



ACADEMY OF THE SOCIAL SCIENCES IN AUSTRALIA

# Dialogue

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## About the Academy

The Academy of the Social Sciences in Australia was established in 1971. Previously, some of the functions were carried out through the Social Science Research Council of Australia, established in 1942. Elected to the Academy for distinguished contributions to the social sciences, the 342 Fellows of the Academy offer expertise in the fields of *accounting, anthropology, demography, economics, economic history, education, geography, history, law, linguistics, philosophy, political science, psychology, social medicine, sociology and statistics.*

The Academy's objectives are:

- to promote excellence in and encourage the advancement of the social sciences in Australia;
- to act as a coordinating group for the promotion of research and teaching in the social sciences;
- to foster excellence in research and to subsidise the publication of studies in the social sciences;
- to encourage and assist in the formation of other national associations or institutions for the promotion of the social sciences or any branch of them;
- to promote international scholarly cooperation and to act as an Australian national member of international organisations concerned with the social sciences;
- to act as consultant and adviser in regard to the social sciences; and,
- to comment where appropriate on national needs and priorities in the area of the social sciences.

These objectives are fulfilled through a program of activities, research projects, independent advice to government and the community, publication and cooperation with fellow institutions both within Australia and internationally.

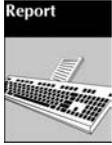
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## President's column

**Fay Gale**



It is with great sadness that I write this report following the recent death of our previous President, Professor Paul Bourke. Paul did so much for the Academy in the four years he was President. His work with the Review of the Social Sciences in Australia was a major undertaking. It will be a document of great significance for many years to come and Paul's leadership of this project was critical to the success of the very comprehensive and forward-looking document that resulted. Paul took an initiating role in establishing the National Academies Forum and was its first President. Bringing together the four learned academies for the mutual benefit of research and scholarship in this country was a major undertaking and took a great deal of energy and insight. He will be greatly missed.

I write this from New York where I have just visited the Social Science Research Council. This followed contact with the Academy of the Arts and Sciences which is based in Cambridge, Massachusetts, and an earlier meeting in London to discuss the newly formed Academy for the Social Sciences.

In London I was joined by Dr Jim Jupp, who was fortuitously in Oxford at the time. We met Lord Raymond Plant of Highfield who is currently President of the Association of Learned Societies in the Social Sciences and Andy Cawdell, the Executive Secretary. The present Association has thirty-three member societies and its Council is made up of the Presidents and Chairs of those discipline-based societies. Last year an implementation group was set up to consider ways for developing an Academy and Lord Plant has been crucially involved in this development. This is a natural result of the flowering of the Social Sciences over the last fifty or so years. It was thought that the long-established British Academy more appropriately represented the leading scholars in the Arts and Humanities and that Social Scientists were less acknowledged and the time had come for a separate Academy. The intention is to launch the new Academy in November this year. We discussed linkages with the Academy and ways in which we might arrange exchanges and joint meetings in the future. This new Academy will be structured very similarly to ours in almost every way and our future relationships should be very extremely beneficial.

Lord Plant, who is Master of St Catherine's College, Oxford, is a life peer and he generously entertained us in the House of Lords. After our discussions Lord Plant invited Jim and myself to sit in the Lords and listen to a most fascinating debate on the future of the House of Lords. I certainly felt very honoured to be able to represent our Academy at such an auspicious moment in history.

Unfortunately my visit to Harvard was not so well timed and I was unable to meet with Professor Daniel C Tosteson who is President of the American Academy of Arts and Sciences. Professor Tosteson was in Europe at the time but Kevin Synnott, the Chief of Staff in the Academy, gave me useful information.

The American Academy of Arts and Sciences was founded in 1780 and represents all branches of knowledge. In this sense it incorporates all of our four Australian Academies. However it has four classes: the Mathematical and Physical Sciences; the Biological Sciences; the Social Arts and Sciences; and the Humanities. Each of these classes has sections. In the case of the Social Arts and Sciences there are six sections which are: Social Relations; Economics; Political Science; Law; Public Affairs; Business Administration and Journalism; and Educational and Scientific Administration. The professional interests of Fellows in the Social Arts and Sciences are very comparable to those of our own Fellows.

In an Overview published by the American Academy in 1997 the stated goals are certainly similar to those we would wish to endorse as a position where we would like, in some measure, to see ourselves in the future.

Free of the pressures and responsibility of the university and independent of the constraints of government control, the Academy has secured a special place among the varied academic institutions. With its ability to establish broad contacts, the Academy has an opportunity to develop new forms of communication among the highly specialized cells of our culture and to forge new channels of integration not only within the intellectual world, but also between it and the rest of society.

There are two regional centres of the Academy, the Western Center in Irvine, California and the Midwest Center in Chicago, Illinois. These were established in 1969 and 1975 respectively to encourage greater involvement of Fellows in academy activities. The Academy publishes a bi-monthly Bulletin covering current events and projects. It also publishes quarterly a highly respected academy journal, *Daedalus*. Some of the projects carried out by the Academy have considerable resonance with some of our own projects, namely 'The New Inequalities' and 'Higher Education'.

There are some 3,600 Fellows of whom just over 1,000 are in the Social Sciences categories. The Academy also has some 600 foreign Honorary Members across the whole range of disciplines.

In New York I visited the Social Science Research Council which is extremely well located at 810 Seventh Avenue. I met with Professor Orville Gilbert Brim who is Interim President of the Council and also a Fellow of the American Academy of Arts and Sciences. Professor Craig Calhoun, currently Professor of Sociology and History and

Chair of the Sociology Department at New York University, has been appointed to be the next President but had not taken up the position when I was in New York.

The Social Science Research Council defines its role primarily as a resource for international scholarship. It does this through workshops and conferences, research consortia, scholarly exchanges, summer training institutions, fellowships and grants, and publications. It is primarily an initiating and funding body largely supported by private philanthropic foundations. It has an extensive international program and I was able to meet with Mary Byrne McDonnell who is the Executive Program Director and is responsible for the international arrangements. Interestingly, in view of our long-standing association with the Chinese Academy of Social Sciences, the Social Science Research Council in November 1998 signed an agreement of cooperation with the Chinese Academy. The Council publishes a number of documents including a regular newsletter entitled *Items* (which our academy receives). As we agreed at our meeting, it seemed advantageous that we should exchange other publications as appropriate.

A very important and exciting piece of news for Fellows is that at last we have a new home. We will be leaving University House for premises which will be more accessible and distinctively ours. As many Fellows will know, we have been searching for more appropriate accommodation for some time, one that would give us a clear and separate identity and one that would have easy access for Fellows and for visitors as well as giving more spacious rooms for our offices and our meetings. From 1 January 2000 our new address will be 28 Balmain Crescent. It seems a most auspicious time to move to new premises. This is an excellent location, almost opposite University House, making easy access for Fellows who reside there. I should like to thank Professor Deane Terrell, Vice-Chancellor of the Australian National University, the University Facilities staff and our Executive Director, Barry Clissold, for making this possible.

*Dialogue* is produced within the Secretariat of the Academy and published four times per year. The Editor is Peg Job. Readers are welcome to comment or enquire regarding matters mentioned in *Dialogue*. Letters to the Editor will be published. General enquiries may be posted, faxed or sent by email to ASSA.Secretariat@anu.edu.au. Editorial enquiries should be sent to:

**The Editor, at [pegs.books@braidwood.net.au](mailto:pegs.books@braidwood.net.au)**

**Deadline for the next issue is 1 November 1999**

## Vice President's note

**Ian Castles**



At the final session of the World Conference on *Science for the Twenty-First Century: A New Commitment* (WCS) in Budapest on 1 July, more than 2000 delegates from nearly 150 countries agreed upon the terms of a 'new social contract' between science and society. The Conference adopted a *Declaration on Science and the Use of Scientific Knowledge* (46 paragraphs), and agreed upon a more detailed document entitled *Science Agenda – Framework for Action* (96 paragraphs) as a 'means of achieving the goals set forth in the Declaration'. The WCS called upon its co-sponsors – UNESCO and the International Council for Science (ICSU) – 'to submit both documents to the General Conference of UNESCO and the UN General Assembly respectively for adoption', so as 'to mobilize the support of all partners, particularly those in the UN system, in order to reinforce international coordination and cooperation in science'.<sup>1</sup>

Writing in the May 1999 edition of the *UNESCO Courier*, the Organization's Director-General, Federico Mayor, explained why UNESCO had joined with ICSU to convene the meeting:

Science reigns triumphant. Never has it been so powerful and influential. It has conquered diseases which have decimated whole populations. It has abolished exhausting physical labour and wearisome repetitive tasks. It has vanquished distance and pushed back the frontiers of knowledge of the infinitely large and infinitely small, in both the inanimate and the living world. . .

[But] . . . humanity . . . has the right to ask science to give priority to research into processes of global disruption and ways of coping with them. What's more, all citizens have the right to ask science to further our understanding of the mechanisms of inequality and exclusion which are gradually undermining peace and democracy. To move to such a new contract between science and society, UNESCO and ICSU are inviting scientists, private firms, governments and other stakeholders to attend a conference . . . in Budapest at the end of June. One major purpose of this meeting will be to see that the benefits of science go primarily to all those who have hitherto been unreached. Their conditions will only improve if they have access to the mighty power of science.<sup>2</sup>

'Science', to Mr Mayor, is restricted to the natural sciences. He eschews the more inclusive meaning of the 'S' in its title which UNESCO adopted soon after its inception under the guidance of his eminent predecessor, Dr (later Sir) Julian Huxley, FRS. In my address to the UNESCO Asia Pacific Science Conference in Sydney in December 1998 (a meeting designed as part of the preparation for the WCS), I argued that UNESCO should return to the wider

vision of 'science' presented by its first Director-General in 1947: 'Science in UNESCO's programme . . . must be taken to include all aspects of the pursuit and application of the organised knowledge of phenomena',<sup>3</sup>

This concept of 'science' includes many fields of research that are not represented in ICSU (which has recently adopted the misleading name 'International Council **for Science**' in place of the more accurate former designation 'International Council **of Scientific Unions**'). The scope of the wider concept was spelled out in a Secretariat paper published in the first issue of the *International Social Science Bulletin* in 1949:

(W)hen the first beginnings of a Unesco secretariat were set up, the decision was taken . . . that 'science' included economics, sociology, political science, international and comparative law, psychology, public administration, statistics, anthropology, ethnology, demography, history, human geography, linguistics and archaeology no less than physics, biology and the other 'natural and exact' sciences.<sup>4</sup>

At the Sydney meeting last December, Howard Moore, Secretary of the WCS, explained that the planned meeting in Budapest was '**not** a science conference in the traditional sense – a talking shop at which the latest research and findings are reported **by** scientists **for** scientists'. Rather, the Conference would

. . . address the relationship . . . between science and society. .  
 . [It] will essentially look at the Natural Sciences and their interface with society, and will use the Social and Human Sciences to investigate the relationships.

In response to the obvious question of why the Conference would look only at the **natural** sciences and their interface with society, but not at the sciences devoted specifically to the study of society, Mr Moore pointed to the priorities of UNESCO's co-sponsor: 'the foremost international non-governmental organisation representing the scientific community worldwide'.<sup>5</sup>

In the event, the Budapest Conference reached a compromise on the place of the social sciences in the 'new social contract', which was articulated in the opening paragraph of the lengthy *Preamble* to the *Declaration*. The 'new commitment' would apply both to the natural and the social sciences, but the 'action' for which the 'support of all partners' was sought would be restricted to the natural sciences:

While the *Framework for Action* [ie, the document setting out 'the **means of achieving** the goals set forth in the *Declaration*], emphasizes the promises, the dynamism but also the potential adverse effects that came with the natural sciences, and the need to understand their impact on and relations with society, the **commitment** to science, as well as

the challenges and the responsibilities set out in this Declaration, pertain to all fields of the sciences.<sup>6</sup>

Some of the difficulties which might otherwise have emerged in the wording of the *Declaration* were avoided by exploiting the ambiguity of meaning, at least in English, of the expressions 'science', 'scientific research', 'scientific knowledge' and 'knowledge'. The following extract from the list of considerations in the *Preamble* illustrates the technique:

- the ever-increasing need for **scientific knowledge** in public and private decision-making, including notably the influential role to be played by **science** in the formulation of policy and regulatory decisions,
- that access to **scientific knowledge** . . . from a very early age is part of the right to education of all men and women, and that **science** education is essential for human development . . . ,
- that **scientific research** . . . may yield significant returns towards economic growth . . . and that the future of humankind will become more dependent on the equitable production, distribution and use of **knowledge** than ever before,
- that **scientific research** is a major driving force in the field of health and social care and that making further use of **scientific knowledge** has great potential for improving the quality of health for humankind.<sup>7</sup>

After 'considering' these and other matters, the participants at the WCS 'proclaimed' a series of propositions, including the following:

- The inherent function of the **scientific endeavour** is to carry out a comprehensive and thorough enquiry into nature and society leading to new **knowledge** . . .
- Governments, through national **science** policies . . . should give recognition to the key role of **scientific research** in the acquisition of **knowledge**, in the training of **scientists** and in the education of the public.
- The essence of **scientific thinking** is the ability to examine problems from different perspectives and seek explanations of natural and social phenomena, constantly submitted to critical analysis. **Science** thus relies on critical and free thinking. . . The **scientific community** . . . should promote . . . the 'intellectual and moral solidarity of mankind'.<sup>8</sup>

In the associated *Science Agenda – Framework for Action* document the contradictions in the terms of the 'new social contract' are more apparent. The document affirms, reasonably enough, that 'All components **of the earth system** must be monitored systematically on a long-term basis'; and that this monitoring 'requires enhanced support by governments and the private sector'.<sup>9</sup> But the *Agenda* is silent about the need to monitor the state of the world's **human societies**.

This is a surprising omission. The *Declaration* proclaims that ‘the inherent function of the scientific endeavour’ includes the study of society as well as of nature, and tells us that the ability to seek explanations of social as well as natural phenomena is part of ‘the essence of scientific thinking’. Yet the *Agenda . . . for Action* fails to recognise that one of the prerequisites for scientific thinking about social phenomena is **information** including, obviously, the economic and social statistics produced by national statistical offices and international organisations. In fact, the document is silent about the statistical services, with one single revealing exception:

Governments should promote the further development or setting up of national statistical services capable of providing **sound data . . . on science education and R&D activities** that are necessary for effective S&T policy-making. . . All countries should contribute to the collection of reliable data, in an internationally standardized manner, for the generation of **gender-disaggregated statistics on S&T**.<sup>10</sup>

UNESCO has played an important role in the global statistical system since its inception. It describes itself as ‘the only universal organization entitled, by virtue of its Constitution, to ask Member States to provide it, on a systematic basis, with statistical data in all its fields of competence’; and stresses that it is its ‘mission . . . to provide support to policy formulation and decision-making processes through the worldwide collection, production and dissemination of reliable, policy-relevant data on education, science, culture and communication [and through] the production of analytical studies aimed at facilitating the quantitative and qualitative assessment of the present situation and future prospects in UNESCO’s fields of action’.<sup>11</sup> It is surprising that the WCS did not see the generality of these activities as warranting support as part of the ‘new commitment’.

The release during the WCS of UNESCO’s *World Social Science Report 1999* – the first such report – only served to underline the low place of the social sciences in the Organization’s prevailing priorities. The launch by the Director General was reported in the *Nature News* daily ‘conference diary’ under the heading ‘Social science report reviews a discipline’,<sup>12</sup> and Mr Mayor told readers in his ‘Foreword’ to the document that the social sciences ‘can help us to rise above short-sighted approaches to market-based development’.<sup>13</sup> Asked why the social sciences were so poorly represented at the WCS, Mayor responded that ‘from the beginning [the WCS] was conceived as a conference on natural science’.<sup>14</sup>

Here was the central contradiction. It had indeed been conceived as a conference on natural science, but not as a meeting at which scientists reported their ‘latest research and findings’ (as Howard Moore had made clear in Sydney). Yet the key conference objectives which Mr Mayor had himself articulated – ‘to further our understanding of the mechanisms of inequality and exclusion’, ‘to see that the benefits of science go primarily to all those who have

hitherto been unreached' and to give the world's disadvantaged 'access to the mighty power of science' – cannot be addressed without the active involvement of social scientists.

This is equally true of the global problems which are identified in the WCS *Declaration* in support of its call for a 'new social contract': poverty, environmental degradation, inadequate public health, and so on. The titles of the 'thematic essays' in the *Challenges for the Social Sciences and Australia* (1998) reveal similar concerns: for example, 'Inequality', 'The Environment' and 'Health, Illness and the Social Sciences'. These 'essays devoted to specific themes in social science research' were included in the Academy's Discipline Strategy Review in order to 'illustrate the breadth of social science research, the way social scientists focus on particular problems, the practical relevance of their findings and the way in which research straddles the disciplines'.<sup>15</sup>

Interestingly, the 'pressing global problems' listed in the *Declaration* were expressly stated to be associated 'in particular . . . with population growth'.<sup>16</sup> The same problems were identified, and were related to population growth in the same way, at the preceding inter-governmental science conference: the United Nations Conference on Science and Technology for Development, (UNCSTD) held in Vienna in August 1979.

From UNCSTD in 1979 to the WCS in 1999, there has been remarkably little change in the perspective which organised science has brought to global problems, especially with respect to the prospects for population growth. Among social scientists, there have been some changes of view. Addressing the National Press Club on 17 March 1999, John Caldwell, FASSA, Emeritus Professor of Demography at the Australian National University, said that:

In the 1970s it was still possible to envisage population growth rates not becoming low before the world population reached 15 billion and thereafter slowly continuing growth for the rest of time yielding ever more dangerously high numbers. . . No-one knew whether the world ecosystem could indefinitely tolerate populations of 12-15 billion.

It is only recently that we have begun to foresee the probability of a very different scenario for the world. . . Recent work we have done suggests that the maximum [world population] could be as low as 8 billion. More surprisingly, it appears even more likely that once global numbers peak, the world's population will not remain stationary but will slowly decline for all of history, perhaps passing our present level on the way down little more than one hundred years from now. . . My guess is that the world population will peak at about 8 billion around 2050 and will ultimately go below 6 billion or even 4 billion. This world would certainly be stable in terms of its environment and ecology for as long as we like to foresee.<sup>17</sup>

In a paper prepared by the WCS Conference Secretariat, 'aimed at facilitating the understanding of the draft *Agenda*', participants were assured that 'Scientific research is increasing our knowledge and ability to understand complex systems and processes in an ever-wider range of scale in space and time'. In the view of the Conference Secretariat, the complex processes affecting human society were producing social problems of unprecedented gravity:

**Growing** inequalities on all fronts . . . today beset the world. The patterns of disparities are now more complex and contrasted. As one of many instances that illustrate this situation on a global scale, we recall that 20% of humankind share 86% of the total private consumption. Within and between countries the benefits of education, culture, health services and other factors of human and social well being are **ever more unequally distributed**'.<sup>18</sup>

Sandwiched between several sweeping assertions about ever **increasing** inequalities was a statistical comparison, presented as if it was an undisputed fact, about the degree of inequality in global private consumption **at a point in time**. It is surprising that the authors did not realise that a single point-in-time comparison cannot validly be used to support a statement about trends over time.

In any case, the observed comparison is invalid, because it fails to recognise that consumption is a 'real' activity and cannot be captured by measures that are sensitive to purely financial phenomena such as exchange rates.

Much research in economics has been directed towards overcoming the formidable conceptual and practical difficulties involved in the measurement of 'real' aggregates of output and consumption in different times and in different places.

The most well-known of the major projects in this area is the International Comparison Project (ICP), which was originally developed at the University of Pennsylvania and carried forward under the aegis of the Statistical Office of the United Nations, other international institutions and the national statistical offices of scores of countries, including Australia. The eminent economic historian Angus Maddison gave some insight into the scale and complexity of the ICP in his Kuznets Lecture at Yale in November 1998:

The basic work was carried out by Irving Kravis and his associates at the University of Pennsylvania. Their masterpiece was the 1982 study which was a remarkable survey of the whole gamut of theoretical and practical problems involved in this work . . . (I)n the 1980s, this work was taken over as a cooperative venture by UN/Eurostat/OECD. . . The Summers and Heston Penn World Tables (PWT) are issued periodically in diskette form updating their published articles. . . (T)he PWT . . . is undoubtedly one of the most impressive achievements in the

history of historical national accounts, of great interest for growth accountants and econometricians.<sup>19</sup>

Some indication of the influence of this work is afforded by bibliometric measures. By early 1995, the number of citations of the benchmark monographs of the ICP and the associated PWT which had been listed in the Social Science Citation Index had exceeded 1000 and the number of different (first) authors represented in the citations list approached 600.<sup>20</sup> The authors of the WCS Conference document were obviously unaware of the importance or even the existence of this area of research, and of the continuing need for measures of 'real' national and global macroeconomic aggregates.

Even if the distribution of global consumption expenditure could be shown to have become less equal (and all of the more soundly based studies suggest the contrary), there would still be no warrant for the claim that the benefits of education and culture are 'ever more unequally distributed' – let alone the assertion in the Conference document that inequalities are growing 'on all fronts'. Some more sentences from Professor John Caldwell's address to the National Press Club show the width of the gulf between the blanket claim by the WCS Conference Secretariat that 'Within and between countries the benefits of education . . . are ever more unequally distributed' and the evidence which is available from national and international statistics, including those published by UNESCO statistics:

International organisations have pressed hard over the last half century for universal and extended schooling. The women's movement has pressed for equal schooling for girls and the degree of convergence in the education of the sexes in much of the world is remarkable. In great swathes of Asia and Latin America the extent of secondary schooling for girls is much above what it was in the West in the 1950s.<sup>21</sup>

It is surprising that the claims in the pre-Conference documentation were accepted so uncritically at the WCS. In fact, the assertion of 'growing inequality on all fronts' was explicitly endorsed, in relation to one of the 'fronts' in the *Declaration on Science and the Use of Scientific Knowledge*. After 'proclaiming' that 'The social responsibility of scientists requires that they . . . share their knowledge, communicate with the public and educate the younger generation' the *Declaration* goes on almost immediately to urge 'Governments and scientists of the world [to] address . . . the **increasing** inequalities in health across different countries'.<sup>22</sup>

No evidence was provided for this assertion; and the only readily available source of relevant information at the global level – estimates of life expectancy at birth published by the Population Division of the United Nations – provides substantial evidence for the view that global inequalities in health have been **diminishing**.

The Population Division provides separate data for the 'more developed regions' (Northern America, Japan, Europe and

Australia/New Zealand) and for the 'less developed regions' (all other countries and regions). These estimates show that in the past twenty years (that is, between 1975-1980 and 1995-2000) the increase in average life expectancy in the 'less developed regions' was 6.9 years, which was three times as great as the increase of 2.3 years in the 'more developed regions'. The gap between the two groups of regions has declined in every quinquennium in the past half-century, and is now about 11 years, compared with over 15 years in the late 1970s and over 25 years in the early 1950s.<sup>23</sup> There is no reference to this remarkable evidence of global convergence in a *Declaration* which states at one point that 'Life expectancy has increased strikingly' and at another that there are 'increasing inequalities in health across different countries'.<sup>24</sup>

Another background paper, entitled 'Ethics and the Responsibility of Science', was prepared for the Conference by ICSU's Standing Committee on Responsibility and Ethics in Science (SCRES). Under the heading 'Science, welfare and equity', SCRES advised the WCS of a 'statement against . . . global inequity' which had been issued in the Declaration of Guadalajara on 15 July 1998, 'within the framework of the International Summer University *Science and Life* [and] signed by many scientists from different countries'. This Declaration included the following claim:

In the name of the independence of science and of its calling to the genuine service to the whole of humanity, we reject scientific research subservient to the designs and interests of the powerful. The greatest ill of humanity is the **increasingly growing inequality** among peoples. . . (W)hile life expectancy in Africa is only fifty-five years, in Europe it is above seventy-five years.<sup>25</sup>

Once again, the size of a 'gap' at a point in time has been used to support a different proposition: that this (and other) gaps are 'increasingly growing'. Although it is clear from the introductory sentence that the intent of the Declaration of Guadalajara was overtly political, it is surprising that the 'many scientists from different countries' who signed the manifesto saw no need to ask whether the assertion could be supported by **relevant** statistical evidence of 'increasingly growing inequality' in life expectancy (as distinct from the irrelevant point-in-time comparison incorporated in the Declaration); or by **any** statistical evidence which could justify the sweeping generalisation of 'increasingly growing inequality' in the various other dimensions of human welfare in respect of which reasonably reliable data are available.

It is even more surprising that a committee on responsibility and ethics in science thought it ethical and responsible to give further currency to a claim for which no evidence has yet been produced.

In introducing the Declaration of Guadalajara and its spectre of inexorably rising inequalities, the SCRES paper observes that 'The world is characterised by a split between the North and the South',

with 'Not only material wealth, but education, information and many other goods . . . unevenly distributed between these spheres . . .'<sup>26</sup>

The conventional 'split' between the North and the South – broadly, the 'More developed regions' identified by the UN Population Division constitute the North and the 'Less developed regions' the South – should not be allowed to obscure one of the most striking politico-economic developments of our time: the large and growing 'split' within the South.

The majority of the world's population, and some 70 per cent of the total population of the South, lives in the countries of Asia (excluding Japan and the Middle East). During the past twenty years, average output *per capita* in this entire region has almost trebled. Though the experience of individual countries has differed, and some of them are presently confronting severe economic difficulties, the rate of growth in output and living standards in the region as a whole has been **much** faster than in any of the other regions of the world, and indeed much faster than in any of the countries in the North. The gap in living standards between the North and **the majority** of the South (which is certainly large) has therefore not been growing, but has been contracting significantly (though it remains large).

In Africa, by contrast, output *per capita* has declined over the past twenty years. Whereas Asia was by far the poorest of the continents at the time of UNCSTD, Africa is now the poorest by an even larger margin. Output *per capita* in China has risen from less than one-half the average African level to more than twice the average African level during this period.<sup>27</sup>

At UNCSTD, 141 countries agreed on a plan 'to bring the benefits of modern science and technology to all countries, particularly the third world'. At the close of the Conference, the UN explained that:

The agreement reached is embodied in a Programme of Action which seeks to maximise the capacity of all countries to develop, absorb and use science and technology for the benefit of their peoples. A particular objective of the Programme is to use science and technology as a tool for improving the well-being and quality of life for peoples of the developing countries.<sup>28</sup>

At the next world scientific conference twenty years later, the participants issued a *Declaration* asserting that 'As scientific knowledge has become a crucial factor in the production of wealth, so its distribution has become more inequitable'.<sup>29</sup> No review was made at the WCS of the changes which had occurred in the well-being and quality of life of the peoples of the developing countries in the 1980s and 1990s. The fact that there had been an enormous difference between the experience of the majority of these peoples and the minority who lived in other regions was not mentioned in the papers prepared for the Conference, notwithstanding its obvious relevance to the assertions made in the same documents about ever rising inequalities in access to the benefits of science.

The truth is that there are no obvious criteria on the basis of which any distribution of 'scientific knowledge', or of 'the benefits of science' – to the extent that these concepts are amenable to observation at all – could be regarded as 'equitable', or even as more or less equitable than they had been in other times or at other places.

The Declaration of Guadalajara went on to assert that 'the overcoming of . . . inequalities must constitute the top priority of scientific work and of the funds destined to it'. In its paper prepared for the WCS, the ICSU Committee (SCRES) offered the following remarkable comment on this prescription:

Whether or not we agree with this call for justice, and the view that science should be helpful to achieve it, we must admit that it is not universally endorsed by decision-makers. If it were, the sustainable biosphere would most likely seem considerably less remote, and the social inequalities be far less tragic.<sup>30</sup>

Just as the Director-General of UNESCO believes that it is for science to 'further our understanding of the mechanisms of inequality and exclusion', the ethics committee of the peak non-governmental body of world science attributes the ills of the world to the failure of 'decision-makers' to heed the voice of science.

These myopic views are widely shared within the scientific community in Australia. For example, Ian Lowe, Professor of Science, Technology and Society at Griffith University, responded to my comments at the Sydney Conference about the place of the social sciences in UNESCO's mandate with the remark that the whole area of the social sciences had

been blackened by association with one particular discipline in which practitioners appear remarkably reluctant to modify facts, modify theories, when the real world fails to behave as predicted. That is enough about economics, this is a happy gathering.<sup>31</sup>

And in 1996 Toss Gascoigne, Executive Director of the Federation of Australian Scientific and Technological Societies (FASTS) assured readers of the ANZAAS journal *Search* that

Scientists and technologists inhabit a world different to most others. Their world has a concern for truth, for proof, and for accuracy that is not shared by other professions (such as economists, for instance).<sup>32</sup>

These comments do not sit easily with the apparent lack of concern for truth, for proof or for accuracy in much of the documentation prepared for the WCS by the peak organisations of world science. But Toss Gascoigne and Ian Lowe both participated in the Budapest Conference, and are influential voices in the Australian scientific community.

Social scientists have an obligation to correct the misconceptions about the social sciences emanating from quarters such as these, and to present a more informed perspective to governments and to the community at large. Professor Bruce Miller, FASSA, former Executive Director of ASSA, showed the way in his 'Opening Remarks' at the Academy's Symposium *Global Change: The Human Dimensions* at the ANZAAS Congress in 1990:

To the natural scientist who presents a rational solution to a complex scientific problem, it is often puzzling and sometimes inconceivable that governments should reject or delay the implementation of solutions. But sociologists, political scientists and psychologists have seen and assessed much of this apparent irrationality, and know that it is not unusual and that the reasons for it can be strong and persuasive in the extreme. They can often suggest ways in which compromise can be obtained and a benign result emerge.

But they cannot always do so and it would be foolish to claim that they could. If natural scientists face a complex universe, social scientists face a complex society in the first place and a complex set of societies (the farther their studies move beyond national boundaries) in the second place. There is a kind of invincible pluralism about their subject matter. Certain facts can be established and isolated – the number of votes, the number of births and deaths, the number of houses, the expenditure on this or that, for example, but each of these needs fleshing out in terms of its impact on people, its relationship with other aggregates, its dynamic or static quality, and how it can be woven into a proposal for policy.<sup>33</sup>

At this year's Academy Symposium, to be held in Canberra on 8 November, experts from several of the social science disciplines (including, of course, economics) will examine the trends in inequality in several of its measurable dimensions, both within Australia and globally. Within this broad theme, they will identify some of the 'facts [which] can be established and isolated'.

The papers will undoubtedly show that the simplistic portrait of ever-rising inequalities on all fronts which were portrayed in the WCS documentation is at odds with the empirical evidence. They will also show that the observation of human inequality is no less amenable to 'scientific thinking' than the observation of the solar system, although social scientists, no less than other citizens, will have differing views about the policy implications of their observations. These issues go to the heart of the national and international political debate, in which social scientists are deeply involved as advisers to governments, international organisations and non-governmental bodies.

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- <sup>6</sup> World Conference on Science (1999a), *op cit*, para 1.
- <sup>7</sup> *ibid*, paras 9-12.
- <sup>8</sup> *ibid*, paras 29-31.
- <sup>9</sup> World Conference on Science (1999b), *Science Agenda – Framework for Action*, para 30.
- <sup>10</sup> *ibid*, paras 59, 80.
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- <sup>13</sup> UNESCO (1999c), *World Social Science Report 1999*: 5.
- <sup>14</sup> *Nature news* (1999), 28 June: 4.
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- <sup>16</sup> World Conference on Science (1999a), *op cit*, para 27.
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- <sup>20</sup> Castles, Ian (1997), *The OECD-Eurostat PPP Program: Review of Practice and Procedures*, para 2.17.
- <sup>21</sup> Caldwell, John C (1999), *op cit*: 5-6.
- <sup>22</sup> World Conference on Science (1999a), *op cit*, paras 41, 43.
- <sup>23</sup> United Nations (1998), *World Population Prospects: The 1996 Revision*: 318, 332.
- <sup>24</sup> World Conference on Science (1999a), *op cit*, paras 2, 43.
- <sup>25</sup> World Conference on Science (1999d), *Ethics and the Responsibility of Science*: 5.
- <sup>26</sup> *ibid*: 5.
- <sup>27</sup> International Monetary Fund (1998), *World Economic Outlook*, October: 171-180.
- <sup>28</sup> United Nations (1979), 'United Nations Conference on Science and Technology for Development Concludes with Adoption of Action Programme', Press Release, 4 September.
- <sup>29</sup> World Conference on Science (1999a), *op cit*, para 5.
- <sup>30</sup> World Conference on Science (1999d), *op cit*: 5-6.
- <sup>31</sup> Lowe, Ian (1998), 'Raising the Profile of Science, Improving the Public Understanding and Appreciation of Science', Australian National Commission for UNESCO, *Science for the 21<sup>st</sup> Century: Report of the UNESCO Asia Pacific Conference*: 105.

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## International Year of the Older Person

### Research and images of ageing

#### *Hal Kendig*



In Australia, older people and processes of personal and social ageing have emerged fairly recently on the research agenda. Yet age and ageing are fundamental to social life. How can this paradox be explained? I would like to explore this question by tracing some connections between social attitudes, research funding, and the interests of governments, universities, and advocacy groups.

In 1975 when I arrived in Australia, research on older people and ageing was confined largely to either geriatric medicine on the one hand, or population ageing on the other. The clear message was that we needed to know about older people only to provide better health care and to appreciate the growth of this dependent and costly group. Advocacy organisations, comprised more of aged care providers than older people themselves, steered clear of research. This Australian vacuum was astonishing compared with the well-established US research industry on ageing at the time. I came from a US fellowship which had attracted me to doctoral studies in the field, at a large Gerontology research centre, to arrive at the Australian National University Research School of Social Sciences where I was asked to *not* focus on older people when conducting research on housing and cities.

The late emergence of ageing research may be explained partly by Australia's national identity as a young country – as if limited years since Federation somehow equate to a demographically young population<sup>1</sup>. Further, Australian universities in the Oxbridge tradition have strongly valued investigator-initiated research, in notable contrast to the American 'land-grant' universities' responsiveness to communities and industries. The need to make academic careers within the confines of departments, organised by disciplines, has not been conducive to applied research spanning multi-disciplinary boundaries.

Research funding, an important nexus between knowledge and politics, has provided little encouragement to overcome the institutional barriers facing ageing studies in Australia. Australia has not had anything like the substantial research funding provided by the US Administration on Aging and National Institute on Aging. The striking contrast is explained largely by political consciousness and mobilisation of older people themselves. In US elections voting is not compulsory yet older people vote in disproportionately large numbers. Since the age politics of (US) Medicare in the 1960s, many older Americans have been swinging voters influenced by their age-related interests as well as life-long political allegiances. Powerful advocacy organisations for older people allied themselves

with universities and lobbied for research funding as well as policies directly beneficial to older constituencies.

Australia's sparse research on ageing has reflected the low status and political invisibility of older people themselves. Governments have long defined ageing as a health and social problem, with research funds available mainly for identifying the needs of older people and informing ways to meet them better. For example, in the 1970s the Victorian government formed the rather grandly titled National Research Institute on Gerontology and Geriatric Medicine, comprised of a few medical and health researchers. The occasional studies of ageing in the 1970s and earlier were conducted mainly by health care professionals as ancillary interests or responsibilities. A few of these works, such as Sax's (1970) pioneering book and Howe's (1981) compendium<sup>2</sup>, nonetheless set a vision for building more comprehensive understandings of Australia as an ageing society.

The legacies of older people as a social problem have reflected and furthered negative and misleading stereotypes of ageing and older people. Our knowledge base and images of ageing have been distorted systematically by studying the needs of dependent older people and neglecting the capacities of the vast majority of older people<sup>3</sup>. Even today ageing research is unbalanced by so many studies of patients in health care, clients of social services, and frail people in residential care. There is a long way to go to overcome this biased knowledge and disseminate more accurate information on ageing into the public sphere.

At the beginning of the 1980s academic research began to contribute to more balanced images of ageing in Australia. Individuals with academic experience moved into senior positions in government and advocacy, and research was taken seriously by both the Council on the Ageing and the Commonwealth Departments of Health and Social Security. The Social Welfare Research Centre, formed as a research partnership between the Commonwealth government and the University of New South Wales, extended research into social structural dimensions of caregiving and retirement and their implications particularly for gender-based inequalities. The ANU Research School of Social Sciences – chastened by a critical Review report and anxious to demonstrate commitment to research on topics of national importance – launched a series of applied, multi-disciplinary projects including the *Ageing and the Family Project*. Over the course of but five years, in a changing funding and policy climate, ageing had moved onto the research agenda of Australian social science.

The *Ageing and the Family Project* provides a useful case study on ways in which sound research has contributed to social and policy understandings of ageing. A large representative quantitative survey of older people in the community provided irrefutable social facts, while qualitative investigations shed light on the actions of older individuals in the context of their daily lives. Conceptual grounding in

reciprocity and exchange theory led naturally to balanced exploration on the ways in which most older people provide more social support than they receive. Five year university funding provided a good base for concept development, analyses, and dissemination through refereed publications as well as policy applications and media reports. Project findings contributed to the development of policy initiatives in community care and received substantial attention in print and telephone reports.

The Project's findings began a stream of literature which continues to debunk stereotypes of dependent older people and myths of widespread family abandonment<sup>4</sup>. Whilst the word 'carer' had barely been invented, spouses and adult daughters were shown to be the mainstay of support for frail older people. Older people wanted to stay at home and to draw on community service as a means to avoid going to a nursing home. Contrary to some ideologies at the time, services were found to assist in maintaining independence and hence strengthen rather than undermine inter-generational ties. When viewed from a decade of hindsight, it is curious that the media and public at the time were surprised by these findings which now seem commonplace. It is an irony that social research of public importance can contribute to attitudinal change which sees the original findings eventually becoming a matter of 'everybody knows it'.

In my view the most significant achievement of this Project was the opportunity it provided for research fellows and graduate students to launch careers in multi-disciplinary work on ageing. These include Don Rowland's population studies, Victor Minichiello's research in sociology, Diane Gibson's feminist policy critiques, and John McCallum's epidemiology and population health. In policy development, it was notable that Jane Halton became First Assistant Secretary of the Aged Care Division in the Commonwealth government<sup>5</sup>. For me the Project and its base in the academic strengths of the Coombs building provided a sound grounding for moving on to a newly formed ARC Key Centre in Gerontology.

Research on active and positive aspects of ageing has been pioneered by individuals pursuing curiosity-driven research in Universities. Notable examples are Eena Job's (1984) work in sociology showing women's actions over the life course, and Elsie Harwood's (1970) research in psychology, with Operation Retirement showing the learning capacities of older people and the benefits of mental stimulation<sup>6</sup>. These studies were of great intrinsic value and did much to motivate and lead subsequent work by academics and some professionals<sup>7</sup>. However, for widespread public or policy applications, the work may have been too advanced for its time. Not until this 1999 International Year of Older People did governments begin to promulgate significant messages on the contributions of older people and the opportunities presented in old age.

We can thank taxes on tobacco for the Victorian Health Promotion Foundation and its leading support for a next generation of research underpinning ageing and health promotion. The *Health Status of Older People Project*, funded by VicHealth to research ways to improve health and quality of life in old age, was set up by a Steering Group including researchers, community representatives, and health policymakers. Along with related studies in Adelaide<sup>8</sup> and Dubbo<sup>9</sup>, this longitudinal study (now funded by the NHMRC) is identifying the great variability and improvability of ageing experiences. Ageing experiences clearly are influenced heavily by personal choices over the lifespan; the social divides of gender and class; and the social situations in which people live their lives.

The *Health Status of Older People Project* found that feeling healthy for older people meant having a positive outlook on life, feeling well, and maintaining physical and social activity and independence<sup>10</sup>. The vast majority said they took actions to keep healthy, primarily through physical activity, healthy eating, and social activity. Substantial minorities, however, had low levels of physical activity even though they were physically capable. In many cases activities were constrained by barriers which extended well beyond their own health to include income, poor transport, and poor neighbourhood planning. Well-being generally remained high, even among disabled older people with serious illnesses, as long as they had social support and continued with the independence and activities which are crucial to maintaining one's identity.

These findings have been promulgated to the Australian Medical Association<sup>11</sup> and they have contributed to social planning at several levels of government, for instance through the Positive Ageing Strategy (Victoria) and the National Healthy Ageing Strategy<sup>12</sup>. Later in this International Year the Victorian government will extend its Positive Ageing Strategy by launching inter-related actions by a range of departments. The Commonwealth government is featuring healthy ageing in developing the National Strategy for an Ageing Australia.

Looking backwards on ageing research in Australia yields a few summary insights. Large consultancies and evaluations have had some uses in developing aged care programs, but these short term efforts seldom appear to make much lasting difference. In my view, the greatest potential for academic research is to set a more fundamental knowledge base which represents the aspirations and experiences of older people, challenges attitudinal barriers, and points towards opportunities and avenues for improving ageing experiences. The dilemma is that research of this nature requires timetables of five to ten years while government funding and political action move on little more than yearly bases. The quality and uses of this kind of applied research can be enhanced considerably when it is conducted in middle term programs which build on collaboration with and for communities of older people<sup>13</sup>.

As for the future, I am hopeful that Gerontology may succeed in working itself out of existence. To separate studies of older people from those of other age groups may be necessary for a time to counter ageist neglect and the arbitrary divides of academic disciplines. But to make ageing studies a separate field risks the continuing neglect of age dimensions on the main agendas in the disciplines and in policy development. In the end all people need to be understood as moving through their life span, intertwined with other generations, heavily influenced by the periods of history in which we live our lives. Perhaps the demands and power of an ageing babyboom cohort will drive these changing awarenesses for the benefit of future generations.

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## How the GST will affect older people

**Ann Harding**



Those aged over 65 years may be concerned about how the Government's tax reforms will affect them. The good news is that the revised tax reform package gives much greater benefits to the aged than the original package.

The entire package is very complex, making it almost impossible for individuals to work out how they will be affected. The original proposals by the Government involved the abolition of a range of existing indirect taxes, large income tax cuts and the introduction of a broadly-based 10 per cent goods and services tax (GST).

For age pensioners, the deal also involved a 1.5 per cent real increase in the age pension. So if the net effect of the tax reform package was to increase prices by two per cent in the long run, then pensions would increase by 3.5 per cent.

So how would the aged have fared under this scenario? Answering such questions requires very complex computer models of how the taxation and social security systems work and relies on many courageous assumptions about how the tax changes will flow through the economy. It should be appreciated that the answers provided by such models are only indicative, and are simply the best that can be achieved in the face of inadequate data and patchy information about how people and businesses behave.

However, according to the National Centre for Social and Economic Modelling (NATSEM) study commissioned by the Senate Committee on a New Tax System, age pensioners with no private income would have been likely to make no gains or possibly even small losses from the original tax package. This was because their extra indirect tax payments would have been at best only just offset by their proposed pension increase. Such pensioners would not have benefited from the income tax cuts, because they currently pay no income tax.

What about self-funded retirees, who are looking after themselves rather than relying on age pension? Over some income ranges, many self-funded retirees were again expected to make only very marginal or no gains from the original tax reform package.

Many of these results were driven by the NATSEM finding that the aged would face higher price increases at the supermarket checkout than most other types of families in Australia, due to their different spending patterns. Thus, NATSEM estimated that the prices facing age pensioner households would rise by about one per cent more than the general increase in the Consumer Price Index. In turn, this meant that age pensioners would face higher than average increases in their indirect tax burdens as a result of the tax reforms.

Another important issue for the aged was that they have lived most of their lives under a system with a particular mix between income tax and indirect taxes. Having saved up their nest-eggs to fund their retirement, there was a concern that the tax reforms could lead to a decline in the real purchasing power of those savings.

To offset such possible effects, the Government also proposes introducing an Aged Persons Savings Bonus, an income-tested payment of up to \$1000 a year for those aged 60 or more with incomes from savings and investments. An additional \$2000 Self-Funded Retirees Supplementary Bonus is also planned, which would assist those not receiving any compensation via the age pension increase.

The aged emerged as one of the big winners out of the revised tax reform package negotiated between the Democrats and the Government. The new package radically changed the tax base for the new GST, by excluding basic foods.

Because the aged spend so much of their income on basic foods, this exemption particularly helped them. For age pensioner couples, for example, the expected increase in prices from the original tax package was 4.3 per cent, but only 3.1 per cent for the revised tax package.

Age pensioners also benefited from the more generous real pension increases in the revised tax package. While pensioners would have received a pension increase 1.5 per cent more than the CPI increase in the original package, this 'compensation buffer' was increased to 2 per cent in the revised package. This was worth about an extra \$3.20 a week to an age pensioner couple.

Another particularly significant initiative in the revised tax package was that the compensatory increase in pensions would be treated as a separate pension supplement and be indexed over time to maintain its real value.

In the original tax package the value of the compensatory increase in pensions was set to slowly disappear over time, as the Government's pre-existing commitment to index the base pension to average weekly earnings gradually overtook the compensation buffer. Using current projections of trends in the CPI and average weekly earnings, NATSEM calculated that the original planned compensation for pensioners would have been fully eroded within about five years. Under the revised package, however, the compensatory increase for pensioners will be fully protected over time.

The exemption of food and the higher welfare increases in the revised package were partially financed by reductions in the generosity of the proposed income tax cuts for those with incomes above \$50,000. But because relatively few of the aged have incomes above this level, most were not adversely affected by this measure.

The estimated net impact of the tax reform package in the medium term upon the aged is shown in Table 1. For example, an age pensioner couple with no income apart from their pension are expected to receive a \$15.14 increase in their pension — but to pay an extra \$10.85 a week in indirect taxes. Overall, they are estimated to be \$4.30 a week better off after the introduction of the revised tax reform package. This is a gain of 1.3 per cent.

Those age pensioners with higher levels of private income will generally do better than this, as they will benefit from the income tax cuts as well.

Self-funded retirees will do less well than age pensioners. The expected gains are only about one per cent for couples in the middle income ranges from about \$45,000 to \$75,000. This is because the tax cuts are relatively modest for lower income taxpayers, reaching their maximum benefit for middle income taxpayers.

However, the good news for self-funded retirees is that more of them can be expected to become eligible for small amounts of age pension. This is due to the increase in the pension, allied with the reduction in the taper rate in the pension income test from 50 cents in the dollar to 40 cents. Together, these two measures will lift the 'cut-out' point for eligibility for age pension. This means that more self-funded retirees will be able to claim a few dollars a week of age pension — and then also receive that all-important Pensioner Concession Card.

Table 1: Estimated Impact of the Tax Reform Package Upon Older People

Private income	Value of personal tax cuts	Increase in welfare payment	Change in disposable income	Cost of living change due to GST	What the Democrat deal is worth	
					%	\$p/w
\$p/a	\$p/w	\$p/w	\$p/w	\$p/w	%	\$p/w
<b>AGE PENSIONER COUPLE *</b>						
0	0.00	15.14	15.14	10.85	<b>1.3</b>	<b>4.30</b>
5,000	0.00	16.45	16.45	13.69	<b>0.7</b>	<b>2.76</b>
10,000	10.63	26.04	36.67	14.56	<b>4.9</b>	<b>22.11</b>
15,000	7.06	35.63	42.69	15.23	<b>5.7</b>	<b>27.46</b>
20,000	3.48	45.22	48.70	15.71	<b>6.4</b>	<b>32.99</b>
25,000	5.64	54.81	60.45	16.56	<b>8.1</b>	<b>43.88</b>
30,000	4.10	64.40	68.50	17.53	<b>8.9</b>	<b>50.97</b>
35,000	1.24	73.99	75.23	18.50	<b>9.4</b>	<b>56.73</b>
40,000	-2.49	68.20	65.70	19.87	<b>7.1</b>	<b>45.83</b>
45,000	10.13	29.84	39.97	21.80	<b>2.6</b>	<b>18.17</b>

<b>SINGLE AGE PENSIONER*</b>						
0	0.00	9.13	9.13	6.52	<b>1.3</b>	<b>2.61</b>
5,000	1.98	14.04	16.02	8.65	<b>2.8</b>	<b>7.38</b>
10,000	6.18	23.63	29.81	9.33	<b>7.0</b>	<b>20.48</b>
15,000	2.79	33.22	36.01	10.10	<b>8.0</b>	<b>25.91</b>
20,000	-6.30	42.81	36.51	10.75	<b>7.3</b>	<b>25.76</b>
25,000	2.84	32.91	35.75	11.76	<b>6.2</b>	<b>23.99</b>
<b>SELF-FUNDED RETIREE COUPLE *</b>						
25,000	16.70	9.59	26.29	12.59	<b>3.0</b>	<b>13.70</b>
30,000	21.69	9.59	31.28	14.12	<b>3.3</b>	<b>17.16</b>
35,000	24.57	9.59	34.16	15.84	<b>3.1</b>	<b>18.32</b>
40,000	23.50	9.59	33.09	17.66	<b>2.4</b>	<b>15.43</b>
45,000	19.72	7.19	26.91	19.37	<b>1.1</b>	<b>7.54</b>
50,000	24.63	4.79	29.42	20.97	<b>1.1</b>	<b>8.45</b>
55,000	28.46	2.40	30.86	22.66	<b>1.0</b>	<b>8.20</b>
60,000	32.30	0.00	32.30	24.34	<b>0.9</b>	<b>7.96</b>
65,000	36.13	0.00	36.13	26.02	<b>1.1</b>	<b>10.11</b>
70,000	39.97	0.00	39.97	27.70	<b>1.2</b>	<b>12.27</b>
75,000	43.81	0.00	43.81	29.39	<b>1.3</b>	<b>14.42</b>
80,000	54.55	0.00	54.55	30.88	<b>2.1</b>	<b>23.66</b>
90,000	79.48	0.00	79.48	33.78	<b>3.7</b>	<b>45.70</b>
100,000	104.41	0.00	104.41	36.67	<b>5.0</b>	<b>67.74</b>
125,000	123.59	0.00	123.59	43.39	<b>5.0</b>	<b>80.20</b>
150,000	123.59	0.00	123.59	50.10	<b>4.0</b>	<b>73.49</b>
<b>SINGLE SELF-FUNDED RETIREE</b>						
25,000	15.82	2.40	18.22	11.80	<b>1.7</b>	<b>6.42</b>
30,000	16.15	0.00	16.15	13.69	<b>0.5</b>	<b>2.46</b>
35,000	19.98	0.00	19.98	15.58	<b>0.9</b>	<b>4.40</b>
40,000	27.27	0.00	27.27	17.37	<b>1.7</b>	<b>9.90</b>
45,000	39.74	0.00	39.74	19.00	<b>3.3</b>	<b>20.74</b>
50,000	52.21	0.00	52.21	20.63	<b>4.7</b>	<b>31.58</b>
55,000	57.00	0.00	57.00	22.14	<b>4.8</b>	<b>34.86</b>
60,000	61.80	0.00	61.80	23.65	<b>4.9</b>	<b>38.15</b>
65,000	61.80	0.00	61.80	25.16	<b>4.5</b>	<b>36.63</b>
70,000	61.80	0.00	61.80	26.67	<b>4.0</b>	<b>35.12</b>
75,000	61.80	0.00	61.80	28.18	<b>3.6</b>	<b>33.61</b>
80,000	61.80	0.00	61.80	29.70	<b>3.3</b>	<b>32.10</b>
90,000	61.80	0.00	61.80	32.72	<b>2.7</b>	<b>29.08</b>
100,000	61.80	0.00	61.80	35.74	<b>2.2</b>	<b>26.06</b>
125,000	61.80	0.00	61.80	43.30	<b>1.3</b>	<b>18.50</b>
150,000	61.80	0.00	61.80	50.85	<b>0.7</b>	<b>10.94</b>

\* The estimated increase in prices for age pensioner couples was 4.3 per cent under the Government's original package and 3.1 per

cent under the revised package; for age pensioner singles was 4.2 per cent under the original and 3.0 per cent under the revised package; for self-funded retiree couples was 3.5 per cent under the original and 2.7 per cent under the revised package; and for self-funded single retirees was 3.7 per cent under the original and 3.1 per cent under the revised tax reform package. The 'increase in welfare payment' column includes the effect of the two Bonuses for those with income from savings and investments. Note that there should not be many self-funded retirees at the lower income levels shown in the table, as they would still be eligible for age pension at these private income levels. Thus, only those excluded for residency or other reasons, or because of the assets test, would actually have such low incomes but not qualify for the pension.

Source: NATSEM estimates published in *The Weekend Australian*, 19-20 June 1999. These estimates can be downloaded from the NATSEM website.

*Professor Ann Harding* is Director of the National Centre for Social and Economic Modelling (NATSEM) at the University of Canberra. The analysis by NATSEM for the Senate Committee of the distributional impact of the original tax reform package can be downloaded from the NATSEM website at: [www.natsem.canberra.edu.au](http://www.natsem.canberra.edu.au). NATSEM's estimates of the distributional impact of the revised and original tax reform packages were published in a 10 page liftout in *The Weekend Australian* on 19-20 June, 1999. All of the NATSEM work was undertaken in conjunction with Professor Neil Warren of the University of NSW.

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## Housing for older Indigenous Australians

**Max Neutze**



By one definition there are not many older Indigenous Australians. The life expectancy of Indigenous men is about 17 years less than for non-Indigenous, and the difference is a little greater for women. As a consequence, and because of the higher Indigenous fertility, only 2.6 per cent of the Indigenous population was aged 65 and over in 1966, compared with 12 per cent of the total population. Housing of older people in more traditionally oriented Indigenous communities (usually discrete communities) is provided as part of the housing of the group. The households in such situations are both larger and less stable than non-Indigenous households and more likely to house three or more generations.

Few older Indigenous Australians experience the good quality housing at very modest cost that is enjoyed by many other older Australians. One reason is that housing, like other kinds of physical capital, was not given a high priority in traditional nomadic Aboriginal society. That society placed greater value on social capital in the form of mutual obligations among kinship groups, and those obligations included both sharing accommodation with and looking after the needs of older people. Another is that few of them were able to buy their housing on reserves, or stay in the same reserves long enough to do so.

At least two thirds of Indigenous people now live in mixed residential areas and the pressures on them to conform to the values and behaviour of the dominant society are strong. They can no longer be nomadic; most of them have to live in conventional suburban housing. Even in discrete communities in rural and remote areas their houses are more modest, but otherwise much the same as those built for other Australians. It is still common, however, for many to move between communities in their own language area, often in search of work, and that makes buying a home difficult. Often they spend their old age close to relatives and both give and receive support from them, and this occurs more easily in country towns than in large cities. There are even a small number of Aboriginal nursing homes.

Australia experienced a huge rise in home ownership between the end of the second world war and around 1961, and since that time around 70 per cent of households have been home owners. Around 80 per cent become home owners at some stage in their lives. Most of those now retired became home owners in their twenties and thirties and now have debt-free homes. Implicitly if not explicitly, our pro-home-ownership policies have become part of our retirement incomes policies. In 1996 over 70 per cent of non-Indigenous households in the two lowest income groups (most of whom are retired single people) own their homes outright, compared with less

than 15 per cent of non-Indigenous households in the same income range.

But there were few opportunities for Indigenous Australians to become home owners in those early post war years, though in a few reserves such as La Perouse they could buy. Few of them had jobs and the incomes of those who did were generally far too low to enable them to save a deposit or to support mortgage payments. And their parents were seldom in a position to help with a loan or inheritance. In the southern parts of Australia, increasing numbers became part of the labour force, but mainly the lower paid part of it. Social security payments for Indigenous people were introduced as a general right over a number of years following the 1967 Referendum. Only about 30 per cent of Indigenous compared with nearly 70 per cent of non-Indigenous people are home owners

After they have been forced to live in stable communities, it takes time for Indigenous people to accept the need for physical capital in the form of housing. For governments, the poor housing of Indigenous people was one disadvantage they thought they could remedy: they had a lot of experience of building public housing for the poor. As a result, nearly 40 per cent of Indigenous households live in publicly financed housing and many of them believe that white people are responsible for supplying them with housing. Indigenous people benefit a lot from publicly funded housing but get very little from the generous tax expenditures that go to owner occupants. Overall they appear to get less benefit from public expenditure, broadly defined, than the rest of us despite their much poorer housing and much lower incomes.

Indigenous people living in suburban housing that respond to demands of kin to provide accommodation experience difficulties with their neighbours and landlords. Overcrowding and the frequent presence of visitors are unpopular with people living nearby. Older people, especially those living in public housing, are as likely to be the (often reluctant) hosts as they are to be the causes of overcrowding. Indeed the regular income of an old age or invalid pensioner is highly valued in an extended household as a source of income for rent. One of the ways in which Indigenous people deal with housing affordability is to share their homes with kin who in turn contribute to the rent. The average Indigenous household in 1966 was 3.7 persons compared with 2.7 for all households.

Indigenous people living in mixed residential areas find strong social and economic pressures to turn away from the traditional multi-generation, flexible household and adopt the nuclear household of the dominant society. Sometimes this leaves older people isolated and without satisfactory housing arrangements. They cannot return to the old ways and are alienated in the new.

*Professor Max Neutze* is Visiting Fellow in the Urban Research Unit at the Australian National University.

### Older Fellows speak. . .



**1999 and all that.** Though it may sometimes seem that the world is going to the devil I suspect that few of us would want to have lived in any other age than our own. At least while the body and mind remain, more or less, in functional harmony, books and music, long standing professional interests, old friends and family can continue to provide the most basic satisfactions of life.

It is, however, when one begins to think of what the future holds for one's descendants and for the rest of humanity that one suffers occasional bouts of despair. In such moods one is easily overtaken by fatalistic thoughts, and conclusions like those attributed to Aeschylus, seem dreadfully apt, 'Things are as they are and will end as they must.' No doubt it was ever thus but ageing at the end of the twentieth century occurs at one of those historical turning points when massive uncertainty about the future appears to be affecting everyone.

When HG Wells, then at the end of his tether, wrote, 'it is as if everything was driving anyhow to anywhere at a steadily increasing velocity' my friends and I would have viewed him as a senile old man who had lost faith in everything he had stood for throughout his life. Nevertheless, his words now express no more than a rather banal fact.

This massive uncertainty about the future seems associated with a diminished ability to integrate new discoveries and inventions into the cultural mass that we once called Western civilisation. There is a serious lack of trustworthy leaders having practical visions and policies that we can all share and believe in. In the 1921 words of Yeats, 'The best lack all conviction, while the worst/Are full of passionate intensity.'

Overcoming these moments of despair and returning oneself to a more balanced view of the future is greatly helped by our twin capacities for humour and hope. The humour may be black and the hope only achieved by stoic teeth-gritting but both are available in times of need. For example, I find myself happily resonating to the old man's response in the TV program 'One Foot in the Grave'. For every outrage to his finer sensibilities he explodes with an exasperated cry, 'I don't believe it!'

Even if the world is going to the devil we are fortunate that it still exists. Our capacity for hope encourages us to believe that a diminished ability to solve our profounder human problems will be restored again and used, as on so many occasions in the past, to bring about, at least, partially successful solutions. It would be an added bonus if universities could play their part more adequately, not merely by turning out clever graduates able to cope with the technical aspects of problem solving but also by the production of graduates who have acquired the habit of reflection on what it is all

for. This habit could be greatly facilitated by exposure to what was once called a liberal education. Is there still time – or has the idea of a university as a great civilising force been lost for ever?

**Alan Richardson**

**Passmore's pessimistic notes. . .** On 9.9.99 I shall be 85. So I cannot reasonably claim to be young, although I am still active. (Last year I lectured in three universities in Finland, in one case to 1200 people, and in Boston to two international conferences. I say this to cheer those who are approaching old age.)

A little history and a little arithmetic will make it pain that I was born just a month and five days after the outbreak of what we call 'The Great War' or even 'The War to End all Wars' but is now, in a more melancholy fashion, called 'World War I'. A cousin was killed in that war, another showed me where the bullet had passed through his body. Next came the Influenza Epidemic, which forced those who survived it to walk through the streets with masks on their faces. Then, no doubt, a brief interlude which one can describe as the 'flapper era', when we all sang 'Yes we have no bananas' and 'How in the hell can the old folks tell/It ain't gonna rain no more.' But the next item on the program was the 'Great Depression', a period oddly enough, which was optimistic about the future; 'if only . . .' with various things substituted for the dots. I read *Mein Kampf* and was pessimistic as I also was about the Soviet Union. But my pessimism was laughed at until 'World War II' came into being and later, it became very hard to think of the Soviet Union as a social ideal.

I have said nothing novel but I wanted to make it plain why people of my age are unlikely to be optimistic, as I might have been in 1906 when an essayist, whose name I cannot recall, prophesied that our century would be one when books would never be burnt or persons imprisoned or executed for their views and astrology would nowhere be taken seriously. I suppose one could say that the optimists today are the more extreme economic rationalists. Their optimism however, is only in economic terms. It does not interest them that millions of people are impoverished, that universities are being turned into technical colleges, that an able teacher told me that two of his class have committed suicide and that two others are in gaol or that a high suicide rate in the young has become commonplace, whereas when I was teaching I know only of one suicide and that for very personal reasons. 'Provided that the number of millionaires is increased and their taxes are reduced, all is well'. I see no reason for being cheerful about the present or optimistic about the future. But is this on account of the disasters I have lived through or my lack of interest in mechanical innovations?

**John Passmore**

**Born with the century.** I was born in 1902; so my life was nearly coincident with the century. To me it has been a disappointment. The natural scientists made the most exciting discoveries in the history of mankind but the new technologies they gave us were used with increased savagery to continue the age old vice of 'ethnic cleansing'. This was not because the social sciences failed to make their contribution to our intellectual life but because they failed to make much impact on mediaeval institutions, beliefs and cultures or on the clans and churches in which they are enshrined.

I was prepared to find the ideologies of the century: socialism, communism and fascism, leading to inefficiency in government and to the lowering of standards of living but hoped that there would be some compensation in a more egalitarian society. I was not prepared for the gross inefficiency of interventionist government or for the corruption that goes with power. It was a century of great achievement with much of the gains wasted in the pursuit of mirages. Even the attempt to reduce the inequality of incomes by taxing the rich proved a mirage. Governments have tried to tax the rich but the markets have increased incomes even more.

My hope for the new century is that governments will leave to the markets the thing in which the markets are competent with the government controlling abuse and exploitation. To persuade governments not to intervene in markets will no doubt greatly increase the prosperity of nations but there will still be poverty. Governments, leaders of clans, churches and welfare organisations must cooperate to take care of those who cannot cope in a competitive society. There is a better prospect of reducing the inequality of incomes by taking care of the disadvantaged than by taxing the rich.

### ***LG Melville***

**The world moves.** I think I gave my first lectures on International Relations, or IR (at that stage described as 'Current Affairs'), in 1946 or 1947, and can remember how the outside world looked to me then. The outlook was hopeful. The war had been won, and, following the San Francisco Conference of 1945, a whole range of international organisations was being set up - the UN to keep the peace, WHO to keep us healthy, FAO to see that there was enough to eat, UNESCO to care for the mind, the IMF and World Bank to attend to prosperity. The last consideration seemed the most important at the time: most economists I knew, the exception of Herman Black, thought initially that there would probably be a post-war depression. It did not happen.

There were other things to please a young man of vaguely social-democratic disposition: the advent of the Attlee government in Britain, the independence of India, the establishment of Israel, the upsurge of what we called 'Asian nationalism', particularly in

Indonesia, and the efforts of an internationalist government in Australia.

But there were also things that bothered me. I was worried about the future Japan and Germany, about the shift of emphasis in South Africa and the instability of the Arab states; if I had know more of Black Africa, China, Latin America and Indochina, I would have been worried about those too; but the Third World was a concept still to be formulated, and the European states' colonies hardly qualified as actors in international relations.

What strikes me now is that I had very little sense of system about the international scene, which seemed composed of individual events with little or no connection between them. Perhaps this had something to do with the collapse of the league of Nations; I can't tell. It was not until I read EH Carr's *The Twenty Years Crisis* that I saw some guiding principles of recurrence and regularity in what was going on. I might have seen the shape of the future if I had looked more closely at what the United States and the Soviet Union were doing, but even here my thoughts were directed more to the way their domestic affairs were conducted than to their foreign policies. I had been an anti-communist for years, influenced by the behaviour of the Australian Communist Party and by reading F Borkenau's *The Communist International* and George Orwell, but I didn't pay enough attention to what was happening in Eastern Europe. My interest in the United States was largely in its domestic affairs. I did not appreciate the international implications of the Cold War until later.

It did not take long for that to happen. In the next forty years my thinking was largely shaped by the contest between the two super-powers. That was very much a matter of the nuclear balance, once that was achieved; but it spilled over, as it were, into the politics of the Third World, which, from the 1950s onwards, bulked large in the super-powers' policies, as did the special situation of the Middle East. From our standpoint in Australia, the countries of Southeast Asia were clearly affected by the Cold War, especially after the Communist takeover in China. There was the extra concern that we felt them to be neighbours.

In addition, the world provided new and perplexing economic problems, the demands of the Third World for a New Economic Order, and the slow transformation of Western Europe. The Cold War affected economics too: the uneasy relationship between economics and politics was very much at work, though many IR specialists did not care for economics. After an ill-spent B Ec, I did, though not with much success.

I experienced a hardening of attitude towards the international system, not in the direction of partisanship, but in that of increased scepticism about national pronouncements, and in often futile searches for patterns in north American and Russian activity. The scepticism was enhanced by such examples of miscalculation and

over-reaction as the British catastrophe over Suez in 1956 and the disastrous American tragedy of errors over Vietnam. The decline into impotence of the UN and the bureaucratisation of that body and its specialised agencies did nothing to encourage hope about the system as a whole.

These features of my thinking in the Cold War period can be related to the growth from the 1950s on of IR 'theory', much of it occasioned by the Cold War itself and the efforts of IR practitioners (primarily in the US, where the great body of them were located, but not only there) to make sense of the nuclear balance and its consequences. I have dealt with these aspects of the discipline elsewhere ('A tracery of influences', *Government and Opposition*, Summer/Autumn 1980: 452-5). Although this analysis is nearly twenty years old, I think it still applies. The period was one of the growth of fashionable and evanescent trends in 'theory', and I was fortunate in working with my friend and colleague Hedley Bull, who helped to keep my nose to the grindstone of fact. Like him, I was ranked as a 'realist', and sometimes accused of heartlessness; I did not mind.

Now I have been away from the IR field for twelve years, my activity limited by choice to reading the papers. What are my views now about the international system, and what has affected them?

The great change for me and for the study of IR has been the end of the Cold War and of the attitudes generated by it or influenced by it. I am still a realist, but about different things - the fact of only one super-power, the further spread of nuclear capacity, and the existence of at least three centres of economic power - the US, the EU and Japan, and, before long, China. The significance of military power has shifted from super-power confrontation to control of the populace in the Third World and the prosecution of local wars, and in the advanced countries, whimsically, to fantasies about terrorists.

At the same time, the nature of military power has changed. As Iraq and Kosovo have shown, a technologically advanced country like the US can use air and missile strength to overcome a weaker adversary at little or no human cost to itself. The implications are highly distressing.

One must also recognise as agents of change the remarkable immediacy of television reporting, and the opportunities which new forms of publicity have given to Non-Governmental Organisations (NGOs) - though I am more doubtful than perhaps I should be about their capacity to influence governments.

I now see the international system as a combination of local and regional concerns, a greater emphasis on global economic links, a decline in ideological fervour except for Muslim fundamentalism and outbreaks of xenophobia in the advanced countries, an increase in communication through television, the Internet and the like, and a reluctance on the part of the US and other major states to fight on

the ground. So I think of the system as largely decentralised and diffuse politically while its states are growing closer economically. It is not a system inducing hope for increased cooperation between states, since international organisations continue to operate as vehicles for national interests and bureaucratic ineffectiveness, and major powers exhibit protectionist urges while preaching free trade for others.

My own attitudes now include a great dislike of armed intervention in the affairs of other states, on account of its wastefulness and unpredictability; a much increased hatred of war in almost all circumstances; a mingling of hope and despair about many Third World countries; a sense of disappointment about the activities of the United States, which resemble the random actions of a selfish and mindless giant; and an increased awareness of the hypocrisy and self-seeking of most countries' foreign policies.

These are attitudes rather different from those of the young man in 1946-47. *Autres temps, autres moeurs*. I suppose that scepticism is characteristic of one's seventies. Yet the challenge of realism is always there and needs to be met, whatever one's age. If there is an international system - and there is, though no-one runs it - there is a lot wrong with it.

**JDB Miller**

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## Academy News

*Professor Paul Bourke* (1938-1999), Immediate Past-President of this Academy, died suddenly in June. At a Memorial Occasion held in Canberra on 29 July, Emeritus Professor Peter Karmel spoke of his achievements:

Paul Bourke has bequeathed us distinguished works of scholarship, especially in American History, and systematic studies of the quantity and quality of the research and scholarly outputs of Australian academics; these latter have greatly enhanced public debate on higher education in Australia.

Paul was elected President of the Academy of Social Sciences in Australia in 1993 for a four year term. His presidency was particularly creative. He viewed scholarship and research holistically, promoting cross-disciplinary studies and emerging research areas, and played a leading role in developing the National Academies Forum of the four learned academies.

His talents extended beyond teaching and research. He served both Flinders University [where he was Professor of American History] and ANU in administrative roles as Pro-Vice-Chancellor for a period in the former and as Director of the Research School of Social Sciences and Chair of the Board of the Institute of Advanced Studies in the latter. His term as Director of RSSH was a notable one. His wise counsel and dedication to broad university interests were ever-present - with the occasional lapse into irritation and impatience with the less sensible propositions that are floated from time to time in academic circles.

Paul Bourke was above all committed to the view that the rationale of universities is to generate, conserve and transmit knowledge. This necessarily involves a long time horizon; he felt that current preoccupations with short term, and sometimes commercial, considerations impaired the university's capacity to pursue its true purposes. For academic staff these involve, above all, the intellectual engagement of academics with their students and their scholarly interests. Such intellectual engagement was at the heart of Paul Bourke's contribution to university life. For this he will be long remembered, as well as for his cheerful and warm personality and his good fellowship.

A full obituary will appear in the *Annual Report*.

*Professor Graeme Davison*, Professor of History at Monash University has been appointed to the National Archives of Australia Advisory Council for a period of three years.

*Professor Tom Stannage* has been appointed Executive Dean of the Division of Humanities at Curtin University.

*Professor Marcia Neave* of the Faculty of Law at Monash University was honoured in the Queen's Birthday Honours. She received an

AO for services to law and law reform, with particular emphasis on law reform issues relevant to women.

*Professor James Fox* has been appointed Director of the Research School of Pacific and Asian Studies at the Australian National University.

*Emeritus Professor Richard Champion*, formerly Professor of Psychology at the University of Sydney, died recently.

His obituary will appear in the *Annual Report*.

The Cunningham Lecture for 1999 will be given by *Emeritus Professor Jack Caldwell* AO, Coordinator of the Health Transition Centre, National Centre of Epidemiology and Population Health at the Australian National University. Fellows are advised that details of the 1999 Annual Symposium will be sent to them shortly.

The Secretariat has received notice of the 1999 Canadian Studies Awards, including the Canada-Asia-Pacific Award in Canadian Studies, the Faculty Enrichment Program, the Faculty Research Program and the Program for International Research Linkages. Further details are available from the Secretariat or readers may wish to explore [www.uq.edu.au/~entkhoo/index.html](http://www.uq.edu.au/~entkhoo/index.html) for updates on these programs and other matters of interest to students of Canadian Studies.

## Academy Workshops



A workshop convened by Dr John Nieuwenhuysen (CEDA) and Professor Glenn Withers (Australian National University) was held in Melbourne on 29-30 April 1999 on Demanding Democracy - the future of democracy in Australia. Co-sponsors were the Committee for Economic Development of Australia (CEDA), the Cranlana Programme of the Myer Foundation and the Graduate Program in Public Policy, ANU. Participants focussed on: the origins and relevance of the values which constitute democracy; the challenges and changes confronting our present democratic arrangements; and the social and political initiatives that are required to sustain democracy in Australia and re-vitalise it for the future. A full report will be included in the next Dialogue.

A workshop on Social Security in the Context of Social Development in East and Southeast Asia convened by Professor Peter Saunders (Social Policy Research Centre, UNSW) will be held in Sydney on 2-3 September. Co-sponsors are the Social Policy Research Centre, University of New South Wales and AusAID. The workshop will provide a forum for informed discussion of social security issues in the region, and will include participants from Hong Kong, Japan, Singapore, China and Korea.

A workshop on Psychology and Health convened by Professor Margot Prior will be held on Melbourne on 9-10 September 1999.

Presentations will be based around themes which highlight the issues for psychology in various types of health related research, and exploring the implications for health research in light of national health funding policies.

A workshop on Volunteering for the New Millennium - Is there a future? convened by Dr Jeni Warburton (University of Queensland) and Dr Melanie Oppenheimer (University of Western Sydney, Nepean) will be held in Sydney on 10/11 February, 2000. Issues to be addressed at the workshop revolve around the argument of economic value, which leads to discussions about the importance of social measures of success and progress; and the question of a civil society.

Those interested in proposing a workshop to the Committee are urged to seek a copy of the Guidelines from Sue Rider at the Secretariat.

The next Workshop Committee meeting will be on Friday 22 October 1999. Professor Peter Saunders has been appointed as the Workshop Committee's new chair.

### **International News**

*Dr James Jupp*, chair of the International Relations Committee has reported on his activities in recent months.

During my recent visit to Europe I was able to have fruitful discussions with the newly formed British Association of Learned Societies in the Social Sciences and with the Macedonian Academy of Sciences and Arts, with whom we have had an unfunded agreement since 1995. I also attended a conference in Vienna on ethnic conflict in eastern and southeastern Europe convened by the European Multicultural Foundation. These meetings gave me an opportunity to have direct contact with colleagues from many European societies, including Britain, Macedonia, Poland, the Czech Republic, Italy, Germany, Slovenia, Slovakia, Hungary, Austria, Greece, Bulgaria and Romania. Many of these societies are rapidly developing expertise in the social sciences now freed from the shackles of official conformity. On another plane, many are also experiencing ethnic conflicts requiring a good understanding of what is being researched and implemented in other societies, including Australia.

As mentioned in the President's Column, Professor Fay Gale and I met with the president of the British Association on 17 May in the splendid surroundings of the House of Lords, where we were given a very English tea by Lord Plant. He extended to us the opportunity to sit in the grand Victorian Gothic debating chamber. As the Lords were discussing the imminent demise of the hereditary peers' right to represent themselves, the debate was more than usually full and lively! Lord Plant, a former political philosophy professor at Southampton University, now sits on the government front bench in the Lords as a life peer. In our discussions Fay Gale and I were in

the unusual position of guiding our British colleagues from the vantage point of a much longer experience of representing the social sciences. The new Association springs essentially from a feeling that membership of the British Academy, which is open to all disciplines but numerically quite restricted, allows for inadequate development of social science perspectives. As in Australia, the relevant disciplines (other than economics) have felt neglected and underfunded for some years, most notably under former prime minister Margaret Thatcher who believed that 'there is no such thing as society, only individuals and their families'.

The British Association is at an early stage but promises to develop strongly in the near future and to enjoy some public funding. Unlike our Academy it consists of affiliated learned societies, which will nominate membership from within their own disciplines. However, the end product will look rather similar and have similar functions, including making representations to appropriate public agencies. In accordance with a decision of our International Relations Committee on 17 March, 1999, Professor Gale and I made clear our willingness to exchange information and publications with the new Association and to establish a more concrete relationship through a memorandum of understanding. Until now relations with the United Kingdom have been informal in the absence of an appropriate academic body in the social sciences. Hopefully this relationship will now become more fruitful. We wished the new Association all the best and left the Lords for the real world of London traffic jams.

The Balkans are another world - real and unreal at the same time. With only three airlines (two Macedonian and one Slovenian) still flying into Skopje airport, it was unclear whether I would get there or get out again. There was also a possibility, mercifully avoided, that the war in Kosovo (which is only thirty miles from Skopje ) might spill over into Macedonia, which was a major base for military operations and for giving asylum to Kosovo Albanian refugees. In the event none of this happened. Apart from staying in a hotel full of journalists, no great risks were taken. My dual function was to represent the Australian National University at the fiftieth anniversary of the SS Cyril and Methodius University and to renew our contacts with the Macedonian Academy of Sciences and Arts. As Academy members are also prominent in the university these two tasks were not hard to accomplish in the five days (23-27 May) which I spent in Skopje.

The university was founded in 1949 in the early days of Tito's communist regime and was certainly not named after two Orthodox saints at the time. But Tito, communism and indeed Yugoslavia, have now all passed away. The first part of a round of ceremonies was a blessing by the clergy of the Macedonian Orthodox church of the statue to the two saints, who developed the Cyrillic alphabet still used in Slav countries. They were Christian missionaries from their home in Salonika to as far away as Bohemia in the ninth century. In effect the university celebrations were also a celebration of a

continuing intellectual and religious tradition of many centuries which had survived among the Slavs despite six centuries of Turkish Ottoman occupation ending only in 1913.

As elsewhere in the Balkans, history, scholarship and nationalist politics are completely intertwined. But in most other respects the university is well established, well regarded and very conscious of the need to maintain links with international scholarship. Apart from representatives of neighbouring countries - including Greece and Bulgaria - messages were received from Harvard and Cambridge as well as one personally delivered from the ANU. Links with German and American universities are particularly strong. A degree of Doctor *Honoris Causa* in Medical Sciences was bestowed on Professor Michael Berger, an expert on diabetes from the University of Dusseldorf. A day-long symposium on 'the university in the 21st century' raised very familiar problems such as funding, independence from government, maintaining standards, and keeping up with information technology.

The Macedonian Academy was not unnaturally concerned with the war going on a few miles down the road and with its implications for Macedonian society. Having just recovered from a trade embargo by Greece, Macedonia has now lost its trade with its major partner, the Federal Republic of Yugoslavia. Developing a multicultural constitution and democratic institutions, it was faced with a mass influx of Albanians in potential conditions of chaos. The population in 1994 was 66 per cent Slav Macedonian, 23 per cent Albanian, 4 per cent Turkish, 2 per cent Romani, 2 per cent Serbian and 3 per cent others. Any disturbance of this delicate balance would be very unwelcome. Not surprisingly the Academy's two most recent policy statements (available at the ASSA office) were an Appeal for Peace and a response to some overblown historic claims by the Albanian Academy of Sciences. For its thirtieth anniversary in 1997 the Academy had more optimistically produced symposium papers on *Science and Culture for the Joint Future of South Eastern Europe*, an optimism which seemed misplaced in the warlike conditions of early 1999.

Essentially our colleagues in Macedonia want a peaceful resolution of Balkan conflicts, a closer association with the European Union, and links within Europe and further afield from which they will benefit in terms of knowledge and travel. On Kosovo the Academy stressed the 'primary importance. . .for these suffering people to return to their native land'. In their view 'Macedonia belongs to a Europe of united peoples, of the ideas of European humanism and democracy, freedom and human rights and it is precisely on these lasting values that it should build its modern society. Its future lies in a united Balkans and a united Europe' (statement of 6 April 1999). This was their answer to what they called 'bloody violence, with ethnic cleansing, with great population upheavals, with senseless and merciless destruction'. In the midst of all this they were still able to celebrate academic life with all its trappings - *Gaudeamus Igitur*,

academic robes, honorary degrees and prizes and a look at the next century. Our Academy was a welcome participant.

#### **Australia-China Exchange Scheme**

A group of senior Chinese scholars from the Chinese Academy of Social Sciences visited Australia from 7-22 May. The visit was funded by CASS. The Australian Academy arranged and coordinated a program of meetings in Sydney, Adelaide and Canberra. The delegation, led by Professor Wang Renzhi, Vice-President of CASS, included Professors Long Yongshu and Xu Songling, Mr Wang Bing (all from the Centre for Environment) and Mr Qiu Weili. The delegation's interest was in the policy and institutional contents for Australian sustainable development. In Sydney a program was arranged by Macquarie University's International Relations Office coordinator, Stephen Briggs.

At the University of Adelaide, professor Andrew Watson organised meetings with scholars in the Centre for Environmental Studies, the Centre for Asian Studies, the Chinese Economics Research Centre and the Centre for International Economic Studies.

In Canberra the delegation met Professor Peter Drysdale and Dr Ligang Song at the Australia-Japan Research Centre at the Australian National University. Discussion with the Academy's International Program Committee representatives, Professor RG Ward and Mr Ian Castles, centred around the proposed new agreement between the two Academies.

While in Canberra, Professor Wang also presented a workshop paper on China's water strategy at the Bureau of Rural Sciences Conference 'Country Matters'.

Talks with Dr Clive Hamilton, Executive Director of the Australia Institute covered topics such as the state of ecologically sustainable development in Australia, economic development and environmental protection; climate change policy including emissions trading; China, climate change and the Kyoto Protocol; and the political influence of the coal industry. Possible institutional links were explored as the group discussed the role and structure of the Australia Institute and parallels in China.

#### **Australia-Netherlands Exchange Scheme**

*Dr Maureen Dollard* Associate Dean (Research), University of South Australia (Whyalla Campus) has reported on her visit to The Netherlands in July 1999.

The purpose of the visit was to consolidate collaborative links between the Work and Stress Research Group of the University of South Australia and Dr Jan de Jonge representing the Department of Work and Organisational Psychology, at the University of Nijmegen, The Netherlands. The idea was to develop a memorandum of agreement between the groups to work collaboratively and improve the capacity to compete for national and

international research funds and contribute to national and international dialogue for solutions to psychosocial work problems.

Activities undertaken included presenting a paper on 'Psychosocial job strain and challenge in human service workers: a test of the DCS model', under the umbrella of the Dutch Research Institute (Kurt Lewin Institute), University of Nijmegen, and less formal discussion with research colleagues and students on a range of related issues.

A draft memorandum was developed for collaborative research between the two centres, and in future will also include informal cooperation with the Work and Organisational Psychology Department of the Johann Wolfgang Goethe-University, Frankfurt.

The visit was critical in terms of establishing international links for further collaborative works, consistent with the direction of research foreshadowed in the Australian government ministerial Green Paper, *New Knowledge, New Opportunities*. The visit was significant to my own research and that of the university (a number of research papers and directions defined, including tripartite arrangements with the Johann Wolfgang Goethe-University, Frankfurt). The MOU has significance for the research group, Work and Stress Research Group, and more generally for the Master of Organisational Psychology program, and to research students of the University of South Australia. For instance a PhD student will be commencing in 2000 and it is anticipated that joint supervision for the student will be arranged with Nijmegen. Australian scholars working in similar fields will be interested to see the relationship develop and will be encouraged to undertake collaborative research at an international level. Future participation in the Netherlands program could include reciprocal exchanges between The University of Nijmegen and The University of South Australia, but could be broadened to include other industry or university involvement in research in the work and stress area.

The visit provided an opportunity to meet face to face with my colleagues and generate ideas not really possible through mail dialogue. Staff at the University of Nijmegen were generous with their good will and time. The timing might have been better organised but it requires juggling what is possible with the timetable in Australia with that of the academic program in the Netherlands. While a visit out of semester time might have meant more time with the staff, on the other hand it was very important to talk with the students about ideas as well.

Publications which arose as a result of the visit are: de Jonge, J, Dormann, C, Landeweerd, JA, Janssen, PM, Nijhuis, FJN, & Dollard, MF (under review), 'Testing reciprocal relationships between job characteristics and psychological outcomes: a cross-lagged structural equation model'. (14 April 1999 *Journal of Occupational and Organisational Psychology*); Dollard, MF, Winefield, HR, Winefield, AH, & de Jonge, J (revisions),

'Psychosocial job strain and challenge in human service workers: a test of the demand-control-support model', *Journal of Occupational and Organisational Psychology*; and, Dollard, MF, Winefield, AH, de Jonge, J, Dormann, C, & Zapf, D, 'Longitudinal study of Australian university students'.

When visiting The Netherlands it is recommended that scholars join local culture and hire a bike.

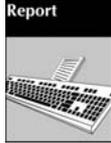
I would like to thank the Academies for the opportunity and my hosts, and look forward to ongoing collaboration with Nijmegen, and The Netherlands.

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## Comment

### Intellectual property in the digital age: creating, owning, using, abusing.

*Peter Spearritt*



Like most academics I am both a producer of creative works - in which I claim copyright - and a user and sometimes abuser of other people's copyright. I have the usual array of excuses - can't find the copyright holder, educational fair dealing - and if I didn't fall back on them then some articles and books would never happen.

Minor transgressions of copyright by both individuals and institutions happen all the time. A crude hands-up survey of 200 academics, fiction writers, scriptwriters and librarians attending the National Academies Forum on scholarship, intellectual ownership and the law, held in Canberra in July 1999, indicated that 55 per cent of this group had knowingly tried to get around copyright for scholarly, library or other honourable purposes (ie where avoiding payment to a copyright holder wasn't the primary purpose of the transgression).

Minor transgressions are happening all the time, but the digital era compounds such possibilities a hundred fold. Ignoring the rights of copyright owners in the frantic uploading of material on web sites has already reached alarming proportions. University, high school and even primary school students are now plagiarising text, images and music with absolute abandon, to the extent that some now argue that copyright is dead (for instance, Barlow). The web materials are often altered without any reference to the creator, let alone formal permission being sought to use or alter someone else's intellectual property.

You can't open the IT section of a newspaper at the moment, let alone a higher education supplement, without being told that universities are going virtual, that copyright as we know it is on its last legs, and that the digital world will change the nature of knowledge and learning in new and unpredictable ways.

Universities are rightly rattled by the entry of new players on the web, an environment that in the glory days of AARNET, seemed the preserve of the universities and CSIRO. The ABC now offers a better website than any Australian university, while private educational providers, including Macquarie Net (giving access not only to the Macquarie Dictionary but to books and resources from major national and international publishers), are vastly superior to any mainstream university site.

The journals that once emanated from university departments are increasingly published by international commercial houses who charge high prices for both subscriptions (the bane of university librarians) and for on line access. Some universities are already

paying access fees for articles written by their own academics, who have either relinquished copyright in these articles or never attempted to assert their underlying and often implied copyright.

At the same time more and more universities are attempting to claim copyright in the research and writing of their academic staff. This seems to me to be reasonable in the case of study guides and course materials, specifically referred to by Deakin University in its contract of employment. Such materials are prepared in the course of normal employment and it would be deleterious for both students and universities if academic x or y could suddenly remove an entire course and its related materials to another institution, using copyright as a way of preventing the former employing institution to continue to use those materials and in some cases even to teach those subjects.

On the other hand, academics have traditionally claimed copyright in their books and articles and our major non fiction writers (over two thirds of whom work for Australian universities, royalties being insufficient to produce a reasonable income for more than a handful of best selling authors) all have extensive contractual agreements with one or more commercial publishers which often predates their taking a particular academic post. The royalty fees that flow from this copyright, along with Public Lending Right and flat-fee writing (where an author in effect sells not only the right to reproduce the work but all subsequent rights) are a modest but satisfying source of income, which also gives many academics a greater sense of pride in their scholarly work and a greater sense of ownership, which will only increase as moral rights legislation (enabling more say over how words or images are used) takes effect.

The digital era has further confused an already complicated set of copyright assumptions and contractual agreements between individual academics and their university employers. One former Vice Chancellor has claimed that universities should own all the thoughts of their staff, even those generated in the shower, much like any other private corporation pretends to do. But even in the corporate arena, we are all familiar with stories of solicitors who have moved on, taking their client base with them, let alone publishers who move from one company to another with their choice authors.

Suddenly digital transmission and the growing use of the web for everything from course guides and notes, to university calendars, to definitive databases and critical discussion sites, makes all this ever more complicated. Most academics currently use their university server(s) to upload material, including material in which they own personal copyright. This is a rather different issue to a commercial publisher releasing your book or magazine article, because in that case the medium and the means of distribution remain in the commercial arena, outside the control of the university.

Some academics, in fields as prosaic as first year accountancy or as arcane as the higher reaches of medical technology, have already signed contracts with commercial houses where not only their textbooks but any electronic spin-offs will be owned entirely by the publisher, and their university would have to pay a royalty before loading the same material onto the web. Other academics have taken so little interest in copyright matters (including electronic rights) that they have virtually abandoned any claims on their words, foolishly in my view.

At the same time the universities are putting more and more onus on individual staff members to be aware of, and more worryingly, take responsibility for getting appropriate copyright clearances not just in the traditional text areas but in film, video, and radio. The fact that digital transcription means that more and more of these media also have a readable text component makes the necessity for formal clearances even more pressing.

Such clearances will eventually be available on line, but the situation at the moment is complicated by the number of copyright collecting agencies (from Copyright Agency Limited to Screenrights to Viscopy) and potential disputes between the agencies as to who is most appropriate to collect fees when digitalisation makes the traditional distinctions between text, voice and image less and less precise.

When we leave the realm of individual copyright and look at the ownership of large databases, the implications of the cost of access to information, opinion and interpretation become very worrying. Traditionally free government information services are now charging for their data. The Australian Bureau of Statistics, whose act requires all Australians to answer the five yearly census, now charges relatively high prices for most of its data. Major publishers are signing up for electronic access, often with little or no consultation with authors. Major public collections of objects, artwork, photographs and other materials are being signed up by international information providers, including software and hardware manufacturers and media companies. Within a decade very few scholars will be able to undertake research without making payments to Microsoft, News Limited and other telecommunications giants.

In the Australian context the public libraries, the ABC and the public universities are among the last bastions of free to air information, but even here they are being pressured to find new sources of income and they too will be tempted to charge for information, opinion and interpretation. In the past such intellectual largesse could be discovered in public and university libraries, but even the era of free to air knowledge and scholarship is on the wane. In the coming century we will not only be wired, in an era where the snippetisation of knowledge becomes paramount, but we will be tied to pay-by-bit, much like an E-tag on a tollway. If you haven't got an

account, you simply won't count. The pioneers of the internet will continue to celebrate free- to- air chat groups and the death of copyright, but major information monopolies will have the quality of data and the market power to get us all signed on to their sites. They will be able to afford to enforce their copyright and charge for it. Whether the great public institutions of the 19th and 20th centuries will meet this challenge or simply succumb to the privatisation of public knowledge remains to be seen.

[This paper emerges out of a National Academies Forum on scholarship, intellectual ownership and the law held at the National Library of Australia in July 1999]

*Professor Peter Spearritt* is Director of the National Centre for Australian Studies at Monash University.

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## Opinion

### Reinterpreting the Asian crisis

*Mervyn K Lewis*



A central feature of the Asian currency crisis was the vast prior capital inflow into the region, and the later rapid reversal of that movement which sparked severe exchange rate pressures and currency falls. In seeking to explain why this outflow of capital took place and was so devastating for the countries concerned, various writers have laid blame upon a combination of connected lending, poor bank supervision, moral hazard and 'crony capitalism. Thus Paul Krugman<sup>1</sup> takes the view that the currency instability was symptomatic of bad loans which result from the expectation that insolvent banks will be bailed out by the taxpayer (ie moral hazard). Later he gave a prominent role to 'crony capitalism' under which 'dubious investments were cheerfully funded by local banks, as long as the borrowers had the right government connections'<sup>2</sup>.

These themes continue to be echoed. Recently, Amaret Sila-On, chairman of Thailand's Financial Sector Restructuring Authority, spoke of the 'four social forces – cronyism, collusion, corruption and complacency – or the four modern Horseman of the Apocalypse . . . responsible for the country's economic collapse.' As illustrations, he identified cronyism with 'funding for many projects that never should have left the drawing board', collusion with 'speculative investments . . . between some people in authority, some financiers and tycoons', corruption with 'regulations relaxed in exchange for . . . commissions', and complacency as resulting from the 'feeding frenzy which fattened businesses'<sup>3</sup>.

Australians reading these examples might well experience a sense of *déjà vu*, for inappropriate funding, speculative investments, relaxing of rules and a feeding frenzy marked Australia in the 1980s. Indeed, the simplest explanation of the Asian crisis is of a speculative real estate boom and bust, fuelled by capital inflows, much like those which have featured in Australian development, particularly the crash of the 1890s and the virtual repeat performance almost 100 years later. In the case of Asia, much of the capital inflow financed a vast over-expansion of commercial real estate development. Plunging real estate values accompanied by severe difficulties in the banking and financial sector have been common occurrences across the region. The argument is that large international portfolio capital flows mediated by banks will usually lead to rapidly appreciating asset which will result in banking/currency crises. This is because portfolio investment will push the currency up to relatively high and unsustainable levels, and the boom in asset prices which is fuelled by bank lending must result in bad loans on the part of those 'left last on the field'. This in turn

will lead to a joint loss of confidence in both the currency and those financial institutions.

The evidence for this alternative view is provided by Bentick and Lewis<sup>4</sup>, while the importance of asset price speculation in general is argued by Browne, Hellerstein and Little<sup>5</sup>. The story begins more than two years before the crash. Asian development has been synonymous with strong export-led growth, but the Chinese devaluation of January 1994 and the appreciation after April 1995 of the US dollar (to which many countries' exchange rates were closely tied) saw SE Asian countries lose competitiveness. The result was an export slowdown which proved to be a catalyst for the subsequent crisis, as strong growth in the region became increasingly dependent on domestic demand and countries became focused on rapid development of the infrastructure. In the property market, the most visible manifestation was a vast increase in office building. As a result, Kuala Lumpur and Jakarta each has much more office floor space now than either Hong Kong or Singapore. Inevitably, the expansion in supply had its effect. Rentals and office values were on a downward trend long before the crisis began in July 1997 (with the floating and dramatic fall in the value of the Thai baht). Share of property companies in Thailand, Indonesia and Malaysia declined sharply after 1994 and continued to fall well before the stock market as a whole collapsed. It is also often overlooked that speculation against the Thai baht, which led to the currency problems, was itself precipitated by the crash of a finance company with a heavy involvement in the property market.

But not only finance houses were attracted to the property sector. Private capital inflows fuelled an expansion of bank credit in the Asian economies generally, and a significant portion of the bank lending flowed to the property market. In Thailand, Malaysia, Indonesia and Singapore, direct property lending represented between 25-40 per cent of total lending (and an even higher percentage of the total in Hong Kong), with much extra lending to property occurring indirectly via bank lending to other financiers involved in the market. Most of this exposure was to the commercial property sector, and in four of the countries, the loan-to-valuation ratios applied on these loans ranged from 80-100 per cent, leaving little of a cushion when property values fell by up to 50 per cent. Non-performing loans, already high in some countries before the crash, increased sharply afterwards, triggering banking problems and a lack of confidence by investors.

A strong association between real estate cycles and bank instability is not new. This particular nexus was central to banking problems in Japan, and in a large number of countries in Western Europe and elsewhere in the early 1990s<sup>6</sup>. Capital flows add an extra dimension to the Asian case, but merely heighten the parallels with Australia since the combination of capital inflows, real estate speculation and bank collapses featured in both the crash of the 1890s and the early 1990s. In the former episode, 54 out of 64 banks and all but one of

the 36 building societies and land banks were forced to close or suspend payment<sup>7</sup>. The recent crash saw the near demise of Westpac, the collapse of Pyramid, and the large scale rescue of two state banks – all victims of excessive lending on commercial property<sup>8</sup>.

What accounts for the 'fatal attraction' of property and its link to external capital flows and currency instability? The answer is two-fold. First, real estate speculation is to some degree inherent in the urban and economic growth process which usually accompanies and induces capital inflows. Yet in terms of providing the goods and services necessary for a country to service, and ultimately repay, its foreign debt, an office building does little, at least directly, to augment exports or import replacement capacity. Both the buildings and the residential services which they provide are non traded goods which cannot be used directly to service (through the transfer of real resources) the debt or equity provided by foreigners. Consequently, a real devaluation is required to shift resources into the production of traded goods with which to effect a resource transfer in favour of foreign claimants of interest and profit. Confidence in the current exchange rate is threatened if the flow of foreign investment is biased towards financing a building boom for when such a resource shift is required, the exchange rate will be perceived as over-valued and in need of correction.

The second reason why property is singled out is because real estate plays a special role in banks' portfolios. The special role of property in bank assets results from the belief that real property offers sound collateral – a belief which leads banks routinely to lend 70 to 80 per cent (or more) of valuation, compared with only about 50 per cent for equities, seemingly unaware of the peculiar risks involved. These risks come from the interdependence between the banks' expected value of real estate collateral and the anticipated property income (either rentals or capitalised rentals) which is being relied on for loan repayment. Should this expected income stream fail to materialise, as it must when there is global over-financing and over-construction, the collateral turns out to be illusory.

The attraction of commercial property to banks rests on a false analogy with other forms of secured lending. When a bank makes a housing loan, secured against residential property, the borrower's ability to repay the loan is based on a cash flow from employment income which is often largely independent of the value of the collateral, which then serves an insurance function as a back up in case things go wrong. With commercial real estate loans, by contrast, the borrower's ability to repay the loan is highly correlated with the value of the collateral because increased vacancy rates and reduced rentals are quickly reflected in the price of the property and hence the value of the collateral.

This interdependence is also present in the case of equities where profits from the resale of equities, as opposed to dividends, are being relied on for loan repayment. Yet when bankers make loans

for the purchase of equities intended for resale at a profit, it is clear to them that they are engaged in high risk lending in anticipation of rising equity prices. Lending to an individual property developer permits a high degree of self-deception about the level of risk involved. This perhaps explains why the banking system habitually over-extends itself in lending for property development.

In conclusion, the four social forces of cronyism, collusion, corruption and complacency were doubtless present in the South East Asian crisis, as they were in the 'roaring eighties' in Australia. So too was real estate speculation, a vast over-expansion of commercial property development, and a belief that land prices and collateral values would continue rising, all of which created the hothouse atmosphere in which the social forces thrived. Focusing on the 'four Horsemen' and ignoring these other aspects would be an act of self-deception as serious as that of the bankers who financed the property glut and fanned the 'boom that will not end' mentality.

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## 1999 Calendar

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2-3	September	Workshop: Social Security and Social Development in East and Southeast Asia (Sydney)
9-10	September	Workshop: Psychology and Health (Melbourne)
22	October	Meeting of Workshop Committee
1	November	Deadline for <i>Dialogue</i> 4/1999
7	November	Meeting of Executive Committee
8	November	Annual Symposium and Cunningham Lecture
7-9	November	Annual General Meeting
10-11	February, 2000	Workshop: Volunteering for the New Millennium - Is There a Future? (Sydney)

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