6.1 The Post-Materialism Party's objectives**

- Collaborative, participatory, altruistic, fraternal, sharing and trusting social relations
- Socialisation programs that imbue children with community-oriented values
- Expansion and formalisation of citizens' rights and responsibilities
- The widespread development of participatory, non-adversarial institutions
- Population stabilisation within a generation or so
- A world federation of nation states
- A self-reliant national economy
- Strong regional government
- A green economy that conserves energy, materials and natural systems
- A comfortable, modest standard of living for all
- Leisure and resources to pursue personal development
- Cities that are a pleasure to live in
- Extensive rather than intensive regional land use patterns
- A major deinstitutionalisation of the higher education system

## **OUR REFORM PROGRAM**

Our reform program is organised to address ten families of societal management tasks that we see as fundamental for the achievement of high quality of life for most Australians both out to and beyond 2050.

### **MANAGEMENT OF SOCIAL HEALTH**

Lurking in our hunter-gatherer past, there are good reasons why humans are gregarious (or associating), collaborating, altruistic animals, just as there are good reasons why we are competing, aggressive animals. All societies have to continuously keep re-striking a balance between encouraging vigorous, self-serving individual behaviour which facilitates innovation and encouraging vigorous, group-serving collaborative behaviour which facilitates synergy and symbiosis. At a social level, an excess either way is wasteful of societal capital, albeit for different complex reasons. At a personal level, people need to both express their individuality and enjoy the security of group membership.

The collaborative (or voluntary or civil) sector of society occupies a sort of middle ground between the government and the



private sectors. It is not where we vote and it is not where we buy and sell. It is where we talk with our neighbours; co-operate voluntarily, without the coercion of government but, like government, work for some common good. It requires the liberty that the private sector seeks and the thirst for common good that government claims.<sup>5</sup>

‘Social health’ is a term for indicating widespread satisfying relations and interactions between individuals and groups, especially joint endeavours.<sup>6</sup> While social health is an important end in itself—it is a source of personal gratification—it is also, we believe, a predisposing factor for better achieving post-materialism’s other major goals—moderate consumption, social justice and a quality environment. A society of ‘team players’ stands to be a more just and environmentally superior society.

At the heart of the Post-Materialism Party’s agenda is the perception that Australian society is in poor health. For example, around 10% of Australians suffer from so-called social phobia and are uneasy about social interactions. Aggression, depression and compulsion have all increased in recent decades. We believe that the current prime movers of social organisation, the state and the market, are undermining rather than improving our willingness and capacity to function as ‘team players’. Although we are in the middle of a major trend towards interdependence, it is an impersonal interdependence, lacking the social interaction conducive to learning sociability.

So, it is the collaborative sector of society that we most want to rejuvenate. We believe it is necessary and possible to deliberately move society towards more collaborative forms of social organisation—those characterised by participatory processes in which people with different interests define and then agree to work towards common goals. Hence, the promotion of intra- and inter-group collaboration in all aspects of Australian life is a primary goal of the Party’s plans for the management of social health. Over time, we expect this process of building up social capital to create a healthier society in which people feel more secure, wanted, useful, empowered and able to grow. In this manifesto we will particularly note our initial plans for facilitating and encouraging collaborative decision making in political and economic life, the justice system, environmental management and the delivery of community services such as health and education.

More specifically, we believe that a collaborative society rests on three foundations:

- a credible social contract that gives citizens opportunities to satisfy their material and personal-growth needs in return for their active, collaborative participation in Australian society;

- a citizenry that has been socialised to be naturally sociable, caring, trusting, collaborative and participatory, and not too obsessed with getting rich;
- social institutions and organisations explicitly designed to foster participation and collaboration.

We consider in turn how these three foundations can be best reinforced.

### *The social contract*

*Over the past decade or two a gradual redefinition of democracy has been taking place—from an almost exclusive reliance on parliamentary representation towards a concept of democracy as enforceable rights.* (G Sturgess, *The Australian*, 11 April 1997)

The concept of citizenship in Western societies is evolving to include more rights and responsibilities for individuals. The social contract is the partly tacit, partly explicit understanding that people have of their rights and their responsibilities as members of Australian society. The Post-Materialism Party believes that an expansion and formalisation of citizens' rights and responsibilities is fundamental to achieving the radical social transformation we seek. For example, if the powers of government to regulate capitalism do decline over coming decades,<sup>7</sup> having an endorsed social contract may strengthen the capacities of the judiciary or a free press to protect individuals from irresponsible economic power and a reactionary social order. More positively, it helps citizens trying to define their social role to know that the community must (or, at least, must try) to provide them with certain opportunities. And it tells them that they have a right to those opportunities only to the extent that they accept certain responsibilities and duties.

Herein lies the danger of a legally enforceable social contract—a bill of rights, for example. What if rights are in conflict (that is, they cannot be satisfied simultaneously) or just cannot be met due to forces beyond the control of the interested parties? One response may be to leave questions of rights to the common law, but we believe that this is inadequate.<sup>8</sup> Our two-pronged solution is to enact a legally enforceable Bill of Rights covering statutorily derived matters that can be circumscribed, namely, traditional political rights (freedoms of expression, association, movement and so on) and civil rights, while proclaiming a morally binding Charter of Reciprocal Responsibilities covering economic, social and environmental responsibilities of both citizens and the community. Ideally, this charter of good intentions would be a preamble to the Constitution, although this could make updating difficult as concepts of rights and

responsibilities continue to evolve. It would be particularly concerned with emerging economic and social rights (see Box 6.2).<sup>9</sup>

**Box 6.2: Examples of emerging social and economic rights**

- A right to be healthy.<sup>10</sup> The community has a responsibility to ensure that everyone has access to adequate health care and the individual has a responsibility to care for their own health.
- A right to an ‘effective standard of communications’<sup>11</sup>—rights to fax, telephone and data services and, eventually, free access to the Internet.
- A right to clean air and water, and a responsibility to keep the community’s air and water clean.<sup>12</sup>
- A right to enjoy the natural world, and a responsibility to protect it.
- A right to economic security if prepared to undertake socially useful work.
- A right to play a useful role in society.
- A right to be treated without a priori discrimination.
- A social right of access to effective legal representation, something going beyond the legal right of equality before the law.
- A right to an adequate income in old age and access to humane residential and community care.<sup>13</sup>
- A right to pain relief and a right to die when the individual has stopped growing or is no longer helping others to grow.
- A right to be informed annually of all personal information held in any public or private data bank.
- A right to a standard of transport that allows one to participate fully in the life of the community.
- A right to both a vocational education and an education in life skills.
- A right to have children provided that this is balanced by taking responsibility for their physical and mental health at birth and beyond.

Balancing the community’s moral responsibility for assuring these and other rights, the good citizen’s general moral responsibility is to think about and proactively do what they can to ensure that Australia remains a good place for all to live in; and, in personal relations, to treat others as they themselves would be treated, with compassion and fairness. In office, the Post-Materialism Party will review the case for making formal citizenship a prerequisite for participation in the social contract, both for foreign-born and native-born residents.

**Socialisation**

*Everyone is responsible for their society’s success. (Saul 1997)*

Problems of declining real incomes, social decay and environmental

degradation cannot be changed by pulling policy levers alone; they are also problems of personal values, beliefs and attitudes. The individual, complete with their preferences, ethics and values is the product of accidental or deliberate social conditioning. Rather than leave matters to chance, the Post-Materialism Party believes it is better to consciously choose what general ethics and values it wants its citizens to have and then, from an early age, place children in social situations where they will learn these values, largely for themselves, but with gentle guidance from role models as necessary. Social interaction through group play is particularly important in teaching children the rewards of collaborative, co-operative behaviour, facilitated by trust. A sense of belonging requires acceptance of the rules of the group, many of which are tacit and can only be learned by experience.

As well as opportunities in social situations, children must have responsibility for their own growth if they are to become responsible for others and for the environment. The community-oriented values with which children are socialised by age five, particularly the behaviours they learn to find inherently rewarding (those which are their own reward) determine their contribution to society in later life. If these values are not learned, children may become socially irresponsible adults.<sup>14</sup> Well-managed, well-funded preschool and childcare programs are a high priority for the Post-Materialism Party.

We recognise that there can be a fine line between socialisation, indoctrination and social engineering. The best protection against children being conditioned in socially unacceptable ways is for the socialisation program to be quite explicit and the subject of serious, ongoing community discussion.<sup>15</sup> Parents, in particular, must be deeply involved, as happens in 'charter' schools. We reject the view that a society must never attempt to change its members' attitudes and values. Undoubtedly, the most radical value we will be seeking to inculcate is that high personal consumption is socially irresponsible, both nationally and internationally. Or, more positively, that people are primarily producers (contributors to the community) and citizens, not consumers. The least controversial value we seek to have accepted is Kant's 'golden rule'—to do unto others as you would have them do unto you.

Through to young adulthood, the lessons of early childhood need to be frequently reinforced at home, school, work and in other aspects of everyday life; primarily through reciprocity. Reciprocity is a basic 'law' of behaviour that recognises the tendency for people to exhibit the behaviour they experience at the hands of others. People treated as trustworthy tend to become trustworthy; people treated as demons tend to become demons. Thus, once either sociopathic behaviour or collaborative behaviour reaches a critical level in society,

it tends to spread. Below that level it tends to peter out. Teachers, parents and other role models will therefore be particularly important in reversing the contemporary diffusion of sociopathic behaviour.<sup>16</sup> Collaborative behaviour in the public interest will be promoted through an extensive community honours system.<sup>17</sup>

The human male, for evolutionarily understandable reasons, has a tendency to aggressive and violent behaviour. But behaviour that may have been useful in hunter-gatherer society is highly destructive in populous urban societies and must be diverted. Certainly the popularity of aggressive leaders continues to generate much conflict in the world.<sup>18</sup> Sport and other competitive activities have an important role to play in diverting such aggression into harmless channels. Organised sport also has an important role to play in creating a nationwide culture.<sup>19</sup>

If all goes well with the socialisation program, we will have, within a generation, a citizenry with well-developed capacities to spontaneously form rich interpersonal relationships and be committed to civic engagement. Ours would be a civil self-managing society, because of the high level of trust between acquaintances and strangers. Other instruments of behaviour management such as coercion, persuasion and bribery would become less important. Perhaps most importantly of all, we would have a citizenry equipped to participate in the paramount negotiation of common goals between business, labour and community interests.

#### *Other interpersonal values*

Nearly all cultures teach altruism, conformity, generosity, deference to authority, and honesty; they preach against pride, stinginess, greed, gluttony, envy, lust, theft, cowardice, non-conformity, disobedience and stubbornness.<sup>20</sup> With Eckersley, we see these values as providing a necessary balance between self-interest—which needs no reinforcement—and the needs of the community—which do.

To this list, we must add loyalty and acceptance. Under neo-liberal philosophies, economic ‘man’ is believed to have no attachment to his fellows except on a short-term instrumental basis. Every economic transaction is supposed to be a one-night stand because someone may come along tomorrow and make a better offer. In a contract-based world loyalty is a non-rational, purely sentimental value. But the community and the economy need loyalty to better plan long-term relations with customers, to give workers a stake in their companies, to induce firms to stay put and so on. Without loyalty it is irrational for workers to improve productivity and hence threaten their own jobs.<sup>21</sup>

In a multicultural, shared-culture society, social health demands more than tolerance (a word which has connotations of indifference)

of those who are culturally and otherwise different. Like biodiversity, cultural diversity increases a society's survival prospects, provided symbiosis between groups can be achieved. Those who are different must be actively accepted for the diversity and adaptability they bring to society. This will give them the self-confidence to participate fully in society.<sup>22</sup> It is efficient, not just a matter of equity, to make better use of women, older people, and the variety of skills and knowledge of diverse ethnic groups.<sup>23</sup> Kids in all groups must learn from their role models—adults—to define themselves and their society by positive attributes and shared attributes, not by exclusion; not by what they are not. Children need to be informed about 'scape-goating' and 'downward resentment' where the response to declining quality of life is to attempt to maintain status by reducing the quality of life of those lower down the socioeconomic scale.

### **Organisational reform**

The source of antisocial and conflictive behaviour resides in both the individual and in the social environment.<sup>24</sup> Thus as well as being determined by the scope and credibility of the social contract and by socialisation processes, social health is determined by the way organisations treat individuals and groups when making decisions. The Post-Materialism Party believes that dealing with social decay requires a change in the deep structure of society, that is, in the distribution and use of decision-making power within and between organisations, institutions and social structures.

In operational terms we are seeking to create what Pateman calls a *participatory society* as the means by which this is to be achieved.<sup>25</sup> Participation means the inclusion in decision making of all affected people. But, while it is fostered by the democratisation of organisations, a participatory society is more than a participatory democracy. Rousseau, in *The Social Contract*, values participation as the main way, outside formal education, that people learn to be good citizens.<sup>26</sup> In office, the Post-Materialism Party will be seeking to democratise as many institutions as possible and to devolve power from larger to smaller institutions. We reject the view that a high level of participation threatens a society's stability and an authoritarian regime; rather, participation protects against exploitation while meeting people's sociobiological needs for status and identity.

But how is participation to be achieved? While there is a voluminous literature on empowerment and social development through participation, we subscribe to the model advanced by Carol Pateman,<sup>27</sup> whose starting point is that generating genuine participation is demanding of resources and slow to produce results:

**Step 1** requires that information about the decision-making process and its possible outcomes be freely available to all participants.

**Step 2** requires enhancement of people's capacity to absorb and act on information (through, for instance, education and affirmative action).

**Step 3** requires predictable, adequate access to the decision-making process (for instance, by holding meetings at convenient times).

**Step 4** to exclude token consultation, requires that, for every participant, there must be some prospect of a relevant result.

Participatory processes can be contrasted with adversarial processes in which conflicts and disputes are 'resolved' by destroying the legitimacy of the opposition and using power to impose solutions coercively. But adversarial, power-based processes, such as the present legislative and judicial systems, cannot permanently resolve conflicts between groups because they fail to satisfy the losers' non-negotiable needs for recognition of their identity and right to participate in the management of their own lives. Conflicts and disputes between groups, or individuals and systems, can be permanently resolved only by participatory processes. Threat and coercion do not deter.<sup>28</sup> While it is not being suggested that proper socialisation and participation suffice to eliminate inter-group conflicts of interest, these processes stand to temper narrow self-interest with a concern for the wellbeing of others. In office, the Post-Materialism Party will therefore seek to replace adversarial processes with participatory processes as widely as possible.

Often this will mean redistributing power to smaller, less specialised organisations and finding leaders able to facilitate negotiations and collaborative problem solving. And we would expect such reformed organisations to enjoy increased levels of civic trust and legitimacy. We see good prospects for and attribute great value to people's capacity to manage their own lives and will specifically encourage all aspects of the self-help movement<sup>29</sup>—seeking new ways of dealing with personal and social problems in primary social groups; forming new communities; promoting the value of 'ownwork'; raising awareness of lay competence as against expert competence; and forcing institutions to become more responsive to clients' needs. Some specific priorities for organisational reform are presented below.

## MANAGEMENT OF THE ECONOMY

*The developing global economy is more of a threat than a promise...It makes full free trade and exchange increasingly risky, and it makes a degree of self-reliance more valuable than ever...We are better equipped than most, not to build a wall around fortress Australia, but to choose the balance of trade dependence and self-sufficiency that will serve our economic and social purposes best. (Stretton 1996)*

The Post-Materialism Party believes the case for single-mindedly seeking economic growth is much weaker than is generally supposed. Certainly economic growth seems to widen the spread of incomes and wealth, something which, beyond some point, is socially divisive and inefficient. And certainly the moral case for growth as a way of alleviating poverty is unsupported by the thirty years of economic growth in the West after the Second World War. Beyond physiological deprivation, poverty is a matter of relative deprivation. An individual experiences relative poverty when they lack the ability to participate fully in the lifestyle deemed normal by their society.<sup>30</sup> Yet the income required for a normal lifestyle increases with economic growth.

Nor can it be demonstrated that consuming more makes ordinary people happier. In part, this is because more consumption does not necessarily mean more choice. Mishan's famous perception was that, under economic growth, the carpet of choice keeps rolling up behind you as fast as it unrolls in front of you.<sup>31</sup> For example, it is no longer possible to buy a car that can be serviced at home. Also, when income gaps widen, we lose status as we consume more, simply because others are increasing consumption more.

And finally, there is a national security and global wellbeing argument for drawing a line in the sand and choosing to cap total Australian consumption of market goods and services, basically by capping individual disposable (after-tax) real income. Even with trends in advanced economies towards dematerialisation and de-jouling, we believe that the world will suffer irreversible and unacceptable pollution and degradation if average world consumption of goods and services approaches today's Australian levels. For equity reasons, and to avoid international resentment, we must stabilise our own consumption and help reduce the environmental threat posed by rising consumption in the developing world.

Depending on the limit set, capping individual personal consumption does not imply capping total personal consumption at today's level. Nor does it imply capping collective consumption on social development, environmental protection and so on, or necessarily imply zero economic growth.<sup>32</sup> What we do not know is whether any and every strategy for moving towards stabilised national consumption carries an unacceptable risk of significant, permanent decline in gross domestic product—particularly in a world where more and more products have to compete on a cost basis against products from around the world, and where cost-competitiveness frequently depends on being able to import new technologies. Still, until it is clearly demonstrated to be otherwise, the Post-Materialism Party will presume that capping consumption, energy use and material throughput



will not depress economic activity, but will invigorate it and redirect it towards new mixes of demand and production.

So, while the Post-Materialism Party is acutely aware of the need for a vigorous innovative economy, willing and able to adapt quickly to changing demand patterns, domestically and internationally, it must also be an economy that serves the goals of social health, social justice and environmental protection. And, rather than seeking to maximise the rate of economic growth, we will accept a rate that can be financed from domestic savings and which permits a gradual reduction in foreign ownership and external indebtedness, whether public or private.<sup>33</sup> Another reward from forgoing some growth should be a more resilient, less volatile economy.

What sort of economy might emerge under post-materialism? While food, minerals and tourism will remain export staples, albeit with more added-value, these will be joined by sophisticated service industries (health and education, for instance) and elaborately transformed manufactures destined for niche markets. The domestic economy will be characterised by small-scale, decentralised, technologically sophisticated businesses capable of producing replacements for many of today's imports. These businesses will be well integrated into their communities. Many traditional services will be co-operatively franchised, providing a way for people to be self-employed but competitive with big organisations. Local economies will be strengthened by regional development programs, regional self-reliance programs, and the use of local currencies. Overall, the economy will be more diverse, more self-reliant and more resilient in the face of external shocks than it would be under a growth-maximising strategy; in effect, lower profits in the good times, higher profits in the bad times.

### *Collaboration with business*

In recent decades the Australian economy has not produced the outcomes—jobs, incomes, environmental protection—that we believe the community wants. Rather than seeking to discipline the economy for these failures, a Post-Materialism government will seek to collaborate with business to produce the required outcomes as well as the capital accumulation that business wants.

Within the framework of a mixed open economy, a Post-Materialism government will work to foster partnerships between business, employees, consumers and local communities. More specifically, government will undertake to:

- ensure the provision of a modern physical and institutional infrastructure for business operations;

- create a financial environment sympathetic to the establishment and development of small-sized and medium-sized businesses;
- encourage consumers to buy goods that are both Australian and locally made;
- support the production of import-replacing goods;
- support the production of high-quality niche-market exports;
- promote the development of strong, self-reliant, regional economies;
- encourage and facilitate non-adversarial industrial relations;
- encourage the development of collaborative relationships between companies.<sup>34</sup>

For its part, business will be expected to:

- search actively for environmentally benign products and production methods;
- recognise that it has responsibilities for the welfare of employees and the local community as well as to shareholders;
- participate in schemes to share the responsibilities and benefits of ownership with employees and local communities.

### *National economic policy*

Notwithstanding its plans to decentralise the Australian economy and nurture regional Australia, the Post-Materialism Party recognises that a number of aspects of the business environment are best managed nationally, including inflation, interest rates, balance of payments, taxation, foreign investment and ‘backbone’ infrastructure for energy, transport and communications. Setting standards and developing framework regulations for business services, consumer protection and environmental protection are also national responsibilities.

### *Monetary and fiscal policy*

Judicious management of official interest rates will remain the most important instrument for controlling inflation, but the value of instruments for regulating overall credit in the economy and credit availability and rates within sectors needs to be re-examined. The role of taxation in moderating inflation also needs to be re-examined.

Under a Post-Materialism government, budgets will be balanced with respect to current revenue and expenditure, while deficit budgeting will be used to the extent necessary to finance investment in long-life infrastructure and basic institutional reform. There will be no attempt to reduce budget spending to accommodate the wishes and preferences of financial markets. This is not an acceptable option.

### *Economic infrastructure*

Much publicly owned infrastructure has already been sold to the private sector. While none of these sales will be reversed by a Post-Materialism government, further privatisation is a matter of opportunity cost. If publicly owned or corporatised utilities can provide government with a higher rate of return than the interest rate on public debt (and they often can), then utilities and other infrastructure will not be sold to redeem such debt. A much harder decision is whether to privatise in order to invest in new public-sector projects where there may be no overt dividends available. If such projects are judged essential and the alternative would be imprudently high budget deficits, there may be no alternative to privatisation. This would be unfortunate insofar as one of the clear benefits of publicly owned enterprises is that they give people a sense of shared civic participation, of shared interdependence and of mutual obligation.<sup>35</sup> When major public assets are privatised, tax incentives will be introduced to attract investors on the basis that ownership eventually reverts to the community.

### *Energy, transport and communications*

The Post-Materialism Party believes that the cost of using both liquid and solid fossil fuels will rise significantly in coming decades, partly because of global carbon management strategies and, in the case of petroleum and natural gas, also because of declining supplies. Societies that start moving now to alternative energy sources, low-carbon transport systems and high quality communications systems will suffer less disruption and be more competitive economically as this happens. This will be particularly true for an economy like ours—one with high domestic transport costs, a dependence on the long-distance export of bulk materials (such as coal, wheat) and proportionately high production of energy-intensive materials (such as aluminium).

This transition needs to begin as soon as possible, since it will require massive investments in new plant, equipment and infrastructure.<sup>36</sup> Fortunately, investments in alternative energy sources are now close to breaking even. Although nuclear power remains problematic, the cost per kilowatt of electricity generated from wind, photovoltaics, and solar thermal sources has decreased by a factor of more than three over the past fifteen years. Thus, a 1000 megawatt wind farm alienates far less land than an equivalent coal-fired power station and associated coal mines, has no significant environmental impact and can produce power at similar costs.

Denmark is one country showing Australia the way. In 1994, renewables contributed 8% of Danish energy consumption, with

existing programs using existing technologies expected to raise this to 12% by 2005, and 35% by 2030. Denmark has steered change in the energy mix with energy taxes since 1977, without reducing the economy's growth rate.

Decarbonisation of the national transport system requires major investment in freight-rail systems and the removal of subsidies for road transport. A high-speed ground-transport system linking Gladstone and Adelaide is needed to move people nationally while, in the cities, the requirement is to improve public transport. An important factor in reducing the demand for transport will be the installation of a broadband communications system linking most Australians. This currently depends on laying cable, but developments in cable-satellite hybrid systems may change that.

### *Tax reform*

The Post-Materialism Party plans a number of changes for the Australian tax system, including the removal of most taxing powers from the states and the granting of enhanced taxing powers to regional and local bodies. Changes will not include a consumption tax which we believe will become unenforceable with the growth of encrypted electronic commerce. Greater emphasis will be placed on taxing material aspects of economic activity (such as pollution, degradation, resources, virgin materials, land and over-development of land) and on taxing personal wealth, capital gains and income to both raise revenue equitably and to implement plans to cap personal consumption. For example, personal incomes in the top quartile of all personal incomes will incur a 90% marginal tax rate on income above that of the highest income in the third quartile of the population. In similar vein, a range of luxury consumption items will attract high rates of sales tax. Resource rent taxes will be hypothecated (that is, earmarked) for financing investment in energy, transport and communications infrastructure.

Because it is a goal of the Post-Materialism Party to facilitate wealth acquisition amongst the poorer members of society, as well as worker participation in enterprise management, companies will be offered tax concessions for establishing employee stock option plans<sup>37</sup> and owner trusts. Ways of giving tax concessions to companies offering shares in new enterprises to the local community (possibly via trust funds) will also be investigated. Superannuation funds drawing on employee, employer and government contributions will continue to enjoy tax concessions. Tax incentives are also required to attract investors on the basis that ownership reverts to the community over time. Some companies will be given the choice of paying company tax at the existing level or having their tax rate reduced

on condition that, say, 5% of the ownership is transferred each year, without cost, to regional stakeholders.<sup>38</sup>

### *Savings and investment*

As well as encouraging local investment in local companies, a Post-Materialism government will introduce local infrastructure bonds to allow people to put their savings directly into the provision of community and business facilities and utilities of direct relevance to their lives.

Small business will be increasingly important in the Post-Materialism economy; the capital to allow such businesses to reach viable size must be made more easily available. Ways will be sought to make such lending more attractive to the mainstream banking and superannuation industries and, very importantly, regional credit unions will be encouraged via government backing of their assets and by protecting them from big-bank competition.

While the Post-Materialism Party is not against foreign investment as such, the Foreign Investment Review Board will be directed to critically examine all large foreign investment proposals, particularly passive investments in existing businesses, with a view to accepting only those judged to be economically and socially in the national interest—in particular, those that give Australia an initial capability in some growth sector of the global economy. At the risk of discouraging foreign investment, all proposals will be examined to uncover devices (such as transfer pricing and parent-company loans) that allow profits to escape Australian taxation. Nevertheless, we accept that, as web-like organisations increasingly replace hierarchical ones, it will not always be easy to recognise foreign companies.

### *Balance of payments*

The Post-Materialism Party does not believe that, necessarily, the more we trade, the richer we will be; the world's ten richest countries have trade levels between 10 and 50% of national output. With risks of various kinds increasing in the world economy, it may be prudent to limit rather than maximise our trade dependence, especially if this means specialising in a limited range of export products to limited markets and being dependent on imports for everything else.

Notwithstanding this, trade will continue to be an important part of the Australian economy. But it must be balanced trade. Ensuring this is government's responsibility to the people of Australia and ensuring that we do not run a large trade surplus is Australia's responsibility to the world: we must buy as much as we sell. Because it is not possible to rely on exchange rate movements to achieve balance in overseas receipts and payments, this will be achieved by auctioning licences to import consumer goods, up to a

value limit that, when added to business imports, equals the trend value of foreign earnings (we prefer the use of import licences to tariffs, quotas, import standstill schemes or import penetration ceilings for each manufacturing sector). Imports of consumer goods will thus be a residual 'balancing item', contributing substantial import licence fees to government revenue, depending on the elasticity of demand for imports. This should also offer a small amount of protection for the development of import-replacement industries, a strategy that has rarely been particularly successful<sup>39</sup> but which stands to be more successful in a world of rapid technology transfer, disappearing scale economies, flexible re-tooling, the dematerialisation of economic activity and potentially higher fuel prices. Made-in-Australia labelling legislation will be strengthened. To facilitate stability in the trade balance, perhaps at the expense of trade growth, we will be seeking diversity in the export mix and a degree of similarity between the import mix and the export mix. It needs to be stressed that our aim is to create a self-reliant economy, able to respond to changing world markets, not a self-sufficient or autarchic 'siege' economy.

While a Post-Materialism government will be active in encouraging exports, mandatory environmental protection measures are likely to further reduce food exports from several rapidly degrading agricultural regions, including parts of the rangelands, the Murray-Darling Basin and the Western Australian wheat belt. Exports of some important high-energy metal products such as aluminium may also need to be stabilised if Australia is to meet globally agreed carbon emission targets. Tourism is an export industry with great potential for Australia, but it too will only be allowed to expand to the extent that it meets strict social and environmental impact assessment criteria. We also believe there is great potential to expand exports of services and sophisticated manufactures (for instance, instruments, machine tools and pharmaceuticals) but, ultimately, this is up to business, not government.

### *Industry support*

Industry support under a Post-Materialism government will be regionally focused rather than sectorally focused.

### *Regional economies*

As explained below, under a Post-Materialism government, the states, and even the Commonwealth, would lose much of their decision-making powers to some twenty to thirty regional governments. Within a framework of broad national standards, we will work to create strong regional economies, characterised by a significant measure of local control and self-reliance. In principle, an item should only

be imported if it cannot be produced at a profit locally, a target that will be more easily met when transport costs are not subsidised as they are currently. It is accepted that in cost-competitiveness terms this model may not be as efficient as a more centralised economy but, we believe, it will be much more conducive to social health because, for instance, of higher employment multipliers.

We can no longer ignore the decline and growing separation from mainstream society of much of our inland country. Resettlement and reintegration of the bush, backed by regional development policies, will help us ameliorate this situation while simultaneously relieving some of the stresses our large cities are experiencing.<sup>40</sup> We should also be encouraging growth in medium-sized cities and clusters of smaller cities and towns.<sup>41</sup> How can such be achieved?

Several instruments have already been mentioned. As well as concessions to encourage more local control of regional economies, it will be necessary to remove several biases in the system of taxes and charges which substantially favour metropolitan development. Strategic public investment in rail transport, renewable energy and broadband communications will reduce cost barriers for regions in most parts of the country.

On the expenditure side of the budget, a Post-Materialism government will introduce (a) a Regional Assistance Plan and (b) a Regional Employment Development Scheme. The Regional Assistance Plan will directly grant each region a fixed sum per resident, plus further matching grants, to be used for community-approved projects.<sup>42</sup> The Regional Employment Development Scheme will partly fund (from 25 to 33%) sporting, environmental, cultural and social organisations to build sports facilities, cultural facilities and restore and repair damage to natural and built environments.<sup>43</sup> Participatory institutions and social technologies for approving expenditures under these schemes (Community Round Tables? Community Commissions?) will need to be developed.

Two general problems facing non-metropolitan regions are the slow leakage of economic values (marked by the likes of fly-in mining and safaris) and a shift in regional capital towards non-market values (such as landscape and tranquility) that cannot be readily captured by residents.<sup>44</sup> Ways have to be found to reward regions for their custodianship of non-market values (for example, as landscape managers) and to incorporate non-market values into the market economy. Local ownership reduces the export of economic values. So do local currencies, local exchange trading systems and not-for-profit barter cards, all social technologies which may also facilitate exchanges that could not be supported by the national currency.

Such schemes have the advantage of being insulated from changes in value of the national currency; they can capitalise on the transport increment in the cost of 'imported' goods. They encourage people to buy locally and to set up local businesses.

A Post-Materialism government will support the further establishment of such schemes. It will support the employment of enterprise facilitators (who are not business advisers<sup>45</sup>) to help locals establish new businesses. It will support regionally focused credit unions similar to those that have been outstandingly successful in underpinning regional development in places such as Mondragon, Spain. It will investigate the value of requiring national and international companies to disaggregate their operations into legally distinct regional entities.

The era of the 'experience economy' has dawned. Tourism stands to play a pivotal role in many regional economies. Nationally, we can foresee a tourist industry based on an image of Australia as an international land and marine park offering ecotourists open spaces, wilderness and access to a unique flora and fauna; a country with an exciting world-class cuisine based on great wines, diverse produce and a coming together of cultural influences; romantic rural industries; indigenous and pioneer cultures; and a coastal urban lifestyle. Within this national picture, there is an opportunity for each region to develop a distinct authentic identity, making it a good place to live as well as to visit.

## MANAGEMENT OF WORK AND BUSINESS

### *Unemployment*

The Post-Materialism Party believes that unemployment is and will continue to be a persistent feature of modern capitalist economies, despite society's best efforts to reach full employment through strategies such as economic growth, work re-organisation and job creation. Apart from the problems of maintaining demand and accessing resources that this creates, we must now look for a way of organising society so that everyone has the opportunity to contribute to improving quality of life for others, and to be recognised for doing so. The fact that the number of paid jobs is shrinking should not lead to a conclusion that there is no work to be done. The idea of work must be expanded to include any structured contribution to public or private welfare, whether paid or not.

Work, by that definition, for all who want it, will be a high-priority goal for a Post-Materialism government. Our strategy for reaching this goal is based on being able to offer people a reasonable choice of voluntary work for a diverse range of not-for-profit organisations. For many people, the opportunity to structure part of their time around useful voluntary work will be an important aspect of



personal development and will satisfy some of their higher needs.<sup>46</sup> It will take its place alongside paid work, own-work, family life, social life and personal development through hobbies, pastimes, sport and other recreations.

The task of fostering a wide range of not-for-profit organisations (probably with seed money) will be initially assigned to local and regional governments. They will be expected to develop processes which allow organisations to emerge from the grassroots of local and regional communities. It will not be easy to break perceptions that voluntary work means working for traditional charities and service organisations; or indeed the perception in a job-oriented society that voluntary workers are 'losers'.

### *Wages and incomes*

As regards paid work, the Post-Materialism Party believes that a just and efficient society requires a spread of incomes roughly matching the spread in individuals' capacities to make a contribution to society. Hence, today's income distribution needs to be compressed at both ends,<sup>47</sup> with few people getting much more than twice the median income. We want to reduce the rewards of success and the punishments of failure! And while we will not be imposing a wealth ceiling, we do aim to reduce the wealth gap as well as the income gap. High marginal income tax rates, wealth tax and inheritance tax can achieve these objectives, even as they are helping to reduce consumption. Knowing that the new 'rules of the game' do not allow anyone to get too far ahead in the money stakes will mean that people will focus more on other forms of competition and achievement. This re-channelling of energies will be encouraged by an extensive system of honours and awards for those judged by their fellow citizens to have served the community well. At the bottom end of the income distribution, a minimum award wage—a basic income—that allows a full-time worker to support one or two dependants will be progressively introduced.

Each adult whose income is less than the basic income will (eventually) receive payments through the Taxation Office that bring their income up to the basic income level (or something less if they have no dependants). Because of the difficulty of predicting whether taxation revenues will cover expenditures on basic income, it will be necessary to move slowly from the present income support system to a universal basic income. At first it may even be necessary to pay part of the basic income as vouchers that can be exchanged for hostel accommodation or for food, clothes and so on at contracted shops.

Probably the most practical way of moving experimentally and incrementally towards a universal basic income is to keep steadily reducing the qualifying age for the age pension. What is clear is the Post-Materialism Party's determination to pay all people a basic

income whether they work or not. When work for all is no longer possible, another method of distributing access to resources has to be found. While a proportion of the population will be happy on a basic income, most, we believe, will seek paid work that returns more than this.

Beginning when elected, but recognising the decades it will take, the Post-Materialism Party will move to facilitate a significant broadening of capital ownership in the community in the longer term. Such a change would be equitable, help to maintain demand (the Achilles' heel of modern economies) and, eventually, reduce the cost of underwriting a universal basic income. As Turnbull notes, dividends are the only way to distribute national income without work or welfare or taxation.<sup>48</sup>

Apart from already-mentioned tax concessions for superannuation schemes and for companies sharing ownership with employees and the local community, the establishment of producer and consumer co-operatives will be encouraged; as will be the payment of a profit-based bonus as part of each wage (allowing workers to share good and bad times).<sup>49</sup>

However, the innovation that the Post-Materialism Party regards as having the best prospects for spreading worker ownership of capital will be the availability of credit for worker trusts to buy shares in their own company.<sup>50</sup> Access to credit is the key to capital accumulation. Government is already in the business of allocating credit, when the Reserve Bank enlarges the money supply by allowing private banks to create credit. A Post-Materialism government will experiment with making a portion of new credit available—at low rates—to community trusts and worker trusts for this purpose.

### *Managing work*

The Post-Materialism Party believes that capital no longer has the sole right to decide what is produced and how. Regional, industry and enterprise agreements which promote industrial democracy<sup>51</sup> are an important part of the Post-Materialism Party's plan for improving social health.

Increased worker participation in a range of company decisions is important for making work more meaningful; in turn, increased productivity is a response to meaningful work. Participatory processes also stand to improve job security, something that exists when an organisation exhibits commitment to staff through encouragement of indefinite appointments, few term appointments, career development, low redundancy rates, redeployment, good strategic planning and good management of change. Job security is an important part of making job-sharing and part-time work acceptable to employees.

The formation of enterprise-based trade unions will be encouraged and such will be expected to bargain on all wage relativities within the enterprise.<sup>52</sup> As productivity increases, we would like to see the working week reduced as an alternative to pay increases—a leisure dividend. This would also reduce income inequality, increase the number of people in work, reduce unemployment payments, increase time available for civic participation and personal development, and help cap consumption.<sup>53</sup> We would also like to see ‘trade unions’ formed to act as agents for independent workers, and the organisation of enterprise-based unions under regional rather than industry umbrellas. In the end however, it is not up to government to manage the union movement, simply to ensure that it is free to do its best for workers.

### *Managing business*

A Post-Materialism government will be looking to business to accept a wider responsibility than just making profits. Industrial democracy and moves towards co-ownership of industry will be important incentives here, but we will also be encouraging business:

- to offer shareholders more influence over company management;
- to appoint consumer, local resident and environmental representatives to boards;
- to explicitly recognise the regional social and environmental consequences of investment decisions;
- to attach to existing shares stock purchase options redeemable in ten or twenty years. Shareholders would then be more interested in re-investment of profits vis-a-vis current dividends;<sup>54</sup>
- to take a patient view when making investment decisions; and, more generally,
- to seriously consider the moral and ethical implications of management decisions.

As with unions, it is not government’s role to manage business. We have decided against the idea of forfeitable bonds to make companies responsible to a wider range of stakeholders. We will however be establishing a strong system of social and environmental impact assessment—one with teeth—for all sizeable development projects. All large companies, national and transnational, will be invited to sign a code of responsible business conduct.

### **MANAGEMENT OF COMMUNITY SERVICES**

Under a Post-Materialism government, the centralised and standardised

bureaucracy and inflexible decision rules of the welfare state will be devolved to regional and local governments which will be given wide latitude to achieve strict national outcome-standards for delivery of community services.

To reduce costs and to provide people with supportive environments, regions will be encouraged to use participatory planning methods (such as search conferences and learning organisations) to devise new ways of delivering community services which:

- provide individuals with support networks (such as surrogate grandparents);
- encourage communal living (by encouraging housing co-operatives);
- encourage self-help groups of all sorts (like nursing home, dispensary and other medical co-operatives);
- encourage the maintenance of extended-family relationships.

A Post-Materialism government will regard the provision of health and education services as the foundation of its community services program. An educated mind in a healthy body constitutes the personal capital that frees people to fulfil their potential for personal development, not to mention improving their chances of being financially self-supporting. Our goal is for everyone to be able to access a wide range of choices in health and education services and opportunities.

### *Health care*

Under a Post-Materialism government, the national health care system will be substantially funded by a progressive income tax levy. Competition in health insurance undermines the pooling of risks. Service delivery will be based on local and regional health centres staffed by health services professionals from a range of disciplines. These might be either public servants or private sector contractors. Hospitals will be responsible only for higher-order services such as major surgery and intensive care. Day surgery and hostels for post-hospitalisation recuperation will be associated with health centres. An advanced telemedicine service will bring specialist medical care to remote populations. Telemedicine allows consultations involving sight and sound and, soon, touch.<sup>55</sup>

General practitioners will continue to be the workhorses of the health system but will be better trained in community medicine and the maintenance of mental health. There will be a recognised place for qualified practitioners of alternative medicine.

A well-developed home-care system will reduce the time patients

spend in hospitals and hostels, reduce the burdens of home-based carers and help old people stay out of institutions until death approaches. Disabled people must be given the opportunity to live securely in the community rather than in institutions. We recognise that these reforms will be expensive.

People will be able to earn rebates on their health care levy if they visit a health consultant annually to demonstrate they've not been smoking, have avoided obesity and have achieved a good level of cardio-vascular fitness. While rebates would be the inducement, the primary role of health consultants would be to help people avoid getting sick. Health consultants could also act as advocates for patients within the complexities and deficiencies of the health system.

Specialist health educators will be given the heavy responsibility of helping children want to stay healthy through life. And, of course, they will teach them how to do it. The Post-Materialism Party believes that, in time, proper health education will massively reduce the national sickness bill.

### **Education**

*The truly educated person understands how multifaceted are the goals of education in a free society, and how complex are the means. (Reich 1991)*

*...children are by nature smart, energetic, curious, eager to learn and good at learning...people now believe in learner-directed, non-coercive, interest-inspired learning. (Holt 1973)*

Australia needs a highly educated population. The social value of education is to prepare students to contribute more effectively to society, as skilled producers, informed consumers and sociable citizens. The personal value of education is to provide people with income-earning skills, the 'life skills' and the personal and social awareness that are prerequisites for a life of growth and fulfilment.

The importance of preschools and play groups in the socialisation of preschool children has already been noted. While primary and secondary schools will remain important to the education system under a Post-Materialism government, we also recognise and will support the role of family and community in successful education. Parenting and nurturing advice will be routinely available. Educating and bringing up children is the most important job in the country and successful parents, teachers and learning guides will be appropriately honoured.

Education of children will be organised around a mixture of structured learning and open learning. The essence of open learning

is that everyone has the widest and freest possible choice to learn whatever they want to learn, either in or out of school, and at any age. We are aiming for a society that makes it easy for people to learn what they want to learn.<sup>56</sup> This will include universal free Internet access. Many of the things children will want to learn of their own accord will not be available as part of the structured learning curriculum and volunteer learning-guides from all ranks of the community will need to be recruited. As long as they have knowledge and skill to impart, it will not matter that such are unlikely to be trained teachers.

The structured part of the education program will not include any occupation-specific training until after adolescence, when children begin to have an idea of how they want to earn a living. There is no hurry. As Saul notes, increasing life expectancy means we can take more time at the beginning of life to give people a balanced education.<sup>57</sup>

Apart from the fundamentals of numeracy, literacy and computer use, the structured education curriculum will include, amongst other things:

- physical and mental health education (for instance, self-esteem programs; how to face death);
- interpersonal relations (for instance, instruction on how to make friends, the practice of trust and consensus building);
- discussion and dialogue (in dialogue, no decision is arrived at; the aim is to find shared meaning, present opinions and reveal assumptions);<sup>58</sup>
- self-learning (after having been taught how to find and understand information);
- domestic and foreign travel;
- conservation and development (demonstrating the tradeoff between environmental protection and economic growth);
- sport;
- music, literature and art appreciation;
- citizenship and community service (emphasising the social contract);
- future studies;
- comparative religion (that is, study of religions as systems of applied ethics);
- Australian society and culture (focusing on shared ideas and how society works);
- general science;
- domestic and craft skills;
- survival skills.

While a Post-Materialism education system will be expensive to implement, we expect the cost to be largely offset by a reduced need for regulation, policing, health and other community services. For example, lack of self-esteem, often due to pervasive competition, is behind a group of expensive social problems that includes delinquency, truancy, teenage suicide and teenage pregnancies.

In office, a Post-Materialism government will establish a National Open University which will provide Internet degrees and diplomas in as many fields of knowledge as possible. All this involves is a simple technical updating of present successful distance-learning initiatives.<sup>59</sup> The practical and face-to-face components of degrees (field work, laboratory work, clinical work, seminars, tutorials and so on) will be managed by a network of regional campuses of the national 'multiversity' (developed from the existing university system). On-site contact teaching is expensive and not all regional campuses will be able to service all types of degrees in this way; some specialisation will be necessary. For students unable or preferring not to study from home, individual Internet booths will be available at a network of public libraries and at regional campuses. This will facilitate the social and intellectual contact which is an important part of the higher education experience.

Students will be able to study at their own pace. There will be no fees for the Internet component of degrees but students will pay their campus with education vouchers for the contact component. All members of the community will automatically receive an entitlement of 100 weeks of contact-teaching vouchers and, if qualified applicants exceed places, they will be allocated by ballot. Until the basic income scheme is fully operational, students will be able to take out loans for living expenses and repay them when they are earning an income.

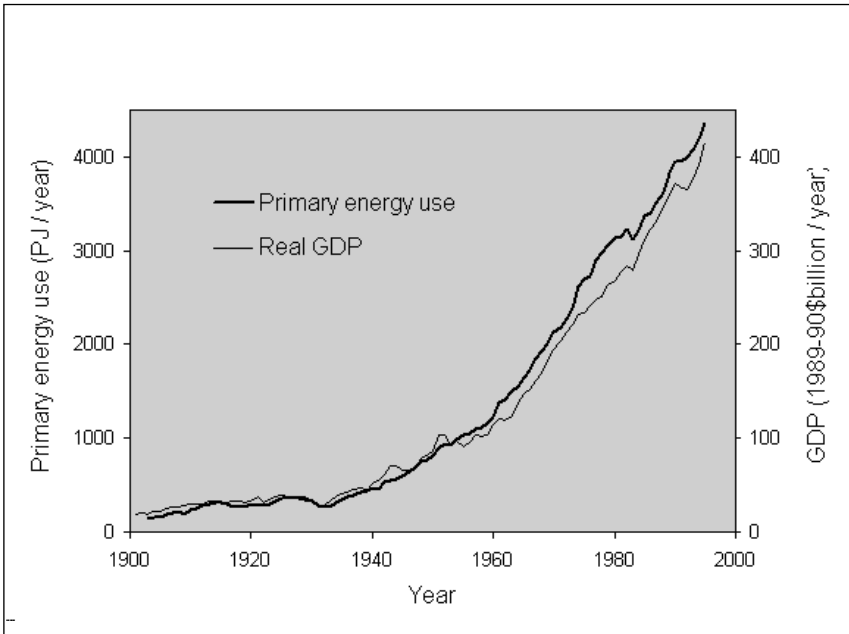
Research and post-graduate education in selected fields will constitute the other main components of regional campus activities and will be conducted in more traditional ways. Academics will be expected to be active social critics and, to protect freedom of expression, they will be able to qualify for indefinite tenure.<sup>60</sup> Academics will not be expected to earn external funds to part-pay their own salaries.

## MANAGEMENT OF ENVIRONMENTAL QUALITY

As noted, there are a number of reasons why the Post-Materialism Party is opposed to further growth in the Australian economy. Several of these hinge on the fact that all increases in GDP involve some increased passage of energy and materials through the production-use-disposal system—a system which incrementally

degrades or diminishes the country's or, via imports, the outside world's, stocks of natural capital (see Figure 6.1). Even the responsible harvesting of a newly discovered renewable resource will distort the functioning of the ecosystem supplying that resource.

FIGURE 6.1 COMPARISON OF PRIMARY ENERGY CONSUMPTION (PJ) AND GDP (IN BILLIONS OF 1989-90 DOLLARS)



SOURCES: PRIMARY ENERGY PRODUCTION 1903-73, *AUSTRALIAN HISTORICAL STATISTICS 1974-95*; ABARE, *ENERGY SUPPLY AND DEMAND PROJECTIONS*; SNOOKS, 'GDP 1901-63' IN *PORTRAIT OF THE FAMILY IN THE TOTAL ECONOMY 1964-95*; ABARE, *AUSTRALIAN COMMODITY STATISTICS 1995*.

Because the Australian economy is productive enough to allow everyone a comfortable standard of living, akin perhaps to the lifestyle of the more affluent in the 1960s, we have a clear responsibility to all generations of Australians yet to come to ensure that the natural capital on which all production ultimately rests remains as intact as possible for future use. It is not that overuse of natural resources will destroy a future society, but it will reduce its range of choices for using and enjoying them. We are comfortable enough to be able to incline towards decisions which protect the future over decisions which improve the present.

But also, we have a responsibility to other countries to minimise environmental degradation in our part of the world. Globally, no



one knows whether, without risking its own survival and the survival of other species, a species can continue to increase in numbers at the same time as it is increasing per capita resource use. We reject the naive optimism that believes in the capacity of the environment to continue absorbing the impacts of increasing human activities. World population will probably double by 2070. We may be very close to the point where a giant ecological backlash against *Homo sapiens* is inevitable. Perhaps we are even past that point, saved till now only by the system's inertia.

Even though it is unprovable, the Post-Materialism Party believes that we must act as though it is extremely risky for humanity to increase its domination of the earth's ecosystems.<sup>61</sup> While we cannot deny the poor and disadvantaged of the world the right to improve their standard of material wellbeing, we must stabilise our own use of energy and materials, *including energy and materials in both exports and imports*, as soon as possible, while maintaining or improving quality of life.

In expressing concern for future Australians and the global population, we are not overlooking today's Australians. People have a right to a decent environment today and our intention is to provide it without destroying the economy. Provided that it does not happen too fast, we believe that the economy will adapt readily to being greened; indeed, we believe it will thrive. But the problem of protecting natural capital from loss and degradation will not be solved by minor measures. It requires the co-ordinated management of four key factors, all of which a resolute community can manipulate with some prospect of success, viz:

- population size;
- the consumption mix;
- energy and materials use; and
- changes in land use.

We propose to manage each of these vigorously, using regulatory, market and participatory methods at both the national and regional level. In the longer term, we see direct participation in the environmental management process as the key to spreading acceptance of an environmental stewardship ethic in the community. More decisions will be made, particularly at the regional level, by consensus and transparent interactive processes. Meanwhile, there are a lot of people making a lot of money out of abusing the environment right now. We plan to stop this sooner rather than later. Flouting environmental regulations will bring prison sentences as well as fines. Individuals will have the right to sue firms and governments for environmental negligence.

### *Managing population*

Assuming that there is little effect on income per capita, doubling population size doubles pressure on natural capital, irrespective of how frugal or lavish those people are in their consumption patterns. And cities can develop into good places to live if they do not have to spend available resources on coping with population growth. As will be explained below, a Post-Materialism government will act to stabilise population numbers as quickly as possible.

### *Managing personal consumption*

Currently, under increasing real average incomes, energy and materials consumption per head is actually rising, albeit tempered by an ageing population and reductions in inputs per unit of output. One factor accentuating per capita consumption trends is the legitimate aspirations of poorer people to consume as richer people do. Another is the acceptability of conspicuous consumption which tends to be both resource intensive (take holiday homes, for instance) and environmentally degrading (consider speed boats, or four-wheel-drive bush-bashing).

Growing uneasiness about what we are doing to the environment, coupled with a greater appreciation of population-consumption-environment interactions, will be one of the factors propelling a Post-Materialism government into office. After the influence of several years in office we would hope for a permanent change in community values—from consumerism to a view that increasing consumption fails to satisfy real needs, increases pollution, depletes our grandchildren's resources and contributes to other social problems; that personal development is more strongly associated with quality leisure than with conspicuous consumption. We are relying on such a change to legitimate the introduction of the high marginal tax rates on top-quartile incomes. This will have a major impact on personal consumption, particularly of 'luxury' and 'novelty' goods; as will the lifting of bottom-quartile incomes through the guarantee of a basic income for everyone.

In tandem with stabilising total expenditure on consumption, a Post-Materialism government will make it easier for people to improve the quality and value-for-money of the goods and services they consume, instituting, for example:

- strong truth-in-advertising laws;
- strong product labelling laws, including notices declaring how and where a product was made, how it is being promoted, health warnings, and details about energy efficiency, environmental impact, durability and so on;

- strong support and legal protection for independent product-testing organisations;
- support for consumer education courses (explaining, for instance, advertising techniques).

### *Managing energy and materials*

In order to focus technology development on containing material and energy throughput, a Post-Materialism government will impose slowly increasing ‘best practice’ standards for product quality, for energy and materials usage and for residue production.

#### *Energy*

A Post-Materialism government will put separate five-year-aggregate ceilings on the nation’s consumption of primary energy from coal, petroleum and natural gas, and renewable energy sources. Each ceiling quantity will be divided into five-year consumption quotas which will be individually auctioned. Properly managed, this will allow total national energy use (including exports) to be stabilised within a decade, as well as encourage the expansion of renewable energy supplies. When population begins to decline after 2030, total national energy use will be reduced proportionately.

In another energy management program, design standards will be established for minimising energy use in the construction and lifetime operation of buildings. Minimising energy use in building construction requires attention to orientation, facade materials, embodied energy, use of renewables and so on. Minimising energy use in building operation includes the use of heat pumps, natural ventilation and ground-coupled techniques to increase thermal mass of the building. Standards in these areas will be incorporated into the building code as benchmarks. Comparable standards will be established for consumer durables.

#### *Materials management*

Modern economies use 45 to 85 metric tonnes of natural resources per person per annum (about 300 kg per \$100 of GDP), around a third of which is delivered to end users. While we are sceptical of claims that it should be possible to reduce this throughput by a factor of ten<sup>62</sup> we see this as a laudable aspiration.

In persistent ecosystems, nutrients and other materials are largely recycled, with small losses from the system being balanced by small gains from the outside world. A Post-Materialism government will be encouraging an analogous ‘industrial ecology’ approach to managing the use and re-use of physical materials. Our objective will be for all wastes to find an economic use or be put into the environment without disruption. We hope that, eventually, all consumable products

will be biodegradable and all durable service-providing products will be fully recyclable.

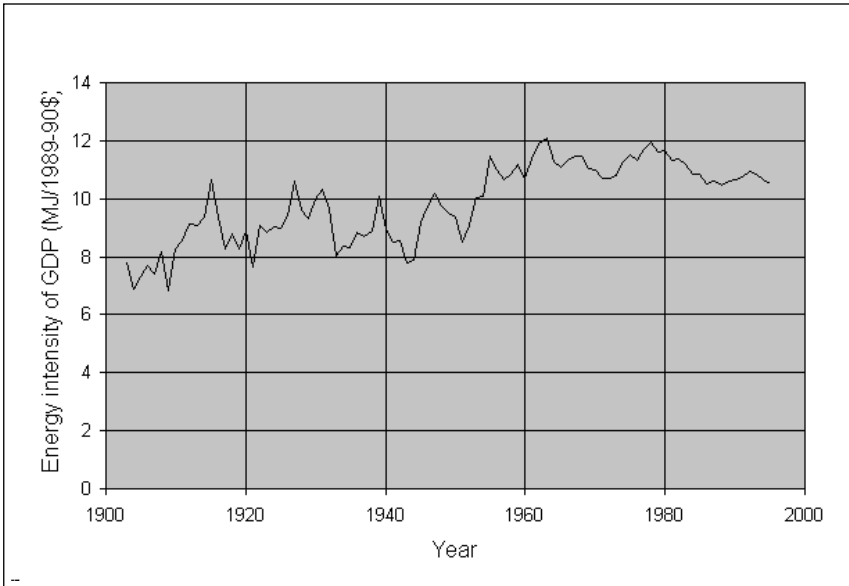
Our programs for actively pursuing dematerialisation of the Australian economy will include:

- introducing full-cost pricing for the use of land fill sites;
- promoting recycling by encouraging ‘closed loop’ manufacturing, based on the automated identification of components, analysis of product ‘life cycles’, technologies that encapsulate waste in new products and composites and regulations that permit use of recycled materials;
- developing official design standards for products which allow them to be identified as environmentally friendly (like low-temperature washing powders and low-phosphate detergents) or dangerous to health or the environment (like building materials that emit toxic gases, or leave toxic residues);
- encouraging the production of high quality, long-lived (twenty years?) consumer durables that can be readily repaired and reconditioned. It would be a mistake to regulate to achieve durability, since goods that are too durable may become obsolete in terms of energy efficiency, speed, pollution and so on;
- introducing preferences in government purchasing for goods that are biodegradable and readily recycled;
- introducing excise duties for goods that contain a high proportion of virgin materials or produce residues that are difficult to recycle or are highly polluting at any stage of their life cycle.

### *Pollution management*

Since 1900, the energy intensity of Australia’s economy has gradually increased from 8 to 11 megajoules per dollar (see Figure 6.2). There is some suggestion that this growth has slowed, or even reversed, since the 1970s, but we have certainly not achieved the reductions of some other developed economies—the United States boasts a 25% reduction and Japan, 35%. This dubious slowing means that materials throughput and pollution output per dollar of GDP is probably not yet declining. Some emission of unprocessed residues into the atmosphere and into waterbodies is inevitable, of course, but the goal of minimising pollution per unit of consumption will be very important in a post-materialist economy. A Post-Materialism government will introduce national standards for ambient air and water quality which all Australians will have an enforceable right to enjoy.

FIGURE 6.2 ENERGY INTENSITY OF GDP (IN MEGAJOULES PER 1989-90 DOLLAR) FOR AUSTRALIA: 1900-96



SOURCES: PRIMARY ENERGY PRODUCTION 1903-73, *AUSTRALIAN HISTORICAL STATISTICS 1974-95*; ABARE, *ENERGY SUPPLY AND DEMAND PROJECTIONS*; SNOOKS, 'GDP 1901-63' in *PORTRAIT OF THE FAMILY IN THE TOTAL ECONOMY 1964-95*; ABARE, *AUSTRALIAN COMMODITY STATISTICS 1995*.

Each regional government will be legally responsible for achieving water flows of standard quality, including offshore water quality, within its jurisdiction. Each region's funding from the national government for water quality management will be performance dependent. Regional governments will be able to use regulations, penalties, transferable pollution quotas, voluntary agreements and other instruments to achieve the required results. Loans for upgrading sewage disposal methods and eliminating offshore discharge will be available.

Regional air quality similarly will be the legal responsibility of regional governments. Where regions share airsheds, they will be jointly responsible. In urbanised regions, car emissions are a major cause of air pollution; this will need to be tackled through some combination of reducing car numbers, their emissions per kilometre and annual distance travelled. The federal government will assist by slowly decreasing permitted emission levels in new cars or, to encourage the introduction of electric vehicles, average emission levels over all new cars sold.

### *Managing urbanisation and land use change*

Change in the spatial pattern of urban, agricultural, forestry, wilderness, recreational and other land use has impacts on many aspects of environmental quality. For example, clearing native vegetation for agriculture has a dramatic impact on local biodiversity. At another scale, changing land use within an urban area can have impacts on diverse aspects of residential environmental quality—amenity values, pollution, transport access, recreation opportunities and so on. The Post-Materialism Party believes that the environmental consequences of land use change need to be managed at three scales: national, regional and urban.

### *A national strategy for settlement and land use*

Australia has approximately ninety urban areas with populations greater than 10 000 people. We do not wish to see this number increase; nor do we wish to see these existing urban areas sprawl into surrounding areas in an uncontrolled way (for instance) alienating prime agricultural land, making open space less accessible. However, Australia's population will continue to grow and redistribute, even under the rapid stabilisation policy of the Post-Materialism government (on this, see below) and, because it is difficult and costly to maintain environmental quality in large cities,<sup>63</sup> we will be seeking to encourage growth in medium-sized cities and clusters of smaller cities and towns.<sup>64</sup> But this should not be at the expense of keeping a web of services and settlements across all parts of the country.

Despite our policy of 'containing' the cities, Australian society under a Post-Materialism government will be 'land hungry'. Per capita demand for land will be high because each person will be placing a large but light footprint on the landscape. For example, there will be:

- more wind farms and solar farms;
- more timber plantations;
- more land producing renewable substitutes for non-renewable mineral resources;
- more native forests committed to light selective logging;
- widespread ownership of hobby farms and rural retreats;
- more dedicated (single use) water catchments;
- more parks, reserves and wilderness areas;
- more low intensity, low chemical agriculture;
- more urban forests and garden cities;
- more large urban residential blocks supporting a more self-sufficient lifestyle.

To allow both city growth and the mosaic of rural land use to be

managed in the public interest, a Post-Materialism government will convert all freehold land in Australia to rolling leasehold with a term long enough, say fifty years, to protect the market value of most land. While not affecting transfer and most property rights, this will be an important signal that all land and natural resources are ultimately the property of the community. For example, if part of a lease has to be protected because it is important habitat, the development rights could be purchased at market value, if a voluntary agreement cannot be reached.

While a post-materialist Australia has a humanitarian duty and an economic imperative to continue to play the role of major world food supplier, this will have to be achieved without significantly shortening the working life of the agricultural resource base. This will mean, amongst other things, the protection of prime agricultural land and the 'land banking' of large parts of the rangelands where cattle are run. Outside the high rainfall areas, crop yields will decline under a combination of less-frequent cropping and reduced yields associated with organic farming methods. These losses will be balanced in areas of higher rainfall where there is scope for yield and quality improvements to a range of products. Native forests will no longer be logged other than lightly and selectively; domestic and export timber will be produced in plantations. Water transfers between major basins will be avoided. Big irrigation schemes are long-term disasters. We have well-founded hopes that the next generation of kids will be imbued with a strong stewardship ethic which will make the protection of both production and amenity values in rural landscapes seem very natural.

The other major component of a national land use strategy will be a plan to establish an integrated system of conservation areas, wilderness areas, tourist zones and recreation parks for the whole country. This will provide a framework which will permit more detailed regional environmental plans to be drawn up by regional authorities and communities. A quality tourist network will help Australians enjoy and learn about their own country. Because wilderness is expensive to manage<sup>65</sup> while contributing little to regional economies, a national wilderness system will indeed have to be managed nationally. It will almost certainly include south-west Tasmania, the Colo area north-west of Sydney, large parts of Cape York, large parts of the Kimberleys and most of the five big deserts of inland Australia.

### *Regional environmental plans*

Each of the twenty to thirty regions into which Australia will be divided under a Post-Materialism government will have responsibility

for creating, and updating as required, a regional environmental plan which:

- zones all land in terms of its permitted, proscribed or committed uses;
- sets out guidelines for managing selected uses in environmentally responsibly ways; and
- establishes, within national guidelines, a system for assessing and approving the future social and environmental loadings of all sizeable development projects.

Zoning, combined with differential rating, is an efficient approach to the reduction of the externalities that occur when land uses end up in the wrong place; it is also a good device for allowing the community's social and environmental goals to be realised. Schemes for paying land tax on unimproved capital value at different rates, depending on land use, will be particularly useful for protecting prime agricultural land and for encouraging conservation outside the reserve system. While regional and Commonwealth public servants will provide technical support for plan-making and implementation, the planning process will be resident-driven and each region's residents will 'own' their regional environmental plan. Well-intentioned bureaucrats can never be as concerned as residents. 'Top-down' solutions do not work as well as solutions flowing from deep personal involvement and collaboration. As well as participating in plan-making and implementation, each region's residents will be encouraged to participate in environmental management programs such as landcare, bushcare and stewardship groups, environmental monitoring groups and research groups.

As regards our principles for regional environmental planning, while each region's environmental plan will be unique, there are a number of plan-making guidelines a Post-Materialism government will be encouraging all regions to consider. These are noted below.

Land uses should be located so as to minimise disturbance to natural ecosystems and any on-site progression from less to more intensive uses. If disturbance is necessary, the impact should be minimal and restoration possible.

Tourism imposes depreciation costs on the country's natural capital just as surely as does primary production—witness bulldozed mangroves, disturbed rookeries, degraded coral reef anchorages. Where possible, tourist activity should be diverted away from ecosystems towards theme parks and resorts. Where tourism necessarily involves the use of natural ecosystems, one potentially useful approach is to define a maximum 'tourist carrying capacity' for each



tourist site. This would help keep the cumulative impact of such activity within some 'limits of acceptable change'. There may also be opportunities for site-hardening—that is, the collection of techniques which allow a site's maximum loading to be increased without destroying the features which attract visitors.

While it is important to establish attractive images of our regions, just as the provinces of Italy and France have attractive images, popularity can lead to degradation. It may be necessary to declare 'tourist zones', with a ceiling number of visitor beds, around recognised attractions. The intelligent application of such 'zone capacity' planning could in fact markedly prolong the appeal of an area as well as hold environmental loadings at acceptable levels.

Access to open space and natural-area recreation opportunities is as much an expression of a community's wealth as consumer goods. It is important to plan recreation facilities as comprehensively as conservation networks are planned. The use of private land for tourist and recreation purposes will be encouraged so as to take pressure off prime public land sites.

#### *Habitable cities*

*For those who live in the city there should be parks for recreation. For all users of the city there should be parks or spaces for meetings, trysts, as quiet refuges, as places to see other people, for reading and public speaking, for listening to music and for exhibitions and special occasions. They are places where people can see the sky, hear birdsong, smell the flowers, get away from the noise and enjoy the greenery. Trees, water and grass are the best basis for any park. (Johnson 1979)*

What sorts of cities provide a quality urban environment, and how will a Post-Materialism government lead and encourage regional governments to improve quality of life for Australia's city dwellers? It has to be recognised that it takes decades or more to turn over any city's massive investment in housing stock and public infrastructure and that improvement must necessarily be slow.

Living in big cities is highly stressful. Cities where people feel relaxed and comfortable are those where nature has been brought back into the urban scene through landscaping, landscape gardening and the provision of public open space. Psychological health requires that people have at least occasional access to quasi-hunter-gatherer experiences in near-natural ecosystems, and daily life should attempt to simulate some of these experiences.

More generally, the key to creating 'organic' cities is the way in which public space is provided and used.<sup>66</sup> A Post-Materialism government will establish a Better Cities Program, driven by submissions

from community groups, for funding developments that are willing to recognise urban design concepts such as:

- hanging small, discrete, urban villages off light-rail feeder lines, like beads on a string;
- handling stormwater with the help of grassed floodways and retention ponds;
- incorporating woodlots, communal gardens and sites for reusing domestic water into the urban fabric;
- grouping houses into very small neighbourhoods.

We will also be seeking ways to reduce the extent to which individual households, or small groups of households, depend on distribution and utility networks. We will, for instance, encourage more ‘half acre’ urban residential blocks supporting low-energy houses, productive gardens and appropriate technologies such as solar-power, water collecting and recycling, and sewage composting.<sup>67</sup> Worm ‘farms’ can process a household’s organic waste. We will fund research into 12-volt household appliances which can be powered from domestic solar cells and fuel cells. It is technically possible for households and small enterprises to feed small quantities of surplus electricity back into the power grid.

In medium-density to high-density suburbs, we will be looking to programs that, for example:

- use established urban design principles to produce safer, friendlier neighbourhoods;
- recognise the energy savings available from refurbishing and recycling existing buildings;
- use good lighting design to minimise light pollution, sky glow and power consumption per head for outdoor lighting;
- recognise the role of public libraries in providing information and electronic communications to all who would otherwise be lacking, perhaps via branches in shopping centres.

We need suburbs that, by their biophysical nature, encourage the building of social networks and close-knit neighbourhoods—for instance, suburbs with housing appropriate to different stages of people’s life-cycles and different income levels, and suburbs and housing clusters designed to bring people into contact. Good urban design provides one way to counter the kinds of social and psychological dysfunction found in communities of transients. Shifting job markets, smaller families and increasing personal mobility all work to disrupt previously stable communities and challenge people’s capacity to adapt.

One absolutely central principle for improving urban environmental quality is to increasingly design all developments and redevelopments so as to reduce the need for motorised intra-city travel. Transport and land use must be integrated at all scales. This extends from encouraging multi-nodal cities at the broadest scale to the local-scale provision of bike paths and bike facilities, shops within walking distance, traffic calming devices and the like. Without resorting to freeways everywhere, it should be possible to significantly reduce travel distances for commuters, goods and raw materials. Encouraging more home-based work, electronic and craft, will reduce the load on the transport system.

While it is important to have effective public transport, it is also important to retain the convenience of the personal car. The 'pedestrianisation' of European cities such as Florence and Copenhagen has not been a total success. While asthma rates have fallen and kids walk to school, such cities are cumbersome to move around in. Taxis, car pools and demand-responsive minibuses are an intermediate solution. A much enhanced role for bicycling is foreseeable.<sup>68</sup> Levies on private motor transport to fund public transport<sup>69</sup> may need to be considered.

### *Conclusion*

A Post-Materialism government will take a two-pronged approach to the maintenance of environmental quality. We will give people opportunities to participate directly in the management of urban and regional environmental quality as it affects them. And we will introduce a set of vigorous measures to control population size, spending on personal consumption, the economy's use of energy and raw materials and to reduce the rate of land use intensification. These measures, while relatively hardline in terms of today's values, are consistent with the sort of value shift in the community that would necessarily precede the election of a Post-Materialism government. Our position is predicated on a recognition that the importance of protecting natural capital had increased markedly compared with the importance of further growth in GDP.

Provided that our suite of environmental protection measures is not introduced too rapidly (and we will monitor this), we expect the economy to adapt to its new constraints and resume profitable—but environmentally friendly—growth. In time, aided by appropriate socialisation, education and participation, we expect that values which seem improbable right now will become the conventional wisdom.

### **MANAGEMENT OF THE GOVERNANCE SYSTEM**

In the company of eminent social analysts from Rousseau and JS Mill to GDH Cole, the Post-Materialism Party regards high levels of citizen participation in diverse social processes as the basis of a

collectively healthy society. Participation in the process of government is particularly important here<sup>70</sup> and central to our plans for reforming the governance system. We support Marsh's anticipation that participation will become 'central to the geography of politics'.<sup>71</sup>

How is the present system failing? As evidenced in recent years by both the euthanasia and immigration debates, democracy is worryingly insulated from popular pressure.<sup>72</sup> Coupled with this is the perception that the capacities of the nation state no longer match the problems it faces; indeed, that the capacity is itself declining. Perhaps most disturbing of all is the perception that people's opportunities to contribute to serious debate of alternative policies have been lost.

### *Devolution*

It is against this background that the Post-Materialism Party sees devolution as the basic reform underpinning the creation of a more participatory democracy in Australia. Active devolution of state and federal powers to regional (particularly) and local government will be a high priority for an incoming Post-Materialism government. In line with the 'subsidiarity principle',<sup>73</sup> health, education, social services, environmental programs and public infrastructure will be delivered by as many as thirty regional governments and, subject to meeting national performance standards, be financed by the national government. The national government will retain control over the macro-economy and international affairs, including defence and trade. It will seek an Australian head of state to overcome the present discrimination in favour of an English Anglican who is (preferably) male. It will set frameworks and minimum standards in diverse policy areas, within which regions would be free to develop autonomously. Subsidiarity refers to the notion that some activities are best managed at national scale and some at regional or local scale. For the record, we believe that there is no constitutional impediment to bypassing the states in this way, even in funding regions that cross state borders.

Although it is mainly at the regional scale that opportunities for enhanced participation and collaboration will be found, a Post-Materialism government will introduce several changes to the federal electoral system in order to make the parliament more representative. One, to discourage short-termism, is to give the (voluntary) vote to those aged fourteen to seventeen. The other change will be to introduce optional preferential voting and multi-member electorates for the House of Representatives. These changes will make negotiation and consideration of a wider range of views a more important part of the legislative process. We will also consider

strengthening the committee system to the point where, on certain issues, legislation can only be drafted on the basis of a unanimous report from a multi-party committee. More generally, we are willing to look at any way of diluting power centres (such as those represented by the Prime Minister and the parties) in the federal system.<sup>74</sup>

It is because the geographic community is the only totally inclusive social grouping that we choose the region as the focus around which to develop improved social relations. Apart from being the starting point for creating a more participatory and collaborative 'grassroots' democracy, decentralisation via devolution has other advantages. It defrays some of the environmental and services costs of big-city growth. And a decentralised society, with each region seeking a degree of self reliance, may be more resilient than a highly centralised society under the impacts of global change. When a system is under stress, it is better for it to comprise relatively distinct, although interrelated, subsystems, rather than a small number of subsystems which are so closely linked that the failure of one will bring down the others.<sup>75</sup> Certainly a more regionalised society runs the risk of being a more parochial, less accountable society, but decentralisation makes good sense if funding is guaranteed and there are national standards in place.<sup>76</sup>

Various regionalisations of Australia have been proposed at different times. For example, in the 1970s the federal government tried very hard to develop a regional tier between local and state governments. We foresee regions being formed in the first instance from groups of local government authorities; some will be metropolises, some will be provincial cities joined with their hinterlands and some will be natural 'bioregions' such as the Kimberleys, Cape York and 'Centralia'.<sup>77</sup> Some regions might have a largely Aboriginal population.<sup>78</sup>

### **More participation**

Devolution of the machinery of government is just the first step towards building more voluntary participation into managing regional societies. We will be looking to formalise collaboration between citizens, bureaucrats and government in several ways.<sup>79</sup> For instance, we will support:

- *Citizen boards* which take responsibility for managing aspects of the health and education systems, regional assistance plans, regional employment-development plans and regional environmental plans.
- *Community commissions* which will be structures for addressing any matters of community concern. These will help people come together, collect information and agree on ways to address problems

and seize opportunities. They will be empowered to put proposals to government.

- *Citizen action groups* in which, for example, the Internet will host electronic 'meeting places' for each community in each region, and so provide a place where local issues can be debated. A strong legal aid system will help citizens protect their increasingly extensive rights. Steps will be taken to ensure that corporations are not able to intimidate and silence environmental protesters by strategic legal actions.

We will also be looking for more participation in the justice system, not only in the use of mediation and dialogue between parties, but also in encouraging people to reflect on their own indirect role in all sociopathic behaviour.

'Direct democracy', where people vote for or against a proposed government action, gives people power and responsibility and encourages them to exercise that power responsibly. Any concern that significant advertising expenditures might distort outcomes can be overcome by limiting sums that proponents of propositions can spend.<sup>80</sup> A Post-Materialism government will ensure that regional governments can make extensive use of direct democracy by linking all Australians into a broadband communications network, including the Internet. It is anticipated that by 2000, 60% of Australians will be connected to fibre optic cable; completing this or alternative coverage will be imposed on Telstra as a community service obligation. Emerging technology should allow broadband communications to piggyback on the electricity distribution network.

Government is the agent of society; we see genuine participation as increasing the responsiveness of government to constituent needs and demands. Such participation allows local knowledge and skills to be properly used, tailors solutions to local conditions and increases local commitment to and support for government actions.<sup>81</sup> None of this detracts from government's responsibility to patiently assemble the facts underlying issues before them and set out the social, environmental and economic implications of different solutions. For this, a competent bureaucracy is essential. A Post-Materialism government will help here with training, and in other ways, such as facilitating secondments between federal and regional bodies.

## MANAGEMENT OF COMMUNICATIONS AND THE MEDIA

### *Communications system*

Under Post-Materialism, the Australian Broadcasting Corporation and Special Broadcasting Service will provide a national public radio and television service, based on digital technology and High

**Definition Television.** With technical assistance from the ABC, each regional government will be given responsibility for a non-commercial intra-regional radio and television service. These services will be both broadcast and delivered by cable. There will be no commercial channels as such. Along the lines of the original United Kingdom model for television, commercial content providers will buy time on regional transmission facilities and cable channels owned and managed by regional government. Each regional communications system will be additionally funded by a 1% tax on all advertising revenues from commercial programs. Community-run radio stations and television stations will be encouraged. To reduce costs and improve image quality, community-run television stations will use digital television cameras.

### *The informed society*

While the Post-Materialism Party feels that the current concentration of media ownership in Australia erodes content diversity, journalists' independence and citizens' rights to a fair hearing, we see the rapid evolution of 'cyber regions' and the declining costs of publishing as presently undermining the profitability of large-scale media operations. We will be working to ensure that people are educated in how to use the Internet productively and to ensure that access to Internet content is not unduly constrained by cost. For instance, we might negotiate national licences with some web sites. To help both national and regional media obtain a broad perspective on national and international news, the ABC will be funded to expand its network of correspondents and to set up its own press agency.

Advertising in radio, television, newspapers and magazines will be monitored by a Community Advertising Council in each region. These councils will have no censorship powers but will be empowered to star-rate and tag advertisements for conformity to a code of advertising conduct. The challenge will be to help people identify advertising's 'created wants' without restricting the advertisers' freedom of expression.

### **MANAGEMENT OF POPULATION**

The Post-Materialism Party can see no significant benefits from having a growing population—no defence benefits, no diplomatic benefits, no quality of consumption benefits and, because we already have high cultural diversity, no social benefits. Rather, a growing population presages reduced individual access to amenity resources and higher real charges for urban services in the big cities. It is difficult to achieve capital-deepening when limited resources must go into capital-widening; when 'more' instead of 'better' is the imperative.

Indeed, much of the capital that does become available for these purposes is borrowed overseas, putting pressure on the balance of payments.

Assuming no change in current fertility and mortality rates, and no net migration, the Australian population will begin to decline naturally in about 2030. Given our high per capita consumption of global resources and high contribution to global carbon dioxide emissions, it would be irresponsible to seek to alter this probability. Against this, we also have a responsibility to the poor and disadvantaged of the world, so a Post-Materialism government will welcome a very generous number of refugees as immigrants each year.

Under a Post-Materialism government, Australia's (projected) population in 2050 will be 20.5 million and declining at about 45 000 people a year. This will be the result of holding net immigration at 10 000 people a year (reflecting gross immigration of 40 000 people a year). While refugees will constitute a majority of immigrants, an intake of 40 000 will still allow Australia to meet its responsibilities in terms of facilitating the reunion of migrant families and to bring in a limited number of migrants with special skills. To retain control of our population policy, it may be necessary to negotiate a quota of New Zealand immigrants in place of the present free-access arrangements.

### *Minority groups*

There must be no exclusion of minority groups, ethnic, disabled, gay or indigenous, from the more participatory society that will evolve under a Post-Materialism government. The foundation for this will be laid at school in two programs: one in anti-discrimination training and, more positively, one in which the kids are challenged to design the society in which they will all be adults together. We accept that people have an inbuilt concern for status and that they can become dysfunctional without status but, under Post-Materialism, there will be extensive opportunities for participation and active participation brings status with it. In a participatory society, no one has a monopoly of power. A much flatter income distribution and a devaluing of consumption will reduce status differences based on consumption differences.

Aboriginals and Torres Strait Islanders will be central participants in each region's negotiations on the region-wide conditions under which non-urban land leases will be renewed. Nationally, a Post-Materialism government will work towards a reconciliation treaty with Aboriginal and Islander people.

By 2015 over 15% of the Australian population will be over 65. Most 'young aged' are still fit and will be a powerful engine for change and reform if fully empowered. They must be encouraged to



participate much more widely, far beyond charity and voluntary work. A smaller rather than a bigger population increases the value of the individual, and ageism will decline naturally as the population declines in size.

### MANAGEMENT OF TECHNOLOGY

Provided it can be properly managed, the process of technology improvement promises great benefits for a post-materialist society. In principle, technology improvements can raise dividends while reducing working hours, prices, pollution and material and energy usage—all without increasing production. In practice, the early adopters of new technology often reduce prices to increase market share, which means increasing output. Later adopters not only have to reduce prices to stay in business, but have to do this by sacking people and using any temporary profits for funding the capital cost of establishing the new technology. The uncoordinated result of all this is likely to be gross oversupply, frantic attempts to access and clear markets and capital-wasting bankruptcies. This is highly inefficient, just as it is eventually inefficient to not introduce whatever technology improvements become available.

While there is no simple way to manage this process to achieve optimum results for all involved, especially when most new technologies originate overseas, the Post-Materialism Party believes that its planned programs for energy quotas, pollution standards, best-practice regulations and materials management will steer technology development in Australia towards containing the cost increases that these ‘greening’ programs imply.

Will research and development make Australia a better place in which to live? A Post-Materialism government’s priorities for funding research and development in Australia will include:

- exploring ways of using material and social technologies to reintegrate the education, leisure, work and domestic aspects of life which were segregated by the industrial revolution (for instance, by funding research into Internet-based social technologies, web hardware and infrastructure such as information filters and technologies which enable people to control their own work);
- research into managing Australian cities and Australian natural capital;
- research into production technologies which have low capital requirements, making them more accessible to small business;
- basic research into the ‘next’ generation of technologies rather than the present generation. Diminishing returns can set in quickly when research focuses on marginally improving existing

technology. Knowledge-intensive industries tend to show increasing returns in the sense that first-comers tend to win an increasing share of the market and are hard to displace;<sup>82</sup>

- in general, we will support research on projects that would not be addressed by commercial interests and avoid projects of disproportionate benefit to industry.

In addition to the benefits that make them saleable, new technologies can create 'disbenefits' such as job loss, social disruption and health threats. Before release, all qualitatively different new technologies will be subjected to a technology impact assessment—an assessment which attempts to foresee the 'winners and losers' if the technology were to be widely adopted. As far as possible, technologies will have to have impact-minimisation built into them from the beginning, since the marketplace is too dynamic to be able to rely on correcting problems after release.<sup>83</sup> Managing technology impacts is more likely to require the development of social technologies<sup>84</sup> than the adjustment of technical recipes. Social technologies, in this context, are procedures for helping people to integrate material technologies into their lives. For example, kerbside collection of plastic for recycling is the social technology supporting plastic-reprocessing technology.

#### MANAGEMENT OF INTERNATIONAL RELATIONS

*Only a politics that disperses sovereignty both upward and downward can combine the power required to rival global market forces with the differentiation required of a public life that hopes to inspire the allegiance of its citizens.*  
(Sandel 1996)

Accepting that capitalism will survive, it can be assumed that a small number of transnational corporations will produce an increasingly large proportion of gross world product. Institutions must be established to ensure that these corporations compete with each other, pay a reasonable level of tax, offer good working conditions and are environmentally responsible. Therefore, under a Post-Materialism government, Australia will seek the promotion of the United Nations Organisation to the status of a World Federation of States and Regions. Powers that Australia would be prepared to cede to such a body will need to be clearly distinguished from non-negotiable powers.

Meanwhile, Australia will look to establish a lobby group of nations sympathetic to the view that the first world must seek to control the forces driving the current world economic order (especially population growth and monopoly capitalism) rather than simply manage their consequences (namely, poverty and pollution).<sup>85</sup>

The Netherlands and the Scandinavian countries appear to be more likely members of this group than our traditional Anglo-American allies.

Under a Post-Materialism government, Australia will also seek to become a champion and practical supporter of the world's poor and oppressed. What will we do? We will:

- offer practical support to most independence movements and promote participatory, devolved, uncorrupted societies at every opportunity;
- campaign for formal recognition of the individual's basic social and economic rights;
- encourage the writing-off of third world indebtedness to first world countries;
- tangibly support the worldwide spread of the Internet, seeing this as a master vehicle for international dialogue and for co-ordination of social movements, boycotts, industrial action and so on;
- support international environmental organisations;
- build up a large food stockpile to help cope with the inevitable famines. We are also in a position to become a primary international provider of information about food, farming, land and water care and about the sustainable development of rural communities;
- develop a strong and constructive presence for Australian media outlets in the Asia-Pacific region. It is a major advantage that our native language is the lingua franca of the region.<sup>86</sup> Telling others who we are and what we stand for also helps us understand these things ourselves.

Once we have eliminated the 'third world' lifestyle of so many indigenous Australians and have credibility, we will be able to speak with some moral authority on human rights issues and will be prepared, unilaterally if necessary, to impose sanctions, 'social tariffs' and consumer boycotts on products produced in ways that exploit people and the environment. In particular, the power of consumer boycotts is not widely appreciated.<sup>87</sup> We will press for the inclusion of environmental and human-rights safeguards in trade treaties.<sup>88</sup> If necessary, we will confront or even withdraw from the World Trade Organisation.

We will spend more per capita on foreign aid than any other country, concentrating our efforts in the South Pacific, where we have a special responsibility. However, to demonstrate what is possible, we will also select one small African country and try to offer it

sufficient aid to allow it to climb out of poverty. As recommended in the 1997 Simons review of AusAid, the single clear focus of Australia's aid program will be the reduction of poverty through sustainable economic and social development. Mixed credits and soft loans will only be offered for infrastructure which enhances access to water and sanitation, reduces health threatening pollution or provides essential communications and infrastructure in poor rural areas; and, even then, only if these are part of the recipient country's plans for poverty reduction.

Australia will initiate a campaign seeking guarantees from the 200 largest transnational corporations that they will increase the real wages of the lowest-paid 10% of their workers by 10% per year for the next ten years. Apart from the equity of this, deficient demand is an intractable problem for late twentieth century capitalism and we seek to reverse a system which is eroding consumption by replacing high-wage labour with low-wage labour. Similarly, we will campaign for the largest transnational corporations to work towards balanced trade in the countries where they do business.

Australia's foreign policy style under a Post-Materialism government stands to upset and anger many vested interests. While we do not anticipate military retaliation, we will adopt a 'fortress Australia' approach of armed neutrality to defence policy. We will develop a strong capability in military and criminal intelligence. More importantly, we will seek to establish an open and confident society, sensitive to any retaliatory attempts by corporate or foreign-government interests to subvert or corrupt our governance system.

## **CODA: WARM AND GREEN**

We have now outlined the platform on which the Post-Materialism Party will seek office for a period long enough to introduce major changes at a measured pace. What are we offering?

We are offering people the opportunity to help build a society where everyone has the opportunity to live in modest comfort, to grow as a person and to genuinely participate in the running of a sociable, environmentally friendly community and a green economy.

This can only happen by changing the deep structure of society—its values, its power structures and its market functions. While we have presented plans for numerous reforms, those most likely to be perceived as challenging and radical cluster around capping and flooring consumption by near-capping disposable income and guaranteeing a basic income, introducing a Bill of Rights and a Charter

of Reciprocal Responsibilities, actively socialising children for responsible citizenship, using import licences to ensure balanced trade, introducing proportional representation and devolving important powers from federal and state governments to twenty to thirty regional governments. Fundamental reforms — capping primary energy use, capping population and strongly managing urban and rural land use — will also be introduced to protect natural capital and the environment for balanced use and enjoyment by present and future Australians. These are the practicable proposals that underpin post-materialism as a social and political philosophy dedicated to the wellbeing of the individual and the society.

## COMPARING SCENARIO OUTCOMES

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*There is nothing more difficult to carry out nor more doubtful of success, nor more dangerous to handle, than a new order of things. For the reformer has enemies in all who profit by the old order, and only lukewarm defenders in all those who would profit by the new order. The lukewarmness arises partly from the fear of their adversaries who have law in their favour; and partly from the incredulity of mankind, who do not truly believe in anything new until they have had actual experience of it. (Machiavelli, *The Prince*, 1513)*

Today's problems come from yesterday's solutions.

In this chapter we reach the climax of our conjectural odyssey which asks the question: Will we be where we want to be in 2050? It is a journey where doubts have had to be put aside at every step and assumptions made to allow the next step to be taken. Thus, we have had to assume that it is possible to shape the future and that, as a society, Australians *want* to shape their future. We assumed that quality survival is what Australian society wants from its future. We looked at how the world is changing and will continue to change and decided that, for the next fifty years at least, Australia will be some sort of capitalist democracy in a first-world of capitalist democracies. We looked to Australia's history and decided that, by global standards, we have accumulated a sufficient tranche of societal capital—material, institutional, personal and interpersonal—and retained sufficient natural capital to be able to confront the future with relative confidence. More importantly, we have reached the here-and-now without crippling social burdens.

How then to think about managing the future? We found in

scenario-building a systematic way of identifying a representative sample of the broad choices we have for managing Australia's future and a practical way for exploring the implications of each of these for quality survival. We built up three national strategies based on three views of how best to adjust the direction in which society is travelling. Each of these views was developed from two sources: a preference for a particular mode of social organisation—more interventionist, more market-based, more participatory—and a joint attitude towards four major determinants of quality survival—rate of economic growth, social justice, social health and environmental quality.

## SIMILARITIES AND DIFFERENCES

But, before completing our scenarios by speculating on their different quality-survival implications, we pause to note some fundamental similarities and differences in their driving strategies.

One common feature of the three hypothetical manifestos presented in preceding chapters is that all are proactive recipes for radical change in the way Australian society is managed, and stand in contrast to a reactive 'muddling along' non-strategy of making only pragmatic electorally imperative changes. But all three are conservative, too, in the sense of being caged within the dominant democratic capitalist paradigm. Thus, reasonably accurately, the economic growth strategy could be labelled *self-regulated capitalism*, the conservative development strategy could be labelled *managed capitalism* and the post-materialism strategy could be labelled *subordinated capitalism*. All envisage a mixed economy in which a market system of some kind constitutes the principal means of coordination,<sup>1</sup> although the elected government does not itself engage in trading for profit. And much of the difference between strategies lies in the size, shape, reach, modus operandi, functions and tasks of government.

All three manifestos are ideological insofar as each identifies a fundamental structural feature of society which is deemed to be a first necessary condition for achieving high quality of life for present and future Australians. The conservative developers believe in centralised, interventionist government. The growthists believe in small government and a self-regulated private sector. The post-materialists believe in devolving the powers of public and private institutions to their stakeholders. The implication in each case—quite unprovable, of course—is that if its fundamental structure is right society will be able to solve its problems without further intervention. A significant part of each strategy, then, focuses on plans for reconstructing or deconstructing existing institutions. Viewed in systems terms, the three strategies represent three ways of responding to the challenge of managing an increasingly complex society: impose strong hierarchical

control; drastically simplify the system; or break the system into loosely linked, externally monitored, semi-autonomous subsystems.

All three manifestos are conservative in another way. They are strategies for marginal rather than total change. While each plans to restructure society in a particular way, what is to be conserved, in each case, far outweighs what is to be changed; and the rate of change is limited by what is possible according to democratic due process. These are evolutionary, not revolutionary strategies. It would take years, if not decades, to debate the changes being proposed and then implement those changes in a responsible fashion—that is, with due regard to (a) the rate of change people can tolerate without feeling insecure and (b) the need to compensate the inevitable losers.

The final similarity to be noted here is that all three strategies are, by design, largely concerned with some or all of the same four issues, namely, the ‘dilemma of growth’, social justice, social health and environmental quality. And each strategy is guided by a set of citizen rights and obligations, tacit and explicit, which provide goals for judging how well those issues have been addressed.

Turning from similarities to differences, the three strategies see the state, the economy and a participatory (inclusive) society respectively as the engine of progress towards the good life. In a three-way tug-of-war, where quality of life is the prize, each proponent wants a bigger role for their ‘engine’—they variously want more decisions made collectively, or individually, or collaboratively.

The three strategies are also distinctly different in terms of the extent to which they favour direct rather than indirect means of pursuing quality of life for all. Under a conservative development strategy, central government, acting as the collective problem-solving agent for Australian society, has the task of directly implementing policies and programs for managing major determinants of quality of life. Under economic growth’s ‘enabling’ strategy, central government takes responsibility only for creating an environment in which individuals and corporations can more freely take decisions that affect quality of life. In between conservative development and economic growth, the post-materialism strategy devolves responsibility for decisions that affect quality of life from central government to regional–local and other bodies; but central government retains a responsibility to monitor and regulate the decentralised decision makers.

To a large extent then, the economic growth scenario is a passive rather than an active scenario; and similarly but less so for the post-materialism scenario. Once the enabling structure of society has been established, the future quality of life for Australian citizens



depends on the autonomous actions of individuals or various participatory bodies rather than the planned actions of a collective entity called society. Indeed, the economic growth strategy is based on the assumption that, left to themselves, people will act in a way that stands to generate high economic growth, and to create free competitive markets. That is, economic growth is not an agreed societal goal except insofar as there is agreement to structure society in a way that is reputedly conducive to economic growth.

In terms of attitudes towards focal issues, the post-materialism strategy represents a refocusing of political debate away from economic growth and from the economy as the dominant institution in modern society. It takes a view of the 'dilemma of growth' that differs from the other two strategies, which see further economic growth as good for quality of life. And, unlike the other two strategies, the post-materialism strategy regards sociopathy as a major problem needing to be addressed directly by making all institutions more inclusive and participatory. Post-materialism does not deny that people are self-interested. Rather, it is claiming an enlightened self-interest that sees quality-of-life rewards from living in an actively collaborative and less acquisitive society. In contrast, the economic growth strategy does not recognise further rewards from passing beyond a point of minimal collaboration. These different attitudes are encapsulated in the way each strategy views its primary task:

- The primary task under a conservative development strategy is to design a high growth economy which does not threaten environmental and equity values.
- The primary task under an economic growth strategy is to deregulate the economy. This will lead to high economic growth and, provided that consumers demand it, protect environmental and equity values.
- The primary task under a post-materialism strategy is to restructure society and its values in ways that foster equity, environmental protection and sociality, without destroying the ability of the economy to provide most Australians with a comfortable but stabilised standard of living.

## A METHOD OF SIMULATING STRATEGY OUTCOMES

A range of possible quality-of-life outcomes for each strategy can be gleaned by tapping into previews of the hopes and fears held by that strategy's hypothetical proponents and critics, the latter being conveniently thought of as the proponents of competing strategies. We will do this by asking four questions in turn of each strategy's hypothetical proponents and critics, viz:

Suppose, as preconditions, this strategy were to be supported by the electorate for some decades and that, during this time, the global environment produced neither catastrophes nor windfalls nor other highly surprising possibilities. Would you then be surprised if the implementation of this strategy were to:

- deliver a satisfactory material standard of living to most mid-twenty-first century Australians?
- deliver a high quality living environment to most mid-twenty-first century Australians?
- deliver most mid-twenty-first century Australians the opportunity to live in a just society?
- deliver most mid-twenty-first century Australians the opportunity to live in an inclusive and participatory society?

In other words, provided that Australian society is not overwhelmed by global events and is prepared to persist with the strategy being evaluated, would it be surprising to see these four attributes of a good society being achieved? And then, as separate questions, we will ask about the preconditions:

- Will this strategy produce a flexible and resilient society with a well-developed capacity for responding to and surviving global change and domestic crises?
- Is it plausible to envisage this strategy holding electoral support for an extended period?

This makes six questions in all for the hypothetical sceptics and supporters of each strategy to address. Before trying them against the three strategies, we will further clarify what each of these questions means and recall some of the factors that need to be taken into account when they are being answered.

#### INDICATORS OF A SURVIVING SOCIETY

Our three candidate strategies have been constructed on the premise introduced in Chapter 2 that the world would not be shaken by the catastrophes of war, climate shift, pandemic disease or economic collapse; or be bolstered by breakthroughs in our capacity to generate energy or resolve conflicts. Yet is important to ask if there might be differences between these strategies in their capacities to cope with or exploit such contingencies, and in their capacity to respond to the eventuation of more suprising rather than less surprising possibilities around such issues as world governance, the spread of democracy, interventionism, value shifts, social movements, mass migration, criminality, health, education and energy prices.

Apart from the apocalyptic catastrophes, examples of the sorts of possible global changes that could be particularly challenging to Australia include: incidence of illegal mass migration, soil degradation, exploitation of Antarctica, incidence of nuclear accidents in the region, incidence of crime and terrorism, and oil prices. We need to ask whether the candidate strategies could plausibly cope with such lesser shocks or save Australian society from being ‘destroyed’ by the major external shocks (a marked decline in life expectancies would be a good indicator of Australian society’s destruction). Can any of the strategies ensure that the range of options available to future generations will be rich and diverse? And that Australia’s long term survival as a nation is assured? Our basic model of a surviving society, for both critics and proponents of strategies, will be taken to be one with reserves of the appropriate sorts of societal capital and with the capacity to quickly learn through trial-and-error social experiments.

### *Environmental indicators*

*If you’re in downtown Sydney you can get out to an astonishingly beautiful unspoilt place in 45 minutes. If you’re in New York city you’d probably need to drive six hours to get to some place really pretty and unspoilt.* (Cathy Zoi, former Director of Environmental Policy, White House, Washington, in *The Age*, 29 February 1996)

It is not possible here to consider a comprehensive set of indicators of environmental quality, nor do we have appealing macroindicators. We will focus on the strategies’ implications for just several indicators of the environmental aspects of personal quality of life in the decades ahead.

In 2050, what proportions of what categories of Australians (high versus low income; metropolitan versus regional and rural; Anglo-Celtic versus ethnic and cultural minorities; young versus old versus unborn) will:

- experience poor air, food or water quality in their daily lives?
- have poor access to diverse and uncrowded natural and built environments?
- have poor access to utilities, transport, retail and commercial services?

We need also to ask how well these strategies conserve natural resources—earth materials, water and biodiversity—for future generations. For example, what proportion of Australians will still be having their sewage dumped in the sea or rivers? At what rate will we

still be losing plant and animal species? Agricultural topsoil? Forests and woodlands?

### *Environmental drivers*

For the purposes of creating and comparing possible outcomes of strategies, it will be assumed that the important medium-term levers on, or drivers of, environmental quality,<sup>2</sup> as recognised by critics and proponents of strategies, include changes in: population; energy and natural resource consumption; the technology mix; and land use and management, including urbanisation and urban design. Behind these immediate drivers of environmental quality (the ‘fundamentals’) lie the economic, social and political processes being managed according to the several strategies being evaluated. The model being suggested here requires that, to achieve high environmental quality, it will be more or less necessary to get these particular changes right.

### *Economic indicators*

Once we presume that quality of life is the goal, the economy in 2050 has to be judged ultimately in terms of what it offers individual Australians as producers and consumers, and not in terms of conventional economy-wide indicators,<sup>3</sup> or indicators of business success. Rather, for example:

What proportion of Australians will be able to buy a reasonably satisfying mix of goods and services for meeting their basic and higher needs, including housing, proper food, health care, education, recreation and transport? What range of choice will the economy offer in terms of price–quality tradeoffs, near-substitutes and goods for satisfying minority tastes? Will people in the lowest quartile of expenditures in 2050 have a better ‘standard of living’ than the same group today?

What will be the proportions of Australians from different backgrounds who want but cannot find rewarding daily work or activity? Will time spent on ‘working to live’ (having two jobs?) be rising or falling?

What proportion of Australians will be in a position to accumulate assets and enhance personal capabilities? What proportion will not have the option of accumulating assets? Argy suggests using trends in net wealth, including human-made and natural capital and change in external liabilities, as an indicator of inter-generational equity.<sup>4</sup> Thus, net external debt has increased from 5% of GDP at the start of the 1970s to 33% at the end of 1980s; net investment income payable abroad rose from about 1.5% to over 4% of GDP over the same period.

### *Economic drivers*

Fundamental to the capacity of an economy to adapt to demands for growth or non-growth, dematerialisation, improved working conditions, living wages, choice and so on is the stock of available societal

capital of several types including: quality and size of the natural resource base (natural capital); age and composition of private physical capital (manufactured capital); availability of financial capital and capital markets; stock of human capital (healthy educated workers and entrepreneurs who are sensitive to opportunity); organisational and infrastructural public capital.

The major external factor determining the medium-term success or failure of the Australian economy will be the terms of international trade—prices for things we commit ourselves, through investment, to exporting versus costs of things we need but import because we do not have the capacity to produce them domestically at competitive prices. We need to ask what might happen to exports and imports under the three strategies and different terms of trade contingencies, just as we need to ask how the economy will balance the production of goods and services with building up the several types of capital needed to increase productivity and production.

### *Social indicators*

In a just and healthy society most people will seek to and be able to participate routinely in the life of the community. Amongst many possible measures of this, the following particularly reflect several current concerns that the goal of a just and healthy society is not coming any closer:

- In 2050, what will be the proportion of Australians from what backgrounds who express moderate to strong antipathy towards Australian society? Who feel included in Australian society?
- What will be the proportion of Australians who are active, responsible participants in the decision-making processes of government and of political, social, business, environmental and other organisations? Who spend a significant amount of their time working with others to define and achieve common goals?
- How much co-operation will there be between government, business, unions, bureaucracy and consumer organisations?
- What will be the proportion of Australians having access to the three primary tools of opportunity—health care as needed, a good education and a living income from work or other sources? How will these vary between Australians from different backgrounds? The fundamental principle of social justice is that people should not benefit at the expense of others nor bear unshared burdens as a result of factors beyond their control.

### *Social drivers*

As a starting point for assessing each strategy's prospects for achieving a just and healthy society, it has been argued that the important

preconditions for this include the acquiring of social capital in the form of values such as:

- widespread community belief in the importance for high quality of life of involvement in collaborative and participatory enterprises;
- institutions and organisations committed to creating adequate access for all Australians to the tools of opportunity (quality health care, education and so on) and to participatory, inclusive management.

### WHEN WILL THE VOTERS PULL THE PLUG?

Without ongoing electoral endorsement, no strategy for shaping future quality of life has even a glimmering chance of success. It was argued earlier that while the three 'sharp-edged' strategies being developed were unlikely to be promoted unprompted by existing parties, one could perhaps imagine circumstances in which each might gain sufficient electoral support to be at least given an initial trial. Here, as part of evaluating each strategy's prospects for producing high quality of life in the medium term, we need to further ask if it would be surprising to see the Conservative Development Party, or the Economic Growth Party or the Post-Materialism Party staying in government for an extended period, once elected.

In practice, it would be surprising to see the electorate persist with any of these strategies long enough to properly implement it. Notwithstanding this, we can suggest that the electorate will be more rather than less reluctant to persist with a strategy which:

- is not within the spectrum of mainstream political thought;<sup>5</sup>
- is not being successfully, or unsuccessfully, tried elsewhere;
- sees short-term pain as a necessary condition for achieving medium-term gain;
- appears to embody historically failed policies, programs or ideology;
- has gaps and flaws in its 'belief system' which cloud its prospects of success (is success imaginable?);
- is taking too long to progress towards its goals.

From our earlier review of the short-term to mid-term futures that various observers have seen for Australia, a summary conclusion emerged that it would be unsurprising to see quality of life for many Australians stand still or fall slowly under numerous small changes (not all adverse, of course). Any strategy that failed to counter such a trend would rapidly lose electoral support. Conversely, a strategy which was delivering even slowly increasing satisfaction of people's basic or higher needs would retain support.<sup>6</sup>

## THE FUTURE UNDER A CONSERVATIVE DEVELOPMENT STRATEGY

Central to the achievement of improved quality of life in 2050 under a conservative development strategy are government efforts to ensure employment for all and to manage business and the community to ensure that environmental quality is protected and enhanced. Within the details of this strategy's manifesto there are beliefs and values, programs and plans which are especially likely to be seen as problematic by strategy sceptics. A selection of these doubts, plus supporter responses, is now presented under the three headings of economic, social and environmental futures. Some concerns about the strategy's capacity to retain domestic electoral support and to cope with global change are also presented.

### FEARS FOR THE FUTURE ECONOMY

The many concerns that might be raised here include levels of investment, savings, inflation, taxation, job creation, industry support and trade.

#### *High taxation levels*

Conservative development is a high-taxing strategy which is liable to drive investment (and investors) offshore or render onshore businesses uncompetitive. Australian business has made it clear that it is only willing to look at the size of the tax base after correcting current welfare-delivery inefficiencies and poor targeting of government services.<sup>7</sup> Also, the proposed tax mix will further distort relative prices; in particular the relative price of capital, so important for securing investment, will rise.<sup>8</sup> It will be difficult to achieve a high rate of economic growth under the proposed tax regime.

**Response:** While it is true that proposed taxation rates would be much higher than some of our Asian trading partners, the total tax take would still be about average by OECD standards. It must also be remembered that increased taxes will be used to fund employment and, for household-oriented sectors of the economy, this program, because of a more even distribution of buying power, should improve the level and stability of demand. While we must not move too quickly, and must monitor impacts, no convincing reason for abandoning our tax plans has been given. Certainly it cannot be calculated whether changes in relative prices due to taxation initiatives involve more or less distortion of an already distorted price regime.

#### *Over-regulation*

The conservative development strategy involves a high, and perhaps unsustainable, degree of regulation of business. Not only is the enforcement of regulations costly but, ultimately, too many regulations undermine compliance with the law; people cannot be reasonably

expected to know and understand voluminous regulations. Also, detailed regulations give rise to high compliance costs and to information overload which can distort production choices. Regulation of means rather than ends is particularly likely to distort production choices. Finally, complex regulations inhibit the rate at which businesses can adjust to rapidly changing markets and technologies, the very key to survival in a global economy.

**Response:** Regulation is an effective, easily understood tool for ensuring that business pays the external costs of its operations. While economic instruments, which work by changing relative prices, are theoretically superior to regulation, there are many situations in which regulations rapidly achieve comparable results. If business cannot survive in situations where it has to meet all the non-market costs it imposes on the community, then it probably should not survive. In situations where economic instruments are practicable, such as the management of air and water pollution, we will use them.

In the latter half of the nineteenth century, unregulated capitalism led not only to extreme wealth and power concentration, but also to widespread corruption and chronic economic instability, signalled by frequent and severe depressions. The lesson became clear to everyone at the time that capitalism's invisible hand works best if government creates a level playing field on which anti-competitive behaviour is proscribed. The regulations which evolved from that hard-earned lesson, and which succeeded in stabilising Western economies, are the very regulations which are being abandoned as part of the globalisation process. History is being ignored, while 'market forces' are being touted as a brave new idea, whose beneficent economic efficacy should be self-evident to all. Without regulation, each industry and market could come to be dominated by a few very large companies, able to charge monopoly prices and threaten governments with investment strikes, job-shedding, tax avoidance and other measures. And it is not enough to protect the existing level of competition: it must be increased wherever possible.

### *Inhibited investment*

Greater equity of incomes unfortunately comes at the expense of efficiency and growth and, if we truly wish to help the poor, the best strategy is to not deprive the rich of investable funds.<sup>9</sup> Certainly the Conservative Development Party's planned wealth tax will reduce investment. Also, reducing the growth rate, by investing in environment, employment and welfare, means there will be a shortage of investment funds for business. Without such funds Australian business will be unable to compete in a global economy where demand is constantly shifting and can only be captured by constant new investment. Plans to force superannuation funds to invest more in



Australia are unfair to fund members and will encounter strong resistance.

**Response:** Steadier growth with full employment and an improving environment rather than boom-and-bust growth may end up yielding more total growth.<sup>10</sup> Full employment is fundamental to creating a stable civilised society of the sort to which global businesses will be increasingly attracted.

### *Business resistance to job creation*

Creating a million jobs is going to be a long and difficult operation, problematic even with the full support of the community. Yet it would be unsurprising to see business interests campaigning for downward wage flexibility as the solution to unemployment, rather than supporting government-assisted creation of award-wage jobs. In a one-world economy, it will be difficult for any country acting alone to raise taxes for the purpose of creating jobs. It would take unemployment levels that portend terrorism to trigger a world agreement to dampen capital-flight from such countries.<sup>11</sup>

**Response:** Government has a responsibility to ensure work is available to all. If full-employment policies are implemented with confidence, far-sighted investors will not abandon Australia. In any case, we are prepared to offset 'job' taxes with selective investment subsidies.

### *Job creation and welfare doubts*

It will take years or decades to create 350 000 public sector jobs which are genuinely in the public interest and not trivial. In the meantime, the conservative development strategy is to maintain something like the existing system of social welfare benefits. But is this too generous, both in terms of available funds and in terms of ensuring people's willingness to work? Will a Conservative Development government send itself broke *and* fail to reduce unemployment levels? Certainly plans to introduce a guaranteed minimum income will have to remain on hold for a very long time.

**Response:** This critique is simply recognising that creating a full-employment society is going to be a long haul, beset with risks of failure. Most people will work for the equivalent of welfare benefits as long as this makes them feel useful to society. Given overseas failures of marketisation to create full employment, we need to at least experiment again with Keynesian ideas of 'pump priming', using government to simultaneously create jobs and effective demand. It is particularly important not to succumb to pressures to cut taxation because this will be hard to reverse.

### *Industry-support doubts*

Plans to help 'growth industries' establish themselves require

government to ‘pick winners’—a task for which it has no demonstrated competence. Any subsequent failure and abandonment will again reduce the rate of economic growth. Rent-seeking interest groups will absorb government energies as they jostle for preference. Response: It is blindingly obvious which sectors of the global economy are going to grow most over coming decades and, provided support is spread across industries rather than given to individual firms, this is an excellent way to help Australian companies reach takeoff size where increasing returns begin to kick in.

### *Trade policy doubts*

Plans to indirectly subsidise export industries and use transferable quotas to manage imports will almost certainly violate World Trade Organisation rules. Also, if export industries need subsidies, they are inefficient and do not warrant assistance; they are simply crowding out potentially efficient operations.

**Response:** Not necessarily but, if so, we must simply keep experimenting with alternative methods to keep the national trading account in balance.

Employment above a critical level (perhaps as low as 93%) and big increases in government spending are two consequences of this strategy which are liable to re-ignite inflation and increase the current account deficit.

**Response:** We believe appropriate government spending neither crowds out private investment nor combines with it to fuel inflation. The question of an appropriate complementary level is experimental and empirical, not ideological.

### *High utility charges*

Corporatisation of public utilities is not enough to ensure low prices. Privatisation in a way that creates competition is required.

**Response:** It is difficult to introduce effective competition into a utility sector that is a natural monopoly. Corporatisation allows utilities to meet community service obligations and pursue efficiency with a minimum of regulatory supervision.

### FEARS FOR FUTURE ENVIRONMENTAL QUALITY

It is doubtful if the Conservative Development Party realises the magnitude of the agenda it has set itself for managing environmental quality—redistributing population to coastal cities, halving carbon emissions, new transport systems, eliminating offshore sewage disposal and so on. Even if these sorts of massive capital-intensive projects are technically and socially feasible, they collectively constitute an impossible demand on public and private funding capacities.

On the question of the social feasibility of its agenda, government

will find itself engaged in endless, all-consuming negotiations with rent-seeking lobby groups and corporatist interests. Business is skilled in deflecting pressures to change.<sup>12</sup> Past experience with urban and rural land use planning exemplifies how even small changes to protect the environment are whittled away under pressure. Why would the future be any different? What we have here is a classic recipe for Lindblom's 'pluralistic stagnation'.<sup>13</sup>

As regards technical feasibility, the Conservative Development Party's plans for protecting biodiversity quite rightly emphasise control of Australia's amazing complement of weeds and feral animals. The fact is that, with the exception of a few special cases where high costs could be justified, weed and feral animal control in Australia has been a failure and, given that there are no breakthrough technologies in sight, will continue to be a failure.

Overall, it would be unsurprising for this strategy to end up as a pitiful rearguard action against both strong opposition and great inertia. There seems to be little reason to presume that environmental quality in 2050 will be significantly better than it is today.

**Response:** This is a fifty-year agenda, not an agenda for a single term in office. It is important to make comprehensive long-term plans even if they are likely to need modification in the light of subsequent events. We recognise that the capital demands for our agenda are large, but we believe they can be met provided we start investing at the highest manageable level immediately and persist with such investment. While we are willing to impose solutions if necessary to advance our agenda, we believe that the use of modern mediation and dispute resolution techniques can speed the rate at which compromises between parties are reached. We accept that there are major unresolved technical and social difficulties in our plans to protect biodiversity but believe these constitute the best available options and that new technologies will emerge to improve prospects for those options.

#### FEARS FOR THE FUTURE OF SOCIAL HEALTH AND SOCIAL JUSTICE

Concerns that might be raised here include doubts about this strategy's prospects of achieving real social justice and social health.

##### *A limited view of social health*

The Conservative Development Party says that if it can achieve near-full employment, sociopathic behaviour will largely disappear. But will it? People need work to live, and become alienated without it, but is work enough? People also need to have their individuality recognised, primarily by being offered the opportunity to participate and collaborate with others in their working and other lives. So, while having work is important, worker participation is just as

important. Also, institutions outside the workplace will not encourage participation without themselves being encouraged, something which is not part of the Conservative Development agenda. For example, while applauding the Party's plans to increase fairness in government decision making, this is not the same thing as fostering participation.

**Response:** We have no disagreement in principle with the idea of deliberately fostering participatory and collaborative processes in the diverse organs of society. Because of the opportunity cost, we do however regard it as necessarily secondary to the massive 'tunnel vision' task of building full employment.

### *Achieving social justice*

Raising taxes substantially, particularly environmental taxes, impacts regressively on the poor. For example, taxing leaded fuel or fuel-inefficient vehicles impacts on drivers of older vehicles. This concern is exacerbated by the realisation that high taxes under this strategy are to be used to fund the delivery of the tools of opportunity, such as health and education services, by large bureaucracies. Experience suggests that it is difficult to achieve significant improvements in efficiency and effectiveness in such organisations, particularly in delivering services to the socially disadvantaged.

**Response:** In our comprehensive overhaul of the tax system, there will be every opportunity to ensure that any particular inequity is ameliorated by positive discrimination elsewhere. In any case, environmental taxes are less inequitable than commonly supposed.<sup>14</sup> Environmental and social justice problems are interdependent and can only be solved simultaneously<sup>15</sup> by a comprehensive program which includes jobs and incomes, regional economic development and environmental management.

### *Treating symptoms, not causes*

A more general criticism of this strategy's approach to social justice and social health is that it focuses on ameliorating problems arising within society rather than trying to create a society in which these problems are less likely to arise.

**Response:** It is difficult to know what this criticism would have us do. It is probably saying that it is not enough to pull levers that change the indicators of a just society; one must also pull the levers that change the levers. We agree in principle but time and resources are always limited.

## QUESTIONING AUSTRALIA'S WORLD ROLE

While many things can and will go wrong in the world over coming decades, and while there will be many global changes to which

Australia will have to adjust, there are several specific threats to the country which could be triggered by adopting a conservative development strategy.

One concern is that the global financial system will disapprove strongly of this strategy's 'tax and spend' policies and, if the Australian dollar at any time shows signs of weakness and vulnerability, it will be attacked with malicious savagery. This could in turn flow on to a need for international loans which would be supplied only if 'big government' policies were abandoned. It has already been noted that Australia, with policies on non-transferable imputation credits, a transaction tax, 'Buy Australian' campaigns, strong environmental protection and so on could be judged 'investment-unfriendly' and subjected in retaliation to market discrimination and even to attempts to change policies through subversion of government.

Given its strong internationalist, humanitarian stance and the possibility of being a rich, successful country, Australia might come under growing pressure from an increasingly desperate world community to accept large numbers of refugees from overpopulated countries.

**Response:** We believe that if Australia presents its policies with confidence and determination, the nation will be recognised as formidably difficult to undermine and will gain support from many other countries searching for alternatives to marketisation.

#### POLITICAL DOUBTS

Concerns that might be raised here focus on the difficulty of achieving significant social change under the Australian political system.

#### *Out of date?*

This strategy stands to attract support only to the extent that it can be portrayed as different from traditional 'big government'. However, its reliance on centralised power and 'tax and spend' thinking puts it quite out of step with the rest of the world.

**Response:** In a rapidly changing environment, it is meaningless to condemn policies for having failed in the past. After all, there are only a limited number of ways in which capitalist societies can be organised and managed. Notwithstanding this, we will be emphasising the degree to which this strategy expresses a reinventing and refocusing of government functions.

#### *Slow reform*

*...the capacity of government to shape the direction of society reached its zenith in the post-World War 2 Keynesian age. (Kelly in EPAC 1994a)*

The conservative development strategy envisages a strongly interventionist government bringing about major changes in employment and environmental quality. But this strategy fails to recognise several realities.

Australia's institutions and laws are so difficult to change that they are already setting limits on further social, cultural and economic development.<sup>16</sup> Also, because the rate at which the world is changing appears to be quickening, governments need to be able to make decisions more rapidly than ever before if the institutional structure of society is not to become increasingly mal-adapted. There is little sign of this occurring or of mechanisms being designed to help it occur.

Many of the problems faced by governments are so large that even what appears to be a strongly and widely supported remedial program will have little impact. This is because, given the many demands on limited government resources, no sizeable problem can be given the required attention. Marginal incremental improvements are all that can be hoped for. Once it is fully realised that a system based on balancing strong competing interests (often more concerned with distribution than production) is incapable of achieving major change, the whole administrative and political mechanism could break down. Saul sees the major weakness of this type of system as being a loss of concern for the public good because all attention has gone into balancing the demands of private interest groups.<sup>17</sup>

Government's resources for dealing with its domestic problems are further reduced by an ongoing, increasing need to cope with and respond to global change of all sorts—new technologies, prices, disasters, military tensions and so on. Subscribing to binding global agreements such as the World Trade Organisation, the possible Multilateral Agreement on Investment and the operation of the International Monetary Fund brings benefits but can also reduce options for domestic policy. It has to be asked if in the coming world strongly interventionist government is even possible.

**Response:** The political scientist CE Lindblom has argued that very few situations can be changed other than marginally in democratic societies and that a philosophy of 'muddling through' by making frequent small changes in the 'right' direction without particular reference to ultimate destinations is in fact an optimal strategy for managing society—not terribly effective but optimal.<sup>18</sup> Certainly, it may be better than deconstructing the system and having faith in 'market forces'. It is worth recalling that evolution works the same way. It must be accepted though that 'marginal incrementalism' is a slow business, not suited to tackling urgent problems. However, we

believe that a Conservative Development government can do better than this. The key is to realise that small reforms are the enemy of large reforms and that too many incremental changes clog up the system. Because we have a clear and focused agenda, built around the twin pillars of unemployment and environmental quality, we can make big government work better. A well-resourced, highly-professional public service will allow us to create and implement strong policy choices using a wide range of innovative social technologies. We intend to monitor and respond quickly to the need for change. The levers to change society are there, and we have to be prepared to find them and pull them. To neutralise the capacity of vested interests to thwart reform we will bring in large packets of changes simultaneously.

**Counter-response:** This is a tactic of relying on a big bureaucracy to cope with dispersed, ever-changing problems. But bureaucratic forms of organisation adapt and evolve too slowly to cope with tomorrow's world.<sup>19</sup> Bureaucracies deal with diversity by ignoring it. By contrast, a culture of devolution and participation would allow issues to be addressed locally, sensitively and with a new energy; and impede the rise of narrow coalitions.

### *No theory of sufficient intervention*

When is big government too big? What are the Conservative Development party's criteria for judging when the supportive state becomes the nanny state?

**Response:** While the Conservative Development party has no firm criteria for setting limits on the role of the state, these are far beyond present practice and will be considered when this issue becomes more relevant.

### *Loss of state powers*

By setting out to systematically diminish the powers and activities of the states, a Conservative Development government can only increase the decision-making and administrative load on the extended federal government and bureaucracy. Under this tactic, any opportunity for using the states as a natural laboratory for studying policy alternatives is lost.

**Response:** The resources and organisational arrangements for delivering supplanted state services will remain. What will disappear will be the parochial and obstructionist behaviour in which the states commonly indulge. Federal administration of health and other services can only improve efficiency of delivery and resource availability. The states have never functioned as a policy laboratory and there is no reason why they ever would.

## THE FUTURE UNDER AN ECONOMIC GROWTH STRATEGY

Central to the achievement of improved quality of life in 2050 under an economic growth strategy are a reduction in the role of government and an expansion in the role of self-regulated markets; markets will provide what we need and want at prices we can afford. Within the details of this strategy's manifesto there are beliefs, values and plans which are particularly likely to be seen as problematic by growth sceptics. A selection of these doubts, plus proponent responses, is presented here under the three headings of economic, social and environmental futures.

### FEARS FOR THE FUTURE ECONOMY

The general focus of concern is that an unconstrained economy will not necessarily deliver even economic growth, much less jobs, environmental quality and full employment.

#### *Why the economy might not grow*

If the economy were to grow at 3% a year, it would be four times its present size in 2050. Population is projected to grow by 10 million in the same period, making GDP per head then 2.6 times its present level. For a mature economy, being managed to grow as fast as possible, most observers would regard this as a good result.

However, even in the absence of global shocks such as worldwide deflation or depression, there are a number of contingencies under which the economy might not grow as fast as this. Some are contemplated below.

- To achieve long periods of steady growth, it is important for an economy to have the right balance between:
  - Smithian (allocative) efficiency, which is about ensuring that the right things are made in the right place at the right cost;
  - Keynesian efficiency, which addresses the potential output lost in recessions and through unemployment. No economy can afford to have 10% of its workforce unemployed. Allocative efficiency during recession may actually drive people out of work, increasing local efficiency while decreasing national efficiency;
  - Schumpeterian efficiency (after economist Joseph Schumpeter), which is about making the right long-term investments in the right new technologies and the right 'primary growth sectors' of the economy.<sup>20</sup> Such requires patient capital; but too much Smithian efficiency cuts profits and constrains the possibilities for Schumpeterian investment.<sup>21</sup> We may be locking ourselves into a low-wage, low-skills development trajectory.<sup>22</sup>



- There is no particular reason why a self-regulated Australian economy should necessarily get these balances right. Indeed we seem a little obsessed with allocative efficiency, which may lead initially to low prices but may also produce low growth and high unemployment and, eventually, higher prices resulting from the use of outdated technology.
- Economic growth is likely to be concentrated in countries where multinational companies are investing in new plants. Multinational companies are increasingly less likely to make such investments in a country which has minimal tariff protection, high wages, experienced unions and a small domestic market, perhaps made even smaller by high unemployment. The Australian economy has shrunk from constituting 3% of the world economy in 1970 to less than 1% and is consequently attracting a decreasing share of foreign investment—declining from 5% in 1987 to less than 2% in 1994. Also, under the economic growth strategy, there are no clear industry support policies, offering, for example, generous incentives to multinationals to locate here.<sup>23</sup> So we might find ourselves left behind in the global economy unless we become interventionist as in the conservative development strategy.
- Judging from results to date, further microeconomic reform (deregulation and privatisation) may not deliver any clear-cut increase in the rate of economic growth.<sup>24</sup> Privatisation of low-risk sectors of the economy, such as utilities, may even slow economic growth by diverting capital from high-risk, high-return ventures.
- Australian exporters may continue to face high tariffs for value-added primary products for many decades. This would make export growth difficult to achieve. Also, exports might become less competitive if increasing physical scarcities (such as soil, oil, forests, water) are not compensated for by improved technologies.
- Australia has poorly developed capital markets and there is no particular reason why this situation should improve.
- The lessons of the 1980s with respect to poor loan management by banks, the bureaucratisation of large companies and the cost to the economy of corporate buccaneers may not have been learnt. Fierce competition between credit providers is a disaster, not a benefit. Practices like financing buyouts with debt rather than equity can produce growth-threatening corporate failures.
- Declining domestic oil supplies, degrading farmlands and decaying infrastructure might combine over several decades to squeeze growth by increasing a variety of production costs.

- Australian growth is increasingly linked to Asian growth which, if Krugman<sup>25</sup> is correct, will slow dramatically as slack resources (uneducated underemployed workers) are taken up to complete what will be a one-off burst of growth.

**Response:** It is true that business might make aggregated economic decisions which, while not intrinsically wrong, lead to second-best outcomes (picking, for instance, the wrong primary growth sectors). It is true that not all countries will be winners under globalisation and that Australia has some disadvantages to overcome in this respect. However, we equally have advantages that are becoming relatively more important in a world economy where the knowledge-intensive service sector is growing more rapidly than the mass consumer goods sector. We are a stable, low-corruption, non-litigious society with a healthy, educated workforce and strong institutions. While growth might slow in our Asian markets, the Asian hemisphere, at the beginning of the next century, will still have 400 million middle-class residents, growing by 30 million per annum. On balance, there seems no reason why the Australian economy should not grow as fast as any other OECD economy.

### *Corruption*

Corruption, because it reduces competition, is economically inefficient as well being destructive of trust and social capital generally. Corruption and illegal business practices are more likely to spread under this strategy's strongly individualist style, characterised by reduced public scrutiny and intense competition and in contrast to a more collectivist or participatory style. While decent people follow voluntary, self-regulatory codes on anti-competitive behaviour, cowboys do not and you cannot make them.<sup>26</sup>

**Response:** Criminal corruption is a hazard in any system and its impact will depend on the effectiveness with which it is policed. Non-criminal unethical behaviour is unlikely to be higher under a voluntary code than under a code of sanctions.

### *Unrewarding growth*

Growth as measured by GDP can be illusory,<sup>27</sup> failing as it does to take account of overseas remittances, annual variability, non-market costs such as loss of natural capital and so on. National disposable income per capita (real GDP less real depreciation less net overseas payments) might be a better measure of economic growth.<sup>28</sup>

Market choice does not necessarily increase with GDP. A strong private sector is reasonably good at providing the bulk of the population with the right mix of Fords and Toyotas, beer and skittles, milk and honey. However, there are numerous things which people

value but which markets are still largely unable to provide as GDP grows: job security or job satisfaction cannot be exchanged for fewer consumer durables; positional goods such as harbour views can only be supplied in limited quantity. Indivisible shared facilities such as schools and swimming pools, especially when these are shared between generations, are likely to be under-supplied. Consumer sovereignty is a myth.<sup>29</sup>

**Response:** For all its imperfections, there will be a high correlation between GDP per capita and quality of life. Certainly there is no reason to see increases in GDP under this strategy as less rewarding than similar increases under a conservative development strategy.

### *Increasing income inequality*

Thurow warns of continuing massive real wage decline and increasing inequality in deregulated first world economies.<sup>30</sup> Between 1973 and 1993, real median wages for male workers in the United States fell by 11% and by 23% for workers in the lowest quintile. In the 1980s, 64% of all gains in male earnings went to the top 1% of earners. Real wages are approaching the level of the 1950s and wealth distribution is near the level of the 1920s. The top 1% of owners have increased their share of wealth in 20 years from 20% to 40% of all wealth.

There is considerable evidence that, under a laissez faire economy, growth has historically created greater and greater economic disparity between the 'haves' and the 'have nots'.<sup>31</sup> This shift has its origins in income differences. Below a certain income it is impossible to accumulate wealth whereas, above a certain income, it can be accumulated very easily.<sup>32</sup> But there are other reasons too: the rich can spread financial risks. Planned regressive taxes such as those on consumption can only further increase inequality. The insecurity created by increasing income inequality can only be exacerbated by the shrinking of the welfare system.

**Response:** In a healthy economy, an increased wage spread does not necessarily mean that the lowest wages fall. However, if low wages were to fall further, it would be necessary to restore absolute levels, perhaps with United States-style wage subsidies. But, if bottom-end wages did not fall, an increased wage spread could act as an incentive to the working poor to improve their incomes. In defence of a tax on consumption, it will have the useful effect of discouraging consumption and increasing investment.

### *Employment concerns*

Even if the Australian economy grows steadily under deregulation and small government, it does not follow that the employment rate will improve.<sup>33</sup> Jobless growth, characterised by the substitution of

capital for labour in the production process, may be unavoidable if Australian businesses are to survive in a globalising economy. In the worst case, unemployment could rise massively over coming decades.

As the economy moves from labour-intensive to capital-intensive methods, the capacity of labour to bargain with capital will continue to decline. There seems little prospect of the economic growth strategy providing people-as-producers with the sort of economy they want—full employment, job security for competent workers, a high minimum wage, reduced inequality and infrequent moves to obtain work.

**Response:** While existing jobs are lost rapidly in a restructuring economy, it takes longer for new jobs, and people capable of filling them, to emerge. But it does happen. For example, since the 1970s there have been large increases in employee numbers, total hours worked and participation rates in the Australian economy. If we free up the labour market by making wages more flexible, and improve training and retraining, then the lag in job creation will be minimised and most people will end up with a job.<sup>34</sup>

### *Free-trade doubts*

Free trade is not always beneficial. Theory suggests that if any of the conditions of perfect competition are lacking, as they certainly are in the modern world, the advantage to any given country of free trade can no longer be demonstrated.<sup>35</sup> If the structure of the economy is inappropriate, free trade can lock a country into a low growth path.<sup>36</sup> Certainly, the rapid and unthinking removal of all tariffs imposes heavy costs on displaced workers and leads to capital being inefficiently abandoned rather than ‘not replaced’.

**Response:** There is no other way. As the world started to globalise, our exports became non-competitive and imports became more expensive in export terms. If we want Australian industry to become more efficient and future Australians to have access to technologically advanced goods and services, we have no choice but to compete in global markets. It is a strategy which is pragmatic, not ideological. It might well fail, but the protectionist alternative will certainly fail.

### *Doubts about extending property rights*

It is all too common for the re-allocation of property rights from the public to the private domain to involve a granting of windfall gains to some party. Once allocated, it is more difficult for government to protect that property from exploitation and near impossible to fund the buying back of those rights if that is desired. Monopoly ownership of ‘commons’ resources leads to overpricing and, possibly, like open access, to overuse.<sup>37</sup> Some form of socially organised quota access is preferable to privatisation undertaken for ideological reasons.

**Response:** There may be a few cases where property rights cannot or should not be extended. Generally however, publicly owned resources of all types will be used more productively if transferred into private ownership, simply because the profit motive then comes into play.

#### FEARS FOR FUTURE ENVIRONMENTAL QUALITY

Concerns here focus on the lack of direct links between the economy and environmental management.

##### *What might happen*

Will high economic growth foster high environmental quality? The first problem is that, to the extent that growth implies increased throughputs of energy and materials, it implies increased residue production—and pollution is merely unprocessed residues. The second problem is that even if the economic growth strategy is successful, there are no obvious mechanisms in a free market system for transforming economic surpluses into a better quality environment. Thus, it would not be surprising if this strategy led to pervasive and irreversible environmental and resource degradation in rural Australia. Unmanaged land and resource markets cannot ameliorate the spillover costs of profit-maximising land use—such as soil salinisation, declining water quality and declining amenity and recreation value for rural landscapes. Even internal costs such as erosion are discounted at rates that impute a low value to soil in 2050. There is no way in which diffuse individual demands for much slower degradation of rural lands can find expression. Future Australians and poor Australians have no say at all.

In the cities, plans to introduce full-cost pricing (user pays; polluter pays) to counter congestion and pollution could be effective if a free market government remains willingly interventionist. However, there are no market instruments for achieving quality urban design above the scale of a single subdivision; the ‘Los Angelisation’ of the major cities would be unsurprising. The prospect of urban sprawl and ghettoising will be increased by the Economic Growth Party’s policy of strong population growth without complementary expenditures on infrastructure, facilities and services.

**Response:** In rural Australia there are a number of emerging drivers that will act to maintain resource and environmental quality. These include consumer demand for organic products, new low-impact, high-precision technologies, land ownership in place of leasehold and a burgeoning land stewardship ethic as exemplified by the Landcare movement. If the rich want access to exclusive wilderness and outdoor recreation areas, then market forces are well able to conserve areas which might otherwise be lost to development. For

example, much forest with high biodiversity values remains in privately owned rural retreats, hobby farms and ‘ripening’ sites. It is a good sign that business has moved from treating environmental problems as a threat to be denied to seeing environmental degradation as an opportunity to be exploited.<sup>38</sup>

In the cities, emerging new technologies offer the prospect of much-improved air and water quality. New vehicular technologies will allow high levels of personal mobility to continue.<sup>39</sup> Where congestion remains a problem, any of a range of market-based instruments offer solutions. Note that, as a general rule, urban environmental quality around the world increases with per capita income.

### *Reactive style*

An Economic Growth government would appear to have little sympathy for a precautionary or pre-emptive approach to environmental problems, preferring to react to such only when they become political issues. Given the insidious ‘boiling frog’ nature of many environmental problems, this strategy could contain the seeds of disaster. **Response:** It is always a matter of judgment as to how much effort to put into foreseeing the future and preparing for it. Given the long-failed history of environmental doomsayers, we are inclined to be optimistic and bide our time in these matters.

### FEARS FOR THE FUTURE OF SOCIAL HEALTH AND SOCIAL JUSTICE

Concern here focuses on the dual threats of discontent leading to societal disruption and soft authoritarianism to suppress such disruption.

### *Inequity and disorder*

*The truth is we stand between two theories of economic society. The one theory maintains that wages should be fixed by what is ‘fair’ and ‘reasonable’ as between classes. The other theory—the theory of the economic juggernaut—is that wages should be settled by economic pressure...and that our vast machine should crash along with regard only to its equilibrium as a whole, and without attention to the chance consequences of the journey to individual groups. (JM Keynes, quoted in Routledge 1977)*

Just as there is no plausible mechanism by which economic growth might translate into environmental quality, it is difficult to see how economic growth in a neo-liberal society, opposed as it is to arbitrated wages and welfare benefits above subsistence, is going to reduce the proportion, currently 40%, of Australian children brought up in poverty. Under a strategy of small, balanced budgets, the sick, elderly, unemployable, disabled, and their children, will be

marginalised, unable to afford high quality housing, education, healthcare, food, transport, entertainment and so on.

Supporters of the economic growth strategy concede that the rich–poor income gap will widen in a free market economy, but counter that there are good prospects nonetheless that real incomes of the poorest fraction of society will rise, making any redistributive action unnecessary. Whether this trickle-down would happen in practice and whether it would meet community views of what is equitable are open questions. Critics of this strategy<sup>40</sup> see a great danger to social health in a widening of the income gap, irrespective of any trickle-down. Basically, the critics fear the creation of an angry alienated underclass, willing to massively disrupt (with crime, terrorism, riots and the like) a society unable to offer them personal and social fulfilment. It needs to be remembered that while the welfare state was brought in after the Second World War to combat poverty, it was also intended to help head off the mass violence of the 1930s.<sup>41</sup> The possibility of an alliance between frustrated environmental activists and the economically disadvantaged cannot be dismissed either. Industrial chaos could also emerge if workers find themselves fighting to preserve declining conditions of employment.

**Response:** Clearly, if these latter scenarios were to eventuate, it would be necessary to both firmly manage them and to make concessions to the disaffected. Certainly we do not believe that rising incomes for the poorest in society are consistent with social chaos; any possibility of upward social mobility is a great solvent for discontent. Nor will Australia have a high (20% plus) proportion of its population in the 15–24 age group, a strong correlate of social unrest.<sup>42</sup> Many amongst the disadvantaged will remain docile because they will not wish to alienate the rich on whom they are dependent, and because they do not realise their own power. Migrants from the third world will be content with any conditions better than at home. Strikes will be increasingly rare in a reformed labour market. In any case, a high rate of economic growth is so important to the survival of Australian society that we must risk this challenge.

### *Soft authoritarianism*

Although economic growth and democracy have tended to be associated historically,<sup>43</sup> capitalism does not require a democratic environment—just consumers with access to markets and a stable political climate. Under increasing inequality, the obverse to the danger of social disorder is ‘soft authoritarianism’, edging towards fascism perhaps, but not totalitarianism; it is difficult to see Australia becoming a true police state where government physically suppresses dissidence. But this would not be necessary. Databases of personal details, surveillance, repressive legislation, harassment and media massaging

would be a sufficient set of tools to keep incipient disorder suppressed. An independent national media, offering freedom to dissent, *and* be heard, would be an unaffordable luxury. Redress against arbitrary power exerted by large private institutions would be difficult.

**Response:** This is highly fanciful. While the Economic Growth Party expects people to show respect for authority, it is committed to protecting citizens' civil and political rights. A society not committed to the rule of law is unlikely to be economically successful.

### *Institutional decline*

The Economic Growth Party does not seem to realise that a smoothly functioning market economy needs a complex institutional support framework—from families and their values to the legal, political, educational, welfare and industrial relations systems. A minimalist 'night watchman' state may just not be able to support capitalism's requirements.<sup>44</sup> Yet the Party's manifesto pays little attention to how a civil society of well-functioning institutions is to be built, maintained and further adapted. Krygier for one sees a strong state as a precondition for this.<sup>45</sup> One particular concern is that an increasingly 'contractual' society will impose an enormous litigation burden on an ill-prepared judicial system.

**Response:** Australia already has a well-developed institutional framework and an Economic Growth government will protect this and adapt it when there is a clear community demand to do so. More often, the challenge is to deconstruct institutions that are interfering with the free functioning of markets. Extensive plans for deliberate institutional reform are unnecessary.

### *Winners lose*

*A dysfunctional society can negate the benefits of high income.* (Kelly 1997b)

Even those earning high incomes under an economic growth scenario stand to experience employment insecurity and, if income inequality leads to social unrest, personal insecurity also. In an intensely competitive system, employees will have to work long hours to maximise their survival chances and, at home, dependence on security guards and other precautions could induce a laager mentality. The poor will, of course, experience even higher levels of personal and job insecurity. Most people are not entrepreneurs who thrive on business challenges, and are likely to be fearful of being dependent on markets and corporations that are basically indifferent to their extra-market concerns.<sup>46</sup>

**Response:** Life is never secure and, in times of rapid change, must be expected to be less secure. Also, an extra level of insecurity may



be needed to extract the best from workers as business struggles to thrive under globalisation.

### *Moral hazard*

The central moral issue in Australian society will continue to be the extent to which those of higher socioeconomic status (the 'haves') feel responsibility for the wellbeing of the poor and disadvantaged (the 'have nots'). Regardless of how it is measured, overall quality of life for any society must surely depend on how the poor and the unborn are treated.<sup>47</sup> But if people really are governed by self-interest, as the neo-classical economic model underlying and justifying this strategy assumes, how can the rich be expected to care about what happens to the poor? Competitive individualism creates a moral void which is filled by intolerance, fundamentalism and so on. It contains no moral obligation to limit individual wealth.<sup>48</sup>

Similarly, there is no explicit concern for the survival of Australian society; only for making the Australian economy competitive and hence more likely to survive. It is consistent with an individualistic strategy for the successful to migrate if this is in their economic interests. Potentially, such irresponsible behaviour by the elites would be as much a threat to Australian society's survival as any angry underclass.

**Response:** Can it be demonstrated that there is something intrinsically wrong with high consumption? A neo-liberal society has no brief for inculcating values such as responsibility for the poor and unborn, patriotism and so on into citizens. Many Australians will have such values as a result of family and religious teaching, but the state's only 'moral' responsibilities are to promote respect for the law and an understanding of the importance of personal freedom in a free society. If moralising is the topic, it can be pointed out of course that a declining standard of living for Australian workers makes the lives of the 'sweat shop' workers of Asia comparatively more tolerable. More generally, the corporate world has virtues beside its putative economic virtues of efficiency, productivity and profitability. It is the enemy of parochialism, isolation and social disorder.<sup>49</sup> Capitalism protects dissidence through the possibility of people being able to support themselves without having to depend on the state.

### *A failed education system*

Strictly balanced small budgets will lead to a decline in the health and education standards that are fundamental to an adaptable and competitive economy. Making education income-dependent violates the principle that meritocracy is more efficient than heredity.<sup>50</sup> Making education a 'branch of big business' reduces our prospects

of ever becoming an adaptive and learning society. More generally, a society which does not provide equality of opportunity to achieve inequality will be perceived as unjust.<sup>49</sup>

**Response:** Economic growth depends strongly on a healthy, educated workforce; an Economic Growth government will rely, with confidence, on marketised delivery systems to meet this need.

### *Population pains*

How will Australian society adapt to the high rate of population growth envisaged under the economic growth strategy? There appear to be few clear benefits from a much larger population and some significant possible 'disbenefits'.<sup>50</sup> It is the urban poor who stand to suffer a disproportionate share of the increased living costs and uncompensated losses in environmental and social quality of life, which would be unsurprising consequences of population growth. This strategy already contains the seeds of social unrest in the form of increasing inequality of incomes; whether this hazard would be exacerbated by population growth driven mainly by immigration from Asian countries is unpredictable. 'Tribal' conflicts could flare as immigrant communities become absolutely and relatively larger. We have here a contingency that needs to be factored into any precautionary thinking about Australia's future population.

**Response:** Despite the lack of clear evidence, we believe that strong population growth will boost GDP per head as well as total GDP. We believe that an increasing Asian component in the local population will make Australia's integration into the Asian economy that much easier. Australia has a record of relative ethnic harmony and we cannot see why this should not continue under a sizeable immigration program.

### **UGLY AUSTRALIA**

While it cannot be proven, it is not unreasonable to assert that the world probably cannot support 11 billion people at the GDP per capita levels which Australia is aiming for in 2050, even if the physical intensity of production falls surprisingly fast. If so, it is not possible for all of tomorrow's third world people to have the living standards enjoyed by the rich countries. The nature of global capitalism is that while some hundreds of millions in the third world might be lifted into a global middle class, most of the increase in gross world product will accrue to the first world. It would not be surprising if this were to create in many third world countries a massive anger and resentment of the first world—an anger spilling over into sophisticated terrorism and retribution—the botulinus option. Australia has both moral and self-protection reasons for acting to avoid being an object of such retribution. The economic growth

strategy appears both insensitive and indifferent to such a contingency. Our exposure to a third-world backlash could be conflated if we were to judge that part of the price of admission to Asia and its distorted markets is to overlook human rights abuses and the soft authoritarianism of governments liable to populist takeover.

**Response:** The Economic Growth Party is not unsympathetic to so-called Asian values if these include respect for authority and a recognition of the need for the individual to make whatever contribution they can to the economy. As for helping the third world develop, the best contribution we can make is to ensure that their markets are open to us and ours to them. Everybody gains from trade. Moreover, a healthy trade surplus is the best foundation on which to build a capacity to offer foreign aid. We find the idea of Australia being punished for being economically successful implausible. Ultimately, each country must take responsibility for its own successes and failures.

#### POLITICAL DOUBTS

Doubts about the political acceptability of a pure economic growth strategy centre on its intellectual and spiritual poverty—short term, divisive, materialistic and without vision.

#### *The credibility gap*

What are the prospects for ongoing voter support for an economic growth strategy delivering, say, a modest rate of growth? The Economic Growth Party's biggest single political problem will be to convince voters that they are governing in everybody's interest. They are selling the view that what is good for the business community is good—or at least that there is nothing better—for workers, retirees, minorities, welfare beneficiaries, consumers, environmentalists and other parties.

Given that capitalism's goal is production for profit and the expansion of private capital, not quality of life for all, and given that an Economic Growth government would have no intention of proactively intervening to divert profits into the accumulation of societal capital, canvassers have to argue that this would occur via some self-managing process—an 'invisible hand'. Certainly, if people are as self-interested as the neo-classical model of the economy postulates, that process is unlikely to be charity. And, for two reasons, it will not be Adam Smith's invisible hand. His invisible hand reputedly only works when markets are competitive, and then only works to supply people with the best possible mix of marketplace goods in the short run. But, with minor exceptions, modern capitalist markets are characterised by increasing returns and concentration rather than 'perfect' competition. Also, marketplace goods are only one aspect

of quality of life. How then is economic growth going to translate into improving quality of life?

A related puzzle for voters is that while this strategy acknowledges the need for limited intervention to correct ‘market failures’, the criteria by which such failures are identified are not transparent. For example, failure due to externalities is not the same as failure due to anti-competitive practices. A more developed theory is needed to make the triggers and boundaries on intervention clear. Just when will government use public funds to maintain media competition, remedy infrastructure deficiencies, support research and development, develop capital markets and so on? It is important to avoid the suspicion that the answer is ‘Whenever business wants it.’

**Response:** Certainly it is quite wrong to see neo-liberal governments as being against all intervention.<sup>51</sup> Some public goods such as defence, roads, and education are desirable and can only be financed collectively. Some environmental problems seem to require government-led solutions. The macro economy has to be managed by government. And so on. It is legitimate for governments to use taxes and subsidies to alter price signals when market failure occurs, as in externalities, spillovers and the like. While it may not be economically efficient policy, an Economic Growth government has no intention of dismantling the welfare state, only to shrink its reach and costs; this acceptance is one of the lasting legacies of the post-war golden age. We are not against co-operation, but it must be voluntary co-operation. Having said that, we repeat that if Australian society is to survive it is first necessary for the Australian economy to survive current and foreseeable waves of global change.

### *The vision gap*

Because most decisions would be left to the market under an economic growth strategy, government cannot offer any specific vision of what Australia and Australians might achieve over coming decades. Government would intervene only under strong electoral pressure. Voters are asked to believe that the only road to high quality of life is via a strongly growing economy and that the only road to a strongly growing economy is to minimise government efforts to secure social justice and high environmental quality and to rely on market forces to secure these values. Countries which are willing to sacrifice environmental standards, wages, working conditions, civil and political rights and ethical standards will win the economic war. People are being asked to give up what they already have in exchange for problematic unspecified improvements.

**Response:** This strategy, if all goes well, will give us, our children and grandchildren long healthy lives which, with the aid of new technologies, we will enjoy more. This may not be specific but we

have no doubt that it will prove attractive to many. And yes, we are optimists; we would be quite surprised if global or domestic events conspired to destroy this ‘vision’.

### *Short-termism*

Governing Australia in the short-term interests of the business community is a failure of leadership, even when economic growth is the predominant goal. This strategy, narrowly focused on unshackling business, sees no improvement in survival prospects from any formal co-ordination of sector and firm activities, particularly from any economy-wide medium-term investment planning. It appears to be saying that the giant conglomerate called Australia, Inc does not need to think about which of its ‘divisions’ should be earmarked for growth or phase-out in coming decades. The reason given is that governments have no competence to make such business decisions. Whether or not that is true, the possibility of government collaborating with business to make medium-term investment plans for the economy is not even considered. But if Australia, Inc really were a business, its shareholders would demand to know more about its future plans. Under this strategy, government is a cheerleader for business, not a partner.

**Response:** Business conditions and opportunities change so rapidly that it is difficult for any business to make plans more than a few years out, much less one the size of Australia, Inc. Successful businesses rely on their capacity to read and respond rapidly to emerging trends. Making economy-wide medium-term investment plans sounds suspiciously like socialism.

### *Poor reflexes*

With the exception of its macro-economic policies and its military defence preparations, an Economic Growth government stands to be ill-prepared to cope with internal or imposed shocks and crisis changes. Its plan for coping with the complexity of the modern world is to deconstruct to a minimally structured society and, as ecology teaches, simple systems tend to be neither stable nor resilient. Societies which can survive single shocks may not be able to survive multiple shocks (El Nino plus an Asian economic crisis plus skyrocketing energy prices plus illegal mass migration plus a reactor accident in Java?), which reinforce each other when they occur together. A strong professional bureaucracy with wide-ranging policy skills and a long corporate memory is the best possible insurance against hazards turning into disasters. Conversely, the market’s bias is to discount the future heavily in favour of the present and the community in favour of the individual—properties which work well in normal times but which make it a poor instrument for anticipating

and coping with crisis. The typical market response to disaster is abandonment.

**Response:** Bureaucracy, by its very nature, offers a standardised response and is ill equipped to react imaginatively and quickly to crises. Because bureaucracy also poses diverse threats to personal freedom, and given that most feared disasters never eventuate, we will put our faith in having a strong economy as the best general purpose insurance against society being disrupted by internal or external shocks. While any preparatory strategy for responding to crises (such as global depression or illegal mass immigration) can fail, there is no reason to suppose that a strategy based on building generic economic capacity would be less successful than one based on building generic bureaucratic capacity.

## THE FUTURE UNDER A POST-MATERIALISM STRATEGY

Central to the achievement of improved quality of life in 2050 under a post-materialism strategy is a sharing of power within political, social and business organisations (institutional reform) and the capping of personal consumption of goods and services. Within the details of this strategy's manifesto there are certain beliefs and values, programs and plans which are particularly likely to be questioned by strategy sceptics. A selection of these concerns—economic, social, environmental, political, international—follows.

### FEARS FOR THE FUTURE ECONOMY

The major concern about a post-materialist economy is that it will even fail to provide people with the modest standard of living to which it aspires.

#### *Negative growth*

It has to be asked if it is premature to be looking to fundamentally change the dynamic and culture of both production and consumption in the economy at a time when producers are entering an era of struggle to survive increasing competition from new products, cheap imports and declining export prices. Yet a Post-Materialism government will be seeking to cap consumption, ration energy use, constrain material throughputs, impose high environmental standards and insist on balanced trade. At the same time it will be seeking to diversify the geography, ownership and control of business and extend its responsibilities to stakeholders other than shareholders. This is an enormous suite of institutional changes in the operating environment for business and it would be unsurprising to see an increasingly unprofitable, uncompetitive economy shrink markedly. This in turn would reduce the taxation and funding base for the

social, personal, regional and institutional developments that the post-materialism strategy envisages. A post-materialism economy will be inherently unstable.<sup>52</sup>

**Response:** Sharply declining prices for exports and imported consumer goods would depress the Australian economy, irrespective of what national strategy was being followed. Domestically, we agree it would be ‘not unsurprising’ to see a post-materialism economy slump into negative growth because of internal cost increases; but perhaps no more surprising than a slump in a conservative-development economy burdened with heavy taxes. Conversely, an economic-growth economy, constantly seeking to cut costs by every means, would be less prone to slump through internal weakness than a post-materialism economy.

Against that however, a post-materialism economy, with its emphasis on developing and supporting self-reliant regional economies might prove to be quite resistant to downturns. Higher levels of worker and stakeholder participation and an emphasis on collaborative relationships<sup>53</sup> might also make businesses more resilient in a post-materialism economy. Capping consumer demand may well increase savings and investment. A rapidly stabilising population will release investment funds from capital widening (building houses for instance) for capital deepening (building factories, for instance). Population stability will also enhance the bargaining power, and hence the purchasing power, of labour. It certainly cannot be assumed that such an economy is a naive fantasy. The most important thing to bring to this scenario is an open mind. Notwithstanding this, the tide of conventional economic wisdom is running so strongly against the idea of pursuing a non-declining economy (something not quite the same as a steady-state economy) that it is difficult to find professional economists willing to attempt a disinterested analysis and develop the theory of such an economy.<sup>54</sup>

### *Where's the money?*

Under a regime where the economy could shrink markedly, the post-materialism strategy is envisaging a suite of programs that will need massive public funding—basic incomes for all, regional development, regional assistance, generous foreign aid and so on. If the economy does decline, as it well could, then tax revenues will fall and the only way post-materialism's programs could be funded would be by inflationary deficit budgeting. Even if the economy did not decline, it would be doubtful if these grand plans could be funded.

**Response:** The post-materialist strategy aims to transform Australia's society, economy and environment. We know that this is a massive task, demanding of funds. But remember that this reform

program will extend over decades and in budgetary terms we will move cautiously, step by step. Note also that we will be introducing an innovative tax regime that will increase tax revenues in several ways, diverting these towards societal capital which has economic as well as social benefits. A healthy society underpins a healthy economy. Rather than being spooked by the financial aspects of the post-materialism program, we draw attention to the importance of knowing where we are going over the long haul and emphasise setting out with confidence.

### *Anti-business sentiments*

There is no way that a Post-Materialism government will be perceived as business friendly; it will be thought ambivalent at best. Global businesses will not seek to locate here, and the lack of an export culture will inhibit trade. There may even be an active backlash from transnationals seeking to punish Australia for challenging global capitalism.

**Response:** Post-materialists accept that business has great power to determine the trajectory of society and have no wish to see it alienated. This strategy is not so much anti-business as pro-collaborative in all sectors of society, including the 'learning' economy. If it can be achieved, a high degree of co-operation between government, business, unions and the bureaucracy could lead, rewardingly, to something akin to guided capitalism in Australia; business would then have better indications than might otherwise be expected of the goals of government, labour, social movements and so on over coming decades; and that is the sort of security that business values highly.

### *Lagging regions*

For fifty years, countries around the world have tried to boost the economic performance of lagging regions within their borders, and have signally failed. The lesson is that it is difficult to work against the natural dynamic wherein leading regions tend only to increase their lead and economic activity tends to concentrate spatially. Local economies, because of their very low cross-sectoral multipliers, find it difficult to capture the benefits of new enterprises.<sup>55</sup> Capital-intensive developments operate as enclaves, detached from the local economy and closely tied to a distant metropolis. But here we have a strategy that seeks to ensure the health of all of Australia's regional economies and to achieve active decentralisation. One has to suspect that while regional support programs may work initially, many regions will remain dependent on ongoing subsidies for their economic survival.

**Response:** We accept that it is difficult for regions without a strong and strongly linked export base to thrive but, for social as well as



economic health, smaller regional centres and rural economies cannot be allowed to languish. Tourism, mining, agriculture, retirees, telecommuting and augmented government services can all support a regional economy on a longer term basis. Minimising leakages of profits, cost expenditures and savings is important and can be promoted in various ways. Taxes on metropolitan land can be increased. Confidence, collaboration and enthusiasm are all components of success which stand to be well developed under the post-materialist strategy.

### *Trade collapse*

There has to be great concern that exports would slump dramatically under post-materialism. Energy exports would be directly constrained. Production in several important agricultural regions would be phased out on environmental grounds. Tourist operations would have to meet stringent environmental standards. The danger is that all this would initiate a 'downward spiral' of currency decline and higher prices for the specialised imports needed by the export industries, making exports even less competitive. If exporters had priority access to limited import quotas under a 'balanced trade' policy, the least that could happen would be a loss of access to valued consumer goods at 'comparative advantage' prices.

**Response:** Without becoming isolationist we do want to build a more self-reliant Australia; this probably means being cautious about lifting trade as a fraction of GDP. Some exports would be lost under post-materialism but, countering that, new export opportunities should arise from 'clean green' agriculture, alternative-energy industries and ecotourism. And a declining population will reduce the demand for imports. In any case, we do not believe that a smaller but balanced trade account poses any threat of decline in the broader economy. This will be particularly so if we reduce our use of foreign savings for domestic investment.

### **ENVIRONMENTAL PROGRAMS ARE PRETTY USELESS**

This strategy envisages an extremely high degree of regulation of environmental quality, much of it in the hands of newly established and inexperienced regional authorities. Given the historical failures of federal, state and local governments to significantly improve the Australian environment, why would a new regional tier of government do any better? Environmental quality is a byproduct of massive economic forces and cannot really be managed. And when this draconian program fails, will people be much worse off? New technologies will still solve the obvious urban environmental problems, and it is only an elite few who are concerned about urban design and appropriate land use. Most people adapt to, indeed are quite happy in, the 'urban jungle'.

**Response:** This criticism is just ‘whistling in the dark’—we cannot do anything and it does not matter anyway. The Post-Materialism Party sees the goals of power-sharing and high environmental quality as central to the achievement of quality survival. Moreover, we believe that significant change can be achieved, given a focused political will and political support. We accept that the pace of change will be slow in both urban and rural environments; it takes a long time to replace the urban housing and infrastructure stock and the agricultural resource base has massive problems. We believe that devolving responsibility for the environment to regional bodies will produce a more effective, inclusive, participatory and, ultimately, successful approach to these matters.

Most importantly, with a slowly declining population and with low-level, low-impact economic growth, two major drivers of declining environmental quality will be permanently removed, freeing resources to tackle entrenched problems. These are the ‘circuit breakers’—from damage control to damage preclusion—that will allow environmental programs to make real progress for the first time.

#### SHORT ON SOCIAL JUSTICE

This is a strategy that, because of its strong focus on the need to reform power-sharing, collaborative and co-operative arrangements in existing institutions—employment, legal, educational, healthcare, media and so on—pays insufficient attention to other pressing aspects of institutional reform. For example, there is no real concern for wage-earner unemployment, despite the view of many that this is the very heart of social injustice in Australia. The strategy’s emphasis on building a school system with an ‘enlightened’ curriculum and an accessible national multiversity risks producing workforce entrants who are deficient in job-relevant skills. There is an emphasis on developing an untested system of alternative dispute resolution rather than on unclogging the courts and lowering court fees. And so on.

**Response:** This criticism expresses the view that, given limited resources, it is preferable to patch up flaws in existing institutions rather than lay the foundations of a new generation of institutions. A Post-Materialism government will not neglect demands to provide immediate access to the tools of opportunity, to improve life chances, but it is equally important to be establishing institutions that will better meet the needs of the next generation. Sometimes, small reforms are the enemy of big reforms. We must have a reformist vision even if it can be implemented only slowly. Unemployment is a good example. Given a declining demand for paid labour, we must find new ways of providing people with an income and with new ways of using their time rewardingly to themselves and others.

## SOCIAL HEALTH

The general concern here is that post-materialists have an idealised view of human nature and its malleability.

### *But will it work?*

While accepting that we live in a society with disturbing levels of sociopathic behaviour and a high proportion of people who feel alienated and betrayed, it is not at all clear that the Post-Materialism Party's plans to ameliorate this through a stronger social contract, active socialisation and increased opportunities to participate in organisational decision making will work, even if they can be implemented. For example, voluntary collaborative agreements tend to fall apart without overriding authority.<sup>56</sup> Socialisation can only achieve a modest amelioration of the aggressive, competitive tendencies of young males. Do we really know how to engineer children into willing citizens? Will a participatory society provide people with the status opportunities so many seem to need? When too stratified, a society breeds envy but when the social pyramid is too flat, the gifted become frustrated.<sup>57</sup>

**Response:** Clearly it is impossible to prove the validity of our strategy. It is a topic which we acknowledge needs more research. We can only note that, beyond their physiological needs, people have a driving need for their individuality and their functional membership of society to be recognised—the social technologies mentioned are intended to achieve these ends. The extra time spent on participatory management compared with 'command and control' should be recovered through a 'synergy bonus'. We are not trying to eliminate competition from society, we simply want to bring it into better balance with collaboration.

### *Declining population*

A declining population is an ageing population, implying that more dependents will have to be supported per productive worker. It is also likely to be a dispirited population, seeing itself as having no future.

**Response:** All societies must, at some stage, face up to the need to stabilise numbers. But, bearing in mind that the young are dependent too, an ageing population's dependency ratio is not greatly different from that of a growing population. In any case there is plenty of slack to be taken up if society really needs workers—the 'young aged' for example, are available.

### *Escaping consumerism*

How can people be expected to reject the idea of ever-increasing personal consumption when they are saturated with domestic and international media images of high consumption societies presented

as the norm? How can Post-Materialism overcome the desire of people for goods as status symbols?

**Response:** Desire for material status symbols can be surmounted probably only through a socialisation process that argues the injustice and environmental hazards of increasing personal consumption by the affluent, which means a majority of Australians. This is what we will attempt. It may take a generation.

### *New ageism*

The active fostering of 'new' values under this strategy could open the doors to a wave of fringe ideas and behaviours that stand to obstruct progress towards quality survival and personal growth. Suspect ideas include deep ecology, occultism, anti-rationalism, nostalgia, religious fundamentalism and post-modernism itself.

**Response:** The only protection that society has against destructive belief systems is to teach people, when children, how to think clearly, and to offer them a constructive role in the building of a successful society. The post-materialist strategy is explicitly attuned to this need.

### HYPERACTIVE GLOBAL CITIZEN

Doubts here centre on post-materialism having an idealistic and unrealistic view of international relations.

### *Trojan horse*

Given the success of capitalism in ensuring that the nation-state acts to promote capitalism's interests domestically, why wouldn't global capitalism have equal success in suborning the world federation of states that the Post-Materialism Party is championing? And, in the process, fatally wound the nation-states that have historically fostered democracy?

**Response:** Like any federation, members would not cede powers considered vital for national survival. However, we do recognise this risk and would promote diverse, interlocking safeguards.

### *Conform or else*

Adopting a post-materialist strategy is likely to bring Australia into conflict with powerful national and corporate interests; we stand to be 'punished' as Cuba has been punished for remaining communist, as Sweden has been punished for maintaining a generous welfare state and as New Zealand has been punished for its 'no nuclear ships' policy.

**Response:** It is true that anything markedly different from 'mainstream' capitalism stands to be regarded as utopian or threatening. Without the mutual support of other countries taking the same path, Australia could well be punished but, as in the examples above, this

response would be weathered and, in time, a post-materialist Australia would be accepted, perhaps even regarded as a pioneer and leader.

### POLITICAL DOUBTS

The general criticism here is that the Australian electorate is politically conservative and post-materialism is not the doctrine to break through the many barriers to change.

#### *Ready for change?*

The Australian electorate is uncertain about where it is going politically but, according to Mackay,<sup>58</sup> is not interested in a radical change of direction. To the extent that contemporary political debate involves a struggle between 'more intervention' and 'more marketisation', the post-materialism paradigm, based on 'more power sharing' will be seen as radical and not attract support.

**Response:** Paradigm shifts often occur rapidly after long periods of little apparent change in which opposing forces compete without any clear advantage being gained. The main reason why a new and different political strategy could soon become more appealing is that, arguably, both interventionism and marketisation have been well tried and have demonstrably failed in recent years.

#### *A credibility gap*

Even accepting that the electorate could be ready for a shift in its family of candidate political strategies, there are a number of reasons why the Post-Materialism Party's strategy might not become, or remain, one of these:

- Role models are vital for transforming both individuals and societies rapidly.<sup>59</sup> There is no country following a post-materialist strategy that Australia might imitate.
- This strategy is determined to stop increases in material standard of living for many while offering only nebulous improvements in social health and environmental quality in return.
- This is a high-expenditure strategy but without clear plans for raising the necessary taxes to finance that strategy.
- This strategy will antagonise powerful interests who will move to subvert it.
- There is no 'theory' of either a post-materialism economy or of the specific benefits of power sharing. In particular, there is no convincing explanation of how 'surplus' investment funds are to be diverted from production to institutional and personal development without reducing GDP.
- Decentralisation is an important part of this strategy but no convincing model of sustainable decentralisation is offered.

- This strategy contains a Charter of Reciprocal Responsibilities covering economic, social and environmental responsibilities of both citizens and the community. But no concrete guidance is given as to how to balance partial satisfaction of one responsibility against partial satisfaction of another when it is not possible to fully meet both.

**Response:** We accept that our manifesto does not contain a fully comprehensive description of how a post-materialist society would be created and maintained. Nonetheless, we are confident that further work will fill out the remaining gaps and, in the meantime, there are several reasons why Post-Materialism has good prospects of emerging as a credible alternative to future-shaping strategies based on marketisation and interventionism:

- A core of support for a more participatory power-sharing ‘new politics’<sup>60</sup> already exists in the environmental, women’s, gay, indigenous, ethnic, industrial democracy and some religious movements.
- Post-materialism does not so much involve new values as a change in emphasis amongst existing values. There is less emphasis on economic growth and more emphasis on social and environmental health. We note Max-Neef’s ‘threshold hypothesis’ that economic growth brings about an improvement in quality of life up to a threshold point, beyond which, if there is more economic growth, quality of life may begin to deteriorate.<sup>61</sup>
- Whether it is achievable or just an eschatological vision, there is evidence that the ‘best-case future’ foreseen under post-materialism is closer to many people’s preferences than the best that is foreseeable under the conservative development and economic growth strategies.

### *It will take great confidence*

It will take great confidence, leadership, style and political skill over many years to implement the Post-Materialism Party’s manifesto. Apart from being an assertive agenda, liable to confront and antagonise many domestic and international interests, it is a multifaceted agenda that includes major structural economic, environmental, social and political reforms.

**Response:** If Australian society wants to achieve goals that go beyond what the Haves largely determine in the marketplace, it must have the nerve to experiment boldly with new forms of old institutions and to try again when experiments fail. We believe that our vision of a society where quality of life is high and sustainable is explicit enough and close enough to people’s needs to attract and

retain strong electoral support. Ultimately, all future-shaping strategies are statements of faith that require the confidence of the tight-rope walker behind them if they are to succeed. We believe we can inspire that confidence.

### *Balkanisation*

The possibility has to be acknowledged that a country governed as twenty to thirty semi-autonomous regions contains the seeds of self-destruction through a process of 'creeping balkanisation' as individual regions develop delusions of national grandeur.

**Response:** While secession movements have been common in the Australian federation, our regions have never been isolated for long enough, and now never will be, to develop the cultural differences that might drive such an energy-wasting fragmentation. Nevertheless, there is a fine line to be walked here. Diversity amongst regions has an important contribution to make to the long-term survival of the national society. And, without descending into 'tribalism', it is important for people's sense of participation that they develop strong intra-regional institutions and associations.

### *Coping with crises*

Crises which require a national response must be regarded as normal, not abnormal. Will a devolved, participatory system with a weak central government and bureaucracy be able to respond nationally to domestic and international crises—incursions, terrorism, natural disasters, pandemics, social unrest and so on, as well as economic crises—with acceptable speed, decisiveness, insight and resources? As Kennon notes,<sup>62</sup> it is lack of an effective bureaucracy which renders third world countries incapable of responding to national crises and, comparably, this strategy will have the effect of dispersing the central bureaucracy and refocusing its energies on regional rather than national affairs.

**Response:** There are both advantages and disadvantages in a decentralised system when it comes to coping with crises. Depending on the type of crisis, a decentralised system may better allow a spreading crisis to be quarantined and may better allow alternative responses to be developed and tried.

### *Short-termism*

Despite a relative lack of concern for some of today's important issues, this strategy has no view of what is required to maximise a society's long-term survival prospects and, consequently, no plans to ensure that such requirements are fulfilled.

**Response:** We reject this claim. A surviving society, in a world of great change, will be a flexible society. The essence of flexibility is to

have access, as needed, to a diverse, balanced suite of resources and the skills to bring these to bear on emerging challenges. Our plans are to create a society which seeks to maintain natural and productive capital whilst enhancing personal and social capital. Happily, this same balanced complement of different forms of capital is conducive to both facets of the quality survival goal we have presumed for Australian society. Note though that a flexible society is not one that, as under competitive pluralism, finds difficulty in reacting nor, necessarily, one that reacts instantly to change, as marketised societies do. Change that is too rapid leads to insecurity, 'future shock' and the untimely abandonment of capital.

## RECAPITULATION

In summary, the flavour of the above hopes and fears for each strategy can be reduced to a sentence or two as follows:

The conservative development strategy hopes, by 2050, to produce an Australia in which the people's quality of life is greatly improved as a result of ongoing economic growth, jobs for all and strong environmental management programs; a case of steady progress on all fronts. Critics fear that the strategy will bog down in pluralistic compromise and bureaucratisation, that business will be stifled to the point where growth is limited and that little real progress will be achieved in improving environmental quality or people's access to the tools of opportunity.

The economic growth strategy hopes, by 2050, to produce an Australia in which people's quality of life is greatly improved as a result of decades of high economic growth made possible by reducing government regulation and taxes on business. Critics fear that even if high growth eventuates, market forces will not protect environmental quality, employment or social health; and that increasing income and wealth inequality could trigger, in the worst possible case, a total breakdown of Australian society.

The post-materialism strategy hopes, by 2050, to produce an Australia in which, while people are living lives of reasonable material comfort, high quality of life flows more from enhancing people's direct collaborative participation in the institutions and organisations of their everyday lives; and from enhancing opportunities for personal growth in a nurturing society. Critics fear that the economy could decline sharply under this strategy's strong 'greening' policies and policies to ensure participation. And, without a non-declining economy, it will be difficult, perhaps impossible, to finance other reforms or avoid widespread poverty.

What we have created, hopefully with a positive and disinterested mindset, is a family of alternative strategies for producing high



quality of life and a surviving society. These strategies differ in what they see as the focal problems to be ameliorated to this end and, in a manner consistent with their different predilections for moving towards three contrasting styles of social organisation, suggest different means of tackling their priority problems. In this chapter we have identified some of the concerns that critics of these strategies might have—reasons why they might fail to achieve their goals or reasons why those goals, or the means of achieving them, are inappropriate.

In simulating the concerns of each strategy's critics, I have avoided appealing to authority figures and have tried to avoid calling on real-world examples to purportedly demonstrate the folly or otherwise of adopting particular tactics or positions within particular strategies. The temptation is there but, in the end, the strategies developed do not have precise real-world analogues and I want to avoid any suggestion of a halo effect or guilt by association.

Ultimately, it is up to each person to decide for themselves if one of these strategies for seeking quality survival is deserving of their support. There is no objective or analytical way of choosing a 'best' strategy. In the event of being asked to make a choice (that is, to vote) between the three strategies as presented and evaluated, different people will give a different positive or negative weight to each feature of each strategy and, at some point, as weights are added and subtracted from each strategy's 'pan', the balance will tilt definitively one way or other. For some people, just one particular feature of a strategy may suffice as a sufficient basis for acceptance or rejection.

Conversely, there are reasons why some might find it difficult to sign off a preference for one strategy over another. At the most fundamental level this might ride on a disagreement with my starting point of developing three strategies from a perception of three basic attitudes to social organisation and four contemporary major determinants of quality of life. Less basically, despite having tried to create comprehensive strategies that address a full range of issues in a consistent way, I will inevitably have glossed over matters which may be all-important to some readers and about which they would be seeking more detail before declaring any choice. For example, apart from focusing on the different likely experiences of the rich and the poor, all three strategies are underdeveloped in terms of how they might impact differentially on different groups—ethnic, indigenous, Anglo-Celtic; rural, provincial, metropolitan; females, males; and so on. All three are muted on non-violence, the significance of political leadership, promoting competition (as distinct from conserving it), the temporal distribution of the benefits and disbenefits of each strategy. All are less than convincing in describing how they will produce a flexible and resilient society with a well-developed capacity for

responding to and surviving global change and domestic crises. Apart from some general recognition of capital as a generic capacity for making changes in the face of contingencies, these strategies offer no model or plan for the long-term survival of Australian society. Certainly there is no operational acceptance of the value of seeing long-term survival as an exercise in the management of a complex adaptive system, primarily through active social learning.

## SO, WHERE MIGHT WE BE IN 2050?

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Not all the words on all the pages of this book can tell us where we *will* be, in quality survival terms, in 2050. But where *might* we be? That is a different and more manageable question. We have foreseen possibilities of shock-driven ‘struggling to cope’ scenarios, issue-driven ‘adaptive muddling’ scenarios and, in more detail, three strategy-driven scenarios. And somewhere in the more-distant future, beyond strategic planning, we have glimpsed a ‘learning society’.

Each of our three strategy-driven scenarios argues the possibility of a particular national future-shaping strategy leading to high quality of life for most mid-twenty-first century Australians. However, both supporters and critics of each strategy recognise that, under the impact of unmanageable global or domestic forces, each could fail and quality of life could decline or, worse, plummet over coming decades.

It is here that we have to confront the conclusion that these strategies are no more than untestable hypotheses and that the null hypothesis is that all strategies will deliver the same quality of life. While evidence and argument have been assembled to support or oppose the adoption of each of these strategies, evidence is not proof and, in the end, these strategies have to be regarded as belief systems which, if implemented, may or may not produce the quality survival we have adopted as a national goal. For example, post-materialism believes in the power of participation to cure sociopathy; economic growth believes in the power of marketisation to solve social and environmental as well as economic problems; and conservative development believes in the power of government to protect the nation-state and the welfare of its citizens in a globalising world.

Of course, it is not just these three being questioned. Any political manifesto is an untestable hypothesis and inescapably, in our democratic society, some manifesto, tacit or explicit, comprehensive

or fragmentary, has to be selected as the blueprint for political action. Once selected, that blueprint can be abandoned in haste or it can be retained for decades. So, even though our three strategies are conceived of as national future-shaping strategies which would take decades to fully implement, all we can ask of them is whether they can be seen as useful in helping Australian society take a first (next) step in the 'right' direction for reshaping society. Meanwhile, it would be a major victory for improved political debate in Australia if politicians were to admit that their plans for managing society's future were untestable hypotheses that could be defended but not confirmed.

There are two broad ways this book might prove useful. It will have achieved something if it is looked upon as a primer on 'the why and how' of scenario-building as a technique for clarifying Australia's broad options for managing the future. And it will be useful if the three particular strategies that have been developed and tried against critics' concerns do actually clarify Australia's socio-political choices. We will start by revisiting the case for writing a family of national scenarios and go on to suggest that the present exercise supports that case.

## VALUE OF SCENARIO BUILDING

Writing scenarios is an inexpensive way of creating a rich framework within which to debate the nation's future. They allow plausible strategies and their possible consequences to be considered without any taint of either advocacy or prediction. In a world where it is all too easy to become a 'data jockey', scenarios can lift us from narrowly analytical perspectives back to conceptual thinking.<sup>1</sup> Scenarios make people, including the scenariographer, aware of what the future might or might not hold and the extent to which the mid-term future stands to be jointly determined by collective decisions now and by unmanageable international and domestic contingencies. They clarify just what those decisions and events are. They force us to articulate national goals. By suggesting things to avoid and things to pursue, they position us to make collective political choices which increase our confidence that we will reach those national goals.

And there are several direct bonuses too. Scenarios about actively seeking goals by following hypothetical manifestos, such as those we have developed, are a practical way of demonstrating what people want from aspirant politicians and political parties. Being exposed to such may help persuade politicians to present honest, comprehensive, non-rhetorical, non-myopic manifestos to the electorate. Alternatively, because a family of passive scenarios (for instance, the global scenarios of Chapter 2 and Appendix 1) articulates, rightly or

wrongly, a set of limits on what the unmanageable future holds, it may ameliorate the fear of the unknown which many people have in relation to that future. Active scenarios are a similarly reassuring 'just suppose' way of presenting proposals that challenge ideas in good currency.<sup>2</sup>

Once built, there are several ways in which a family of scenarios can guide further progress towards settling on a national future-shaping strategy. Writing scenarios not only identifies global and domestic processes that stand to have a critical impact on strategy outcomes, it also inevitably reveals major gaps in our understanding of those processes, thus providing a ready-made research agenda (see Box 8.1). As well, provided that the first family of scenarios to be written spans the broad options successfully, a second round of scenarios can be developed as variations on one or two of the first round scenarios that are thought of as more promising.

### **Box 8.1 A ready-made research agenda**

One of the values of scenario-building is that it highlights a spectrum of difficult, important questions which we have to answer tentatively for the purpose of getting scenarios written but which subsequently need to be researched as fully as possible by available policy-making resources. If we had better answers, it would be much easier to develop a national future-shaping strategy with confidence. In the present exercise, the three questions that demand initial attention reflect the main fishhooks that accompany each strategy, viz:

*How can the speed and quality of bureaucratic decision making and institutional processes be improved significantly? Are globalisation and the welfare state incompatible?*

*What has to be done to minimise the risk of social breakdown in a laissez-faire society?*

*In a globalising world, can a market economy be managed so that it does not go into decline when consumption is capped?*

Beyond these, there are numerous more-specific processes that policy-makers need to understand, but do not. For example:

*Is humanity's capacity to manage global environmental, economic and geopolitical issues demonstrably failing?*

(Supporters of economic growth, citing the influence of the World Trade Organisation and the US–NATO military alliance, may be less likely to believe this than supporters of post-materialism. What tests for this possibility can be devised?)

*Are we close to ecological backlash?*

(As we divert an increasing proportion of global primary production to human use we may be approaching a point where a giant ecological backlash against *Homo sapiens* is inevitable. We just do not know. It is a tacit assumption of the economic growth strategy and the conservative development strategy that this will not happen—or that it can be managed if it does. The capping of consumption under post-materialism is a recognition of the need for precautionary action.)

*What will global warming do to climate, weather and other natural systems?*

(Human and natural systems will assuredly adjust to global climate change. The challenge is for this to occur with a minimum of human misery. This, in turn, means creating informed scenarios of the biophysical possibilities.)

*Will declining resource availability be a major problem for Australia?*

(In the third world, competition for irreproducible resources such as soil, water and forests seems destined to produce major conflicts in coming decades. In Australia, we too will be losing resources per se and resources per capita but would expect to avoid direct violence over access to resources. Resources such as oil, water, cropland and forests will be declining in relation to labour, information and capital, the other factors of production. Substitution, ingenuity and demand shifts, all driven by relative price changes, will ensure that, in some sense, the economy adapts to resource shortages, or demand ‘longages’, but, and this is the point, at what price in terms of employment, income and environmental quality for ordinary Australians?)

*Can global demand for goods and services continue to match global supply?*

(Oversupply is already apparent in many sectors of the global economy. The demand consequences of further transformation of high-wage jobs in the richer countries into low-wage jobs in poorer countries are uncertain.)

*Beyond full globalisation, how will capitalism evolve?*

(What might subsequently happen if the point is reached where a handful of very large corporations is producing a very high fraction of Gross World Product? Australia needs a strategy which can cope with whatever that might be.)

*Can competitiveness be promoted?*

(It is one thing to regulate to control anti-competitive behaviour;

quite another to know how to promote competition in apparently inefficient markets.)

*Will international trade decline?*

(Trade might fall sharply of its own accord as a fraction of economic activity as more products come to be made more efficiently in locations close to the consumer, due to reductions in material and energy inputs and the fast pace of technology transfer.<sup>3</sup> Many of the new service professions are highly localised because they depend entirely on proximity to clients and on face-to-face contacts. How might economies and governments respond to such a shift? Does this possibility have implications for how open an economy we should seek?)

*Under what conditions does inequality turn into a socially explosive issue?*

(This question is fundamental to any assessment of the risk of adopting a strategy of economic growth through marketisation.)

*Will the real cost of accessing and using the Internet rise or fall?*

(Access to the Internet's descendants might not only be the difference between the information rich and the information poor, it might be a necessary condition for peoples' participation in political and most other social processes.)

*Can trust, collaboration, co-operation, sociability, altruism, inclusiveness, participation and other hallmarks of post-materialism be successfully fostered by purposive collective action?*

(Once these expressions of social capital begin to decline in the wake of rising self-interest, it is far from obvious if and how they can be rebuilt.)

*Will coming decades see the emergence of a suite of fundamentally new technologies or, broadly speaking, the refinement of technologies already delivered?*

(This question is pivotal to any choice of mid-future investment strategies.)

*How do we identify and implement the best workable mix of citizen rights and obligations?*

(Rights are arguably the most important of all social technologies and will become pivotally important as and if society's decisions are increasingly made by market processes.)

## WHAT HAS BEEN LEARNT?

*Above all, scenario writing is a process of learning.*  
(Mercer 1995)

### LESSON 1: WE HAVE REAL CHOICES

Fukuyama was wrong; ideology is not dead in the post-communist era.<sup>4</sup> Without going outside the cage of ‘an open economy in a capitalist world’ we have been able to create three radically different sociopolitical strategies, each purporting to have the potential to achieve high quality of life for most mid-twenty-first century Australians. We have formulated:

- 1 A conservative development strategy of managing capitalism through tax-and-spend interventionism.
- 2 An economic growth strategy relying on self-regulated capitalism and comprehensive marketisation.
- 3 A post-materialism strategy of subordinating capitalism to a regime of green power-sharing.

These strategies differ clearly in at least four major ways:

- 1 Their preferred broad direction for social re-organisation (more hierarchical control, more competitive individualism or more power-sharing?).
- 2 Their preferred role for the state (‘nanny’, night watchman or mentor?).
- 3 Their preferred role for the economy in producing high quality of life (important, paramount or slowly declining?).
- 4 Their choice of priority issues from the set comprising: economic growth, social justice, environmental quality and sociopathy.

For those who are not blinkered to the point of denying the legitimacy of any doctrine other than their own, all three strategies have their attractions and their hazards. For the conservative development strategy the lure is steady progress on social justice, environmental quality and the economy, and the embedded fishhook is a stalled society. For the economic growth strategy the lure is affluence and the booby trap is social chaos. For the post-materialism strategy the lure is an inclusive society and the hidden barb is poverty.

In terms of current political thinking, the economic growth and conservative development strategies can be thought of as full-blooded extensions to either end of the marketisation-versus-intervention spectrum, and can be linked readily to contemporary debate about microeconomic reform in Australia. The conservative



development strategy can be thought of as a 'rediscovery' and elaboration of a way of thinking that has been 'lost' under the confident imperialism of contemporary neo-liberal views. Both the economic growth strategy and the conservative development strategy offer an opportunity to escape (in different directions) from what has been a shrinking cage. Post-materialism, on the other hand, is but one possible crystallisation of the groping for new directions associated with the 'new politics' and offers a different cage. Its most radical feature is its elevation of sociality (social health) to the status of a major issue comparable with the economy, the environment and social justice.

With hindsight, have these strategies been well chosen and convincingly elaborated? Do they lie in the nominated target area of being as different as possible from the status quo and each other, without being patently unachievable from where we are now?

I believe the answer is broadly Yes. In a democracy there are only a limited number of ideotypical modes of social organisation: individualistic, hierarchical and mutualistic. Because each of our three strategies expresses preference for a strong movement away from the status quo towards one of these ideotypes, it seems reasonable to assert that the three constitute as good a small sample of ways to shape the future of Australian society as might be found. It is with some surprise that, having written my strategies, I find I have rediscovered, in modern idiom, the rallying cry of the French revolution: Liberty, Equality, Fraternity!

We could of course have mixed elements of the present strategies differently, mimicking various observable positions in the contemporary political spectrum. For example, economic liberalism could be mixed with social authoritarianism rather than social liberalism; or economic liberalism could be mixed with voluntarism. However, this would introduce no greater diversity and, being philosophically mixed, would be harder to elaborate, communicate and debate than the present three 'pure' strategies.

In the event, there have been bothersome difficulties and difficult choices in building up three comprehensive, consistent 'pure' strategies from the narrow foundation of a preferred form of social organisation, a set of priority issues and a scaffolding of policy priorities in relation to a set of umbrella issues.

Intellectually, the challenge in writing the economic growth scenario plausibly was to decide how much collective action and citizenship to 'smuggle between the cracks of the free-market ideology'.<sup>5</sup> Given that even ultra-radical versions of this doctrine allow some role for society, the question is one of degree rather than category.

The comparable challenge in the conservative development

strategy was to argue confidently for the unfashionable position of strong intervention; and give it new clothes if possible.

The plausibility-challenge in writing the post-materialism strategy was to sift through mountains of ideas for a 'new society', reject the utterly impracticable and utopian, and then find the common theme, the umbrella, under which to organise a selection of the rest. A second big challenge, not quite mastered, was to produce a 'no holes' conceptual and causal model of social health and its opposite, sociopathy.

While the principal attractions and hazards of each strategy have emerged easily enough, it has not always been clear to me how to nominate confidently an 'authentic' policy stance for each strategy (often there will be several credible options and, in any case, I have not always had the policy background) in relation to each of numerous issues lying under the umbrella issues. The task was easiest for the economic growth strategy, based as it is on an uncomplicated well-trying mindset. It was most difficult for post-materialism where there are no precedent responses for many issues.

Likewise, the novelty of the post-materialism strategy ensures that its consequences will automatically seem less plausible than those of marketisation or collectivism, processes for which we all think we have some feeling. For example, it is difficult to imagine a society not-so-driven by power politics. But ideas that seem initially strange can become accepted if debated and analysed enough. And of course the unthinkable becomes the norm if we try it and the sky does not fall in. It is only by writing about post-materialism as though it is just another option that it can be demystified and, eventually, become accepted as a legitimate alternative. It is important that post-materialism not be presented as an image of an ideal and probably boring utopia.

It has already been made clear that the political will and electoral support necessary to advance persistently any of our three strategies are unlikely to materialise in today's Australia. Notwithstanding this, all three strategies are *prima facie* achievable in the necessary sense that, starting from contemporary Australia, they could be completely implemented by taking a large number of incremental steps that, individually, are not foreign to Australian electors.

## LESSON 2: PRINCIPLES OF QUALITY SURVIVAL

At a level of generality above the specifics of individual strategies, what are the most important principles coming out of this book for understanding how to manage Australia's mid-term to long-term future? I will recall and close off on the four I consider most useful and most worthy of further development: rolling strategic plans, capacity-building, social learning and 'reasonable pluralism'.

### *Rolling strategic plans*

We study the future to illuminate the present. So, do we see the choices confronting us today in a different light as a result of devising and evaluating a family of contrasting strategies for managing the next fifty years of Australia's history? Certainly it is not being suggested that managing Australia's next half-century is just a matter of selecting and carrying through one of three off-the-shelf mid-term strategies.

What can be suggested though is that if Australian society decides to purposively manage itself for the next three or four years—say, a parliamentary term—its broad choices, more or less, are to *begin* implementing something like one of the fifty-year strategies developed above. Alternatively, before any commitment is made, a further 'refining' round of scenario building could be undertaken. This might, for example, elaborate three new strategies and their consequences in the form of variations around one of the those already developed. There might be formulated, for instance, three versions of the economic growth strategy. One of these refined strategies could then be chosen to guide the next few years.

Having made a choice to begin travelling down an economic growth path or a conservative development path or a post-materialism path, the option exists to think again at the end of the initial period. That is, rather than deciding to take a second step towards completing the initially adopted strategy, we could decide to develop new versions of the three basic fifty-year strategies, ones more suited to the issues of the time. An ongoing process of revising and choosing amongst a family of fifty-year strategies every few years is well described as *rolling strategic planning*. It is an eminently sensible process of regularly looking both near and far in a number of directions before deciding where to plant the next footstep.

For example, under this meta-scenario, one could envisage Australia following (say) a version of the economic growth strategy for a period and then switching to a version of a post-materialism strategy or conservative development strategy for a further period, and so on. Such a meta-strategy would allow society to continually reappraise and respond to any perceived need to move towards a more collectivist, a more competitive or a more collaborative society, as the case may be.

But perhaps it is possible to somehow pursue the best in each strategy? Freedom *and* equity *and* sociality? Or are they fundamentally incompatible? While some elements of the three strategies are compatible superficially (for instance, commitment to advanced technology and to a healthy, educated population; equality of opportunity is economically efficient as well as being socially just), others,

like growth versus no-growth, smaller versus larger government, devolution versus centralism, are clearly incompatible. Many of the changes nominated under the various strategies will only be reversible with great difficulty, if at all. After some decades of determined marketisation, for example, it would be difficult to make rapid progress on a strongly interventionist strategy. The image of society leaping lightly from strategy to strategy like a circus rider switching between galloping horses fails to recognise that democratic societies are rarely capable of decisively choosing between big alternatives. They follow both until one, haphazardly, becomes 'locked-in'.<sup>6</sup>

Sensible as it might be, the kindest thing one can say about a meta-scenario of rolling strategic planning is that its adoption by the political system would be highly surprising. Nevertheless, the choice, at least in a technical sense, is there—just as there is always a choice of being guided by short-term pragmatism centred on responding in an ideological way to clamorous issues of the day. Perhaps our political parties would claim to offer something in between.

Nonetheless, while it may be too analytical and information-intensive for adoption by the political system, the idea of rolling strategic planning as a model for some sort of 'master future-shaping strategy' is attractive and its pursuit should at least be kept in mind as a goal. For example, apart from suggesting the possible value of always first implementing any elements common to all strategies, this model also suggests delaying the implementation of 'irreversible' decisions like going nuclear or emasculating the states. We should ask what options become closed off in other strategies if we take some first step down an economic growth path or a conservative development path or a post-materialism path. Perhaps the most valuable lesson in this model is that if you want to achieve major change you have to pick a strategy and stick to it; changes in most forms of capital stock can only take place slowly.

### *Capacity-building through capital accumulation*

If Australian society is adaptable it may survive till 3000. If it is not adaptable it will not survive. Our tentative hypothesis is that an adaptable society is one that determinedly accumulates a balanced portfolio of various forms of societal capital—social, human, physical and so on—particularly capital dedicated to a social learning strategy of developing innovative social technologies through systematic trial and error. This is because, generically speaking, capital is 'uncommitted potential for change'. None of our three candidates for the role of national future-shaping strategy searches seriously for the mix of different sorts of capital that might best ensure Australian society's long-term survival. The emphasis is much more on priorities for

ameliorating immediate hazards to quality of life. It is an oversimplification, but the economic growth strategy puts its faith in building up capital in the form of a strong economy, the conservative development strategy puts its faith in building up a strong state and the post-materialism strategy puts its faith in building up social capital.

Having a broad awareness of the diverse possibilities for global and domestic change is the starting point for devising a well-thought-out strategy for surviving by accumulating capital. The follow-up challenge is to find a robust 'investment for survival' plan that promises reasonable goal achievement whatever plausible future eventuates. It may be of course that the cards are stacked against us and that there is no way in which we can survive in an anarchistic global economy. Or some other king hit? But that we do not know, so we must press ahead with plans to replace physical capital with social and human capital, or whatever other considered investment strategy we may favour.

### ***Social learning***

It is clear that there are enormous gaps in our grasp on social processes and the great forces that drive them. Policy makers just do not know how to create the sort of economy, environment and society that people want. Social learning was introduced earlier, along with capacity-building, as a key to allowing a society to adapt smoothly and rewardingly to internal and external change. The core idea is that society's basic strategy for creating social technologies for managing diverse problems should be *intelligent trial-and-error*, and systematic experimentation with emerging ideas. Or, putting this the other way round, developing and experimenting with new social technologies is the basis of the social learning process. Meanwhile, whether deliberate or not, all social change should be regarded as essentially experimental.

It is true that we do not yet have methods for building social technologies on demand and that Australian society is not yet ready to operate within a social-learning paradigm. Nonetheless, I am ready to argue for immediately diverting a body of societal capital into investigating the ideas and explicit use of social learning and social technologies. As a society, the sooner we start to learn how to learn systematically, the better.

While Australian society may not be ready to embrace social learning as a proactive means of improving the nuts and bolts of social organisation, it still should be able to recognise social change as being a collateral learning process and hence recognise the need to encourage every opportunity to learn. Professional self-criticism must be encouraged, critics must be institutionally protected and

people must be educated to always ask, 'Is there a better way?' We should be asking what assumptions we are making today about managing Australia that will seem naive in 2050. Which of today's values will seem primitive? How do we facilitate debate over alternative forms of social organisation? And so on.

It is because prediction is so difficult that trial-and-error learning is so important; it is for the same reason that the monitoring of all aspects of societal change is a highly important component of social learning. Unless you know what is happening to diverse indicators of economic, environmental and social change, you cannot know what is getting better or worse, and hence what might have caused the change, or whether it is time to guide further change.

### *Reasonable pluralism*

In discussing the nature of political liberalism, Rawls suggests that it is an attitude which assumes and tolerates the existence of *reasonable pluralism*—that is, a pluralism of reasonable positions, represented by, as he sees it, 'incompatible comprehensive doctrines'.<sup>7</sup> And so it is here. My strategy-based scenarios represent three 'reasonable positions' on how to shape the future. They have been presented with every attempt to avoid bias and as the views of people of good will, people with a concern for their fellow citizens. The fact that they appear in chapters of different thickness reflects the ground they have to cover rather than any preference on my part. I am happy to see them debated, but not to see them mocked; that would be an understandable tactic from imperialists who are absolutely certain they have found the truth (or found where self-interest lies), but others who wish to broaden the parameters of community debate about options for Australia's future will be more open-minded. It is the translation of such reasonable pluralism to the political stage that lifts democracy above the act of trivially fine-tuning the status quo. To those with a vested interest in the status quo, this is a deeply subversive book, pointing the way to transformation of the established order. To those who see it as a failure to challenge the manic vigour of capitalism it is a capitulatory co-option. To me, it is a contribution to reasonable pluralism.

## EPILOGUE

### BALANCE IS EVERYTHING

What social learning, capacity-building, rolling strategic planning and reasonable pluralism have in common is that all are concerned with proactively balancing change. Social learning recognises the need to develop social as well as material technologies. Capacity-

building recognises the need to balance consumption and investment, as well as getting the investment mix right. And rolling strategic planning allows society to regularly adjust the balance between individualistic, hierarchic and mutualistic forms of social organisation. The challenge in shaping Australia's future can be summed up as a matter of insightfully recognising the manageable determinants of quality survival, seeing what forms these can take and regularly choosing which of these forms to encourage for a time.

### **SHE'LL BE RIGHT**

The world has put itself in a straightjacket with two buckles—population and capitalism—and it will have to work its way out during what is going to be a very difficult century. Australia itself does not have a lot of room to manoeuvre given our historical bindings, the imperatives of global change, and powerful forces for the domestic status quo. Nor has Australia developed processes for responding quickly but carefully to ever-accelerating social, economic and environmental change—a recipe for overshoot on the one hand and spasmic late response on the other.

Nevertheless, having now spent an enormous amount of time thinking about, reading about and analysing Australian futures, it is my optimistic meliorist's belief that, provided we can get attitude and style right, Australia's prospects for being a good place to live in 2050 and beyond are as bright as any country's. Once we have properly understood that success is contingent on proactively balancing change on many fronts, we need only the confidence of the tightrope-walker—confidence in ourselves and confidence that the world is not unmanageably irrational or, worse, evil. She'll be right.



# APPENDIX I

## A FAMILY OF GLOBAL SCENARIOS

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This appendix presents 28 basic propositions about what the world—viewed as Australia’s environment—might be like over the coming half century. They are one person’s assertions about the possibilities, impossibilities and certainties that Australians most need to be aware of as we guide the country into the future. They are important in that they set bounds around Australia’s plans for the future and on the plausible consequences of those plans. While Australia, as a player in the global drama, can do something to change those bounds (see below), just how much it might influence things is problematic.

My propositions about global futures fall into four categories:

- Global catastrophes. These are depressing images of the future which have low potential surprise and profound implications for the quality survival of Australian society, and indeed world society, but which I am prepared to accept, for scenario building purposes, as certain to *not* eventuate.
- Global givens. These are images of part-futures I am prepared to accept as certain to eventuate, at least for the purpose of developing ‘active’ national scenarios. If this book were about constructing world scenarios instead of national scenarios, these are future-images which would be common to all scenarios.
- Global windfalls. These are encouraging images of the future which have high potential surprise but which, if they did eventuate, would significantly improve Australian society’s prospects for quality survival. Nuclear fusion is one which comes to mind. For scenario building purposes, I will accept these as certain to *not* eventuate.
- Global possibilities. These are paired, contrasting, possibilistic images of part-futures, all of low to moderate potential surprise and all of significance for Australia’s future. More, versus less,



economic growth comes to mind. For scenario building and evaluation purposes, I will usually assume that one or other of each of these pairs will eventuate (and therefore, necessarily, that other related possibilities will not occur).

This is simply an analytical device that, by abstracting out and concentrating on ‘focal’ possibilities, allows an infinitely rich suite of possible futures to be discussed.

In summary then, Australia’s future global environment will be assumed, at least initially, to contain:

- no global catastrophes or windfalls;
- a set of ‘certain’ givens; and
- a set of pairs of contrasting possible part-futures, such that one or other member of each pair will always eventuate. While the members of each pair express possibilistic knowledge and cannot be given even subjective probabilities, they will be assigned a qualitative indication of the degree of potential surprise that would be felt in the event of their occurrence.

## GLOBAL CATASTROPHES

### GLOBAL CLIMATE SHIFTS

While it would be highly unsurprising in the twenty-first century to see global climates change slowly in response to greenhouse warming, there is also a possibility, albeit one with higher potential surprise, that climates around the world could change massively, rapidly and in unforeseen ways. This has the potential to massively disrupt human society, both nationally and internationally, but I am assuming this will not happen.

### WORLD WAR

While it is true that the Cold War is over and that democratic states have never waged war against each other, the number of nuclear states is proliferating and military capabilities are increasing, qualitatively and quantitatively, in many countries. There remain a number of plausible sequences of events leading to all-out war between nuclear powers, including major powers, but I am assuming this will not happen.

### PANDEMIC DISEASE

An outbreak of disease capable of reducing the world’s human population by an order of magnitude is possible.<sup>1</sup> Facilitating and predisposing conditions include increasing concentrations of people in big cities with poor public health standards, increased global travel, increased opportunities for inter-species transfer of diseases and increasingly rapid resistance of disease organisms to new medical drugs. I am assuming such an outbreak will not occur.

## GLOBAL ECONOMIC COLLAPSE

Global economic depressions and crises (plunging gross world product and threats thereof) have happened before and could happen again.<sup>2</sup> Facilitating and predisposing conditions include a fragmented international money system, third world debt, United States balance of payments problems,<sup>3</sup> over-investment in industrial capacity, the volume of currency sales, the speed with which financial market moods can diffuse around the world, food shortages and rising energy prices.

## GLOBAL GIVENS

While very little about the first half of the twenty-first century should be taken for granted, we can be fairly confident of the following.

### POPULATION GROWTH

Population will rise from 6 billion towards 10 billion late next century,<sup>4</sup> with most of that increase being in the developing countries, particularly their major cities. Urbanisation will be characterised by urban sprawl and inner city urban decay.

### THREE WORLDS

For the next fifty years the world will continue to be divided into a first world of industrialised countries, a second world of developing countries and a third world of industrially undeveloped countries. Between and within these worlds there will be great inequalities of wealth and, in the third world particularly, widespread illiteracy, homelessness, hunger and malnutrition. Many third world countries are 'locked into' poverty and there is no foreseeable trigger that could induce the first world to behave in a way that would allow the third world to make significant progress towards meeting the basic needs of its peoples. This is not to say that such a trigger will not appear, just that nonesuch can be identified.

### CAPITALISM

Within the first world, all nation states will be organised around a capitalist economy of some sort, married to a state of greater or lesser reach that is, at least nominally, democratic.<sup>5</sup> What is of paramount importance to the world is that, within those parameters, states should be highly diverse because, somewhere amongst that diversity, will be the state that stumbles across the successor to the capitalist paradigm. That state will discover a way of organising society that offers the promise of ameliorating the many problems that persist under twentieth century capitalism.

### ECONOMIC GROWTH

Gross world product will continue to rise, perhaps with pauses, predominantly in the Asia-Pacific region. The product mix will continue

to swing away from goods towards services. Nevertheless, the global economy's material throughput will continue to rise despite trends to dematerialisation. This will be due to population growth and rising real incomes for many, effects which will swamp the more efficient use of materials and saturation of some markets (for example, the rich will buy services, not another car). Growth will be driven by continuing trade liberalisation and expansion and by technological change, particularly in the information, communications and transport sectors. An increasing fraction of gross world product will be produced by a small number of ever-growing mega corporations.

### **GLOCALISATION**

The two processes behind glocalisation<sup>6</sup> will continue, namely:

- the global geographic dispersion between countries of components of the mass production system, and
- movements by cultural and regional communities within first, second and third world countries to achieve recognition and greater autonomy.

### **ENDLESS 'NATURAL' DISASTERS**

Natural disasters occur when people occupy hazardous areas, an increasingly widespread conflux as world population grows. This prospect stands to be exacerbated by global climate change.

### **GLOBAL WINDFALLS**

A 'wish list' of beneficial developments that are not inconceivable but which, for practical planning purposes, can be presumed impossible before 2050 could be long. I restrict myself to listing two: nuclear fusion and social learning. The point of any such listing is to draw attention to what should not be assumed (no magic bullets) while simultaneously suggesting that an enhanced search for such developments is intrinsically worthwhile.

### **NUCLEAR FUSION TECHNOLOGY**

On balance, it would be a great bonus for the world to have access to 'unlimited' electricity generated by affordable nuclear fusion at a date much earlier than that foreseen by experts.

### **SOCIAL LEARNING TECHNOLOGIES**

A breakthrough in learning how to routinely develop democratic, value-sensitive, information-sensitive 'recipes' for tackling diverse social problems would be a great bounty for humanity. It would ameliorate the problem of pluralistic stagnation and allow obsolete institutions and value systems to be redesigned in a legitimate way as required.

## GLOBAL POSSIBILITY-PAIRS

In this section, under each of sixteen headings, I identify a contrasting pair of possible ways the world could change by 2050—namely, a more-surprising and a less-surprising possibility. These forking alternatives, with their different degrees of potential surprise, are presented as though those potential surprise levels are independent, but this is not really so. For example, if one knew that democracy was going to spread further, one would be less surprised than otherwise at the idea of social movements coming to strongly influence policy formation and institutional behaviour.

### WORLD GOVERNANCE

*A more-surprising possibility:* The nations of the world give the United Nations (UN) real resources and real powers to begin establishing world government.

*A less-surprising possibility:* The UN becomes increasingly irrelevant with the rules governing behaviour between nations being set by agreements between major powers and major corporations.

### POLITICAL STRUCTURES

*A more-surprising possibility:* The proportion of the world's people living in liberal democracies grows.

*A less-surprising possibility:* The proportion of the world's people living in liberal democracies declines.

The dual basis for these assertions is simply that a large proportion of the world's population growth is occurring in non-democratic countries and that democracy is losing its appeal as many democracies fail to deliver improving quality of life to their citizens. 'Token' democracies are also a possibility.

### ROLE OF GOVERNMENT

*A more-surprising possibility:* First world governments come to play enhanced roles in their nation's affairs.

*A less-surprising possibility:* First world governments come to play diminished roles in their nation's affairs.

### MAJOR VALUE SHIFTS

*A more-surprising possibility:* As a basis for managing national affairs there is significant movement in first world countries towards co-operation and mutualism and away from individualism and competition.

*A less-surprising possibility:* There is no significant movement in first world countries towards co-operation and mutualism and away from individualism and competition as a basis for managing national affairs.

### 'ROLE MODEL' NATIONS

*A more-surprising possibility:* One or more nations emerge as clearly demonstrating that it is possible for a liberal democracy to begin solving the problem of pluralistic stagnation in a way which protects the interests of minorities.

*A less-surprising possibility:* Most first world nations move to a 'winner takes all' strategy in which the electoral majority's interests are pursued with little recognition of minority interests.

### SOCIAL MOVEMENTS

*A more-surprising possibility:* Movements for greater protection of the environment, for political emancipation and for female emancipation grow rapidly and come to exert a major influence on policy formation and institutional behaviour in most countries.

*A less-surprising possibility:* Movements for greater protection of the environment, political emancipation and female emancipation grow slowly and come to exert some influence on policy formation and institutional behaviour in most countries.

### LOCALISED WARS

*A more-surprising possibility:* The Asia-Pacific region experiences a number of regional wars.

*A less-surprising possibility:* Few, if any, regional wars occur in a stable Asia-Pacific region.

Unstated, but common to both possibilities, is the 'given' that there will be regional wars in Europe, central Asia and Africa in the first half of the twenty-first century.

### SOCIAL CONFLICT

*A more-surprising possibility:* Civil war between an underclass (rather than a cultural minority) and mainstream society occurs in some first world countries.

*A less-surprising possibility:* There is a massive increase in uncoordinated violence in first world countries.

Here, a difference in the nature and degree of violence is foreseen in the two possibilities. The possibility of declining violence is regarded as too surprising to be included in a short list of possibilities. The forces of prejudice, discrimination, poverty and alienation are regarded as too strong to be tamed within the time frame being considered.

### INTERNATIONAL CRIME

*A more-surprising possibility:* There is a small increase in international crime.

*A less-surprising possibility:* There is a massive increase in international crime.

The possibility of a decrease in crimes affecting multiple countries is regarded as too surprising to be seriously considered.

#### REGIONAL ECONOMIES

*A more-surprising possibility:* The economies of the Asia-Pacific region languish.

*A less-surprising possibility:* The economies of the Asia-Pacific region continue to grow ever bigger, although not necessarily steadily.

#### NATURAL RESOURCE CAPITAL

*A more-surprising possibility:* Rate of loss and degradation of natural resources (particularly soils, water and forests) slows.

*A less-surprising possibility:* Rate of loss and degradation of natural resources accelerates.

#### MIGRATION

*A more-surprising possibility:* Demand for legal and illegal immigration into Australia declines in favour of domestic and foreign immigration to East Asian growth zones.

*A less-surprising possibility:* In tandem with major illegal immigration, there is a dramatic increase in international pressure on Australia to take large numbers of legal immigrants.

#### HUMAN HEALTH

*A more-surprising possibility:* First world life expectancies stabilise or go into slow decline.

*A less-surprising possibility:* First world life expectancies rise very slowly.

The critical factors here are the extent to which a reasonable level of health care is available to all, the pervasiveness of healthy lifestyles and the quality of the public health infrastructure.

#### EDUCATION

*A more-surprising possibility:* First world education systems concentrate on and become highly proficient at inculcating socially legitimated values and teaching life skills to all.

*A less-surprising possibility:* First world education systems concentrate on and become highly proficient at providing vocational education to those able to afford it.

#### COMMUNICATIONS AND MEDIA

*A more-surprising possibility:* Regardless of income, all in the first world have access to a global electronic infrastructure supporting ubiquitous personal communications and customised information and entertainment services.

*A less-surprising possibility:* Rationed by income, there is a moderate level of access, in the first world, to a global electronic infrastructure

supporting ubiquitous personal communications and customised information and entertainment services.

#### ENERGY PRICES

*A more-surprising possibility:* Energy prices rise significantly enough to constitute a 'shock'.

*A less-surprising possibility:* Energy prices rise, but gradually enough to not constitute a major obstacle to increased energy use.



# APPENDIX 2

## READY REFERENCE TO THREE NATIONAL STRATEGIES

REPRESENTATIVE POLICIES, PRIORITIES AND ATTITUDES ASSOCIATED  
WITH THREE FUTURE-SHAPING STRATEGIES

ISSUE	ECONOMIC GROWTH STRATEGY
Alternative names	Self-regulated capitalism Competitive society Marketplace Australia
<b>General</b>	
Need for a paradigm shift in social organisation?	No
Need for major social change?	Comprehensive business deregulation and downsizing of government
Attitude to failing institutions?	Wind back
Direction of change?	More libertarian
Perceived basis of social progress?	More competition
Priority problems?	Low economic growth
Ideological foundation?	Confidence in markets and technology
Main prize, main fishhook?	Affluence, chaos



CONSERVATIVE DEVELOPMENT STRATEGY	POST-MATERIALISM STRATEGY
Managed capitalism	Subordinated capitalism
Scripted society	Sociable society
Management Australia	Team Australia
Not really	Yes
Necessary on several fronts but proceed cautiously, balancing stakeholder interests	Necessary on many fronts and need to experiment vigorously
Repair	Develop replacements
More collectivist	More voluntarist
Balance competition and collaboration	More economic and social collaboration and participation
Low economic growth, social injustice, environmental degradation	High economic growth, social injustice, environmental degradation, sociopathy
Confidence in collective action	Confidence in participatory institutions
Social justice, gridlock	Nurturance, poverty

ISSUE

ECONOMIC GROWTH STRATEGY

Priority personal needs to be met?	Individuation
Capital accumulation goal?	Maximum productive capital
Personal consumption goal?	Strong growth in personal consumption
Most important interpersonal values?	Honesty, respect for law
Primary social value?	Freedom from societal constraints
Preferred basis of co-ordination?	Contract; networks
Response to concentrated private power?	Accept

**Economic organisation**

Attitude to economic growth?	High economic growth is fundamental to achieving high quality of life
Major economic goal?	Rapid growth in GDP per annum
Unsurprising bounds on real GDP growth (% pa)?	1.5–3.0
Belief in the importance of economic efficiency?	High
Basic economic strategy?	Deregulate, reduce public sector
Attitude to science and technology?	Produces great benefits; encourage business to seek profitable technologies and allow technology to shape society
Belief in possibility of crippling material shortages?	No
Attitude to development?	Usually a good thing

CONSERVATIVE DEVELOPMENT STRATEGY	POST-MATERIALISM STRATEGY
Material needs and role satisfaction	Sociality and recognition
Proper mix of private and public capital	Maximum societal capital
Responsible growth in personal consumption	Stabilise personal consumption
Responsibility, fairness	Compassion and respect for others
Fairness	Fraternity; collaboration
Command and control; bureaucracy and specialisation	Consensus; multi-skilling
Manage	Dismantle
Pursuit of economic growth important but must be balanced against equity and environmental goals	Task is to transform the economy, not grow it
Rapid growth in GDP per head subject to near-maintenance of natural capital and declining level of poverty	Rapid growth in societal capital subject to near-maintenance of natural capital and near maintenance of real per capita incomes
1.0–2.0	0.5–1.0
Moderate	Low
Tax, spend, regulate	Collaboratively guide production, consumption, trade and investment
Must be guided; encourage business to seek profitable and environmentally benign technologies	Produces considerable disbenefits as well as benefits; evaluate to ensure ‘appropriate’ technology serves societal change
Maybe	Need to be prepared
Good thing if environmentally benign	Not a good thing unless environmentally and socially friendly

## ISSUE

## ECONOMIC GROWTH STRATEGY

Attitude to foreign investment? Encourage

Attitude to market outcomes? Move towards universal commodification;  
correct externalities only

Attitude to industry support? Oppose

Trade strategy? Free trade; integration with global economy

Appropriate level of overseas trade? c. 30% GDP

Method of public infrastructure provision? Outsource to private sector

Public investment priorities? Industrial infrastructure

Preferred demand management instruments? Monetary

Taxation policy? Reduce taxes to encourage investment

Approach to budget management? Small balanced budgets (c. 10% GDP);  
active use of monetary policy

Support for regional self-reliance? Leave to market

Unemployment policy? Leave to market

Focus of business regulation? Maintain competition and conformity to law;  
ensure responsibility to shareholders

Wage-setting principle? Leave to market

### Environmental

Attitude to nature? Strongly anthropocentric; view nature  
as source of goods

Major environmental goal? Eliminate external environmental costs

CONSERVATIVE DEVELOPMENT STRATEGY	POST-MATERIALISM STRATEGY
Encourage subject to offsets	Cautious encouragement if anchored in community
Selectively extend marketisation, redistribute outcomes	Market-scepticism, but exploit positive externalities
Support for tradeable goods sector	Selective by industry cluster and region
Strategic export encouragement; strong tradeable goods sector	Enforced balanced trade; degree of self-reliance
c. 25% GDP	c. 10% GDP
Use corporatised agencies	Use regional firms and agencies
Industrial and community infrastructure; public institutions	Social and human capital; industrial and community infrastructure
Monetary and fiscal	Fiscal and monetary
Increase taxes to finance employment and environmental programs	Increase taxes on high incomes to discourage consumption
Large budgets, balanced over economic cycle (c. 50% GDP)	Medium-large budgets with deficit financing of long-term investments (c. 30% GDP)
Some support	Strong support
Full employment goal	Active pursuit of alternatives to paid employment
Environment and employment; ensure responsibility to immediate stakeholders	Ensure responsibility to extended stakeholders (owners, employees, community)
Based on some concept of fairness; award system	Based on some concept of fairness over all income levels
Weakly anthropocentric; protect nature	Weakly biocentric; recognise human dependence on natural world
Minimal loss and degradation of natural capital, particularly productive capital	Minimal loss and degradation of all natural capital, particularly ecosystems

ISSUE	ECONOMIC GROWTH STRATEGY
Environmental management strategy?	Encourage market solutions (eg new technologies) to emerging problems of electoral concern
General approach to environmental quality?	Leave to market but adjust prices to control externalities, eg air and water quality
Attitude to energy and materials use?	Leave to market
Attitude to loss of biodiversity?	Leave to market
Settlement policy?	Leave to market
Urban and rural form?	Leave to market
Urban ideal?	Technopolis; world city
Prospect of environmental catastrophe?	Unlikely
Environmental education?	Accept existing resource management attitudes
<b>Governance</b>	
Basic form of government?	Liberal democracy
Philosophical tradition?	Neo-liberal
Administrative style?	Centralised; make maximum use of outsiders
Default attitude to existing government programs?	Deconstruct
Plans for constitutional reform?	Only in response to strong political demand
Devolution and subsidiarity?	Not of concern
Reform legal/justice system?	Privatise as far as possible, including use of mediators
Property rights?	Extend as far as practicable

CONSERVATIVE DEVELOPMENT STRATEGY	POST-MATERIALISM STRATEGY
Manage existing and emerging problems; trade off stakeholder interests	Pre-empt emerging problems by managing nearer start of causal chain; identify sustainability constraints
Comprehensive, co-ordinated national program; strong regulation where needed	Regional management programs under national supervision
Strong management of CO <sub>2</sub> emissions; stabilise materials throughput	Effectively cap materials and energy throughput
Focus on stopping land clearing	Focus on protecting ecosystems
Decentralisation to coastal cities	Self-reliant regional communities
Limit rate of land-use intensification	Systematic land-use planning
Cities with high air and water quality and high convenience	Green friendly cities
Should be manageable	Gaia might strike back, so be prepared
Regulate and manage behaviour (external motivation)	Internalise protective attitudes (internal motivation)
Representative democracy	Participatory democracy
Collectivist	Mutualist
Centralised; develop a strong public service	Decentralised; maximise citizen participation
Reconstruct	Redesign
Become a republic; explore ways of weakening states	Put social and economic rights into Constitution
Constrain state government powers	Devolve maximally to regional governments
Make legal system more socially just (eg more accessible)	Make justice system more collaborative and participatory, less adversarial
Retain land and resources in public ownership	Maximise regional community control over regional resources

ISSUE	ECONOMIC GROWTH STRATEGY
Formal recognition of individual rights?	Civil and political
<b>International</b>	
Main international concerns?	International law
Attitude to globalisation?	Accept challenge of participating fully
Attitude to global environmental change?	Adopt a 'wait-and-see' attitude
Management of global natural and built environmental quality	Cautious support for international conservation efforts
Contribution to global equity?	Offer free access to Australian markets
The global production, trading and financial system?	Support all moves to expand and liberalise
Defence policy?	Forward defence; bilateral defence treaties
Defence capacity?	Maximum outsourcing of defence support and non-combat functions; indicative defence funding of c. 1.5% GDP
Attitude to national borders?	Open, except for people
Foreign aid?	Target to support trade
Attitude to Antarctic territories and Exclusive Economic Zone?	Arrange competitive access to resources



## CONSERVATIVE DEVELOPMENT STRATEGY

## POST-MATERIALISM STRATEGY

Civil, political, economic

Civil, political, economic, social

Environment and social justice issues

Peace, poverty and environment issues

Participate but support international regulation

Balance participation with self-reliance

Support international management efforts

Adopt a precautionary attitude; take unilateral action

Strong support for UN-based conservation initiatives

Strong support for UN and NGO-based conservation initiatives

Avoid actions that harm development of third world countries

Cap Australian consumption; write off third world debts

Support all moves to regulate financial, environmental and social justice consequences

Support all moves to regulate financial, environmental and social justice consequences

Fortress Australia; bilateral and multilateral defence treaties

Armed self-reliant neutrality; major investment in conflict resolution diplomacy

Upgrade Defence Science and Technology Organisation; indicative defence funding of c. 1.0% GDP

Indicative defence funding of c. 1.5% GDP

Control movements of people, goods and capital as deemed necessary

Control movements of people, goods and capital as deemed necessary

Moderate aid to strengthen democratic government, protect environment, reduce poverty

Generous aid to communities to reduce poverty, protect environment

Strongly regulate use

Minimise use for next fifty years

## ISSUE

## ECONOMIC GROWTH STRATEGY

**Social organisation**

Societal mangement style?	Adaptive and reactive
Social justice goals?	Provide minimal safety net income
Attitude to cultural differences?	Accept cultural separatism
Preferred instrument for inter-group dispute resolution?	Judicial settlement
Attitude to welfare state?	Downsize; replace with family and charity support
Attitude to targeted (means-tested) welfare?	Approve
Provision of publicly funded community services?	Privatised
Access to health and education services?	Market-determined except for basic education and health care
Education type?	Government support for a more privatised education system
Education focus?	Vocational
Health system?	A more privatised health system
Immigration policy?	Increase quota numbers; consider auctioning visas; emphasis on business migration
Population policy?	No explicit population goals but accept high population growth
Attitude to media management?	Leave to market
Attitude to trade unions?	No special recognition; limited powers

## CONSERVATIVE DEVELOPMENT STRATEGY

## POST-MATERIALISM STRATEGY

Synoptic and proactive

Provide 'tools of opportunity' and adequate safety net income while working towards guaranteed minimum income

Favour assimilationism

Political settlement

Reinvent but retain scope

Aim for minimally targeted welfare

Corporatised

Universal access

Government support for a strong public education system

Vocational plus citizenship

A less privatised health system

Maintain numbers at present levels; balance between family re-union, refugee and business migration

Stabilise population by 2050

Strong public media

Have an important industrial role

Consultative and pre-emptive

Compress income distribution; work towards guaranteed basic income and lowering pensionable age

Favour multiculturalism

Mediation and conciliation

Replace with regional community support

Disapprove

Communally provided

Universal access

Government support for a minimally privatised system

Personal development

Universal access to quality care

Reduce net migration towards zero; emphasis on refugees

Stabilise population by 2030

Strong public media and development of Internet role and access

Have an important regional role



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- 49 Barber 1996
- 50 Lasch 1995
- 51 Handy 1994
- 52 Cocks 1996
- 53 Murray 1997
- 54 Lasch 1971
- 55 Marceau et al 1997
- 56 Sutherland 1996
- 57 Jensen & West 1983
- 58 Sturgess 1997a
- 59 Lipset & Bendix 1967
- 60 Mackay 1995
- 61 Gorer 1966
- 62 Galligan 1995
- 63 Max-Neef 1995
- 64 Kennon 1995

## CHAPTER 8: SO, WHERE MIGHT WE BE IN 2050?

- 1 Beck 1982
- 2 Coates 1994
- 3 Office of Technology Assessment 1988
- 4 Fukuyama 1992
- 5 Lasch 1995
- 6 Starr 1996
- 7 Rawls 1993

## APPENDIX I

- 1 Harvard Working Group 1995
- 2 Daly & Logan 1989
- 3 Thurow 1996
- 4 Lutz 1994; Caldwell 1994
- 5 Heilbroner 1993
- 6 Courchere 1993



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