

# Rafe's Round-Up: A Selection of Curiosities and Comments

## Rafe Champion

### The Spectre of Free Enterprise

*Moscow News*, May 7 1989.

In the interest of showing a 'a whole spectre (sic) of opinions', this weekly newspaper prints some suggestions from a Russian group called Against Inflation. They state that the financial crisis is based on a 1985 decision to accelerate industrial growth by printing money.

'We've already printed enough paper money to buy all the goods in Western Europe, if only it would accept the rouble at its official exchange rate. The GDR and Czechoslovakia have recently forbidden our tourists to take consumer goods out of the country'.

They demand the abolition of those forms of credit which pump the economy full of paper money. Credit should be based exclusively on commercial considerations, with interest rates determined by supply and demand.

Administrative control over prices should be lifted, also the rouble should be freely convertible to find its market value. Labour productivity must be lifted at the same time to avoid depression under the influx of new money.

Different forms of ownership (including private property) should be permitted in the farm sector. Most industrial enterprises should be transferred to joint-stock partnership.

'The State Planning Committee and the Ministry of Finance threaten the radical reforms started by Mikhail Gorbachov'.

### The Commission for the Future Discovers the Market

Dr Peter Ellyard 'Desirable Futures for Australia', *In Future*, April 1989.

Writing in the magazine of the Commission for the Future the new Director sketches five new projects designed to focus the resources of the Commission more effectively. These are Sustainable Futures, Creative Futures, Enterprising Futures, Healthy Futures and Australia-Japan Futures. Dr Ellyard considers that the creativity and enterprise projects should be considered together.

'Innovation depends on the fundamental levels of entrepreneurship and enterprise in a society. ... if Australia is to develop a productive culture, we need workplaces which are both more creative and more enterprising and entrepreneurial'.

He must have been reading *Moscow News*.

### The New Science of Pork-Barrelling

Joseph Martino 'Pork Invades the Lab', *Reason*, March 1989.

State governments and universities in the US have begun to use hardline lobbying tactics to obtain Federal science grants. One of the plums was the Department of Energy's Superconducting Supercollider, worth almost 5,000 jobs during construction and many thousands of positions thereafter. Several states worked hard to win the prize but nobody took any notice of the scientists who argued that it was not needed at all.

Research grants are now firmly planted on the political agenda, spelling the decline of the pre-1983 'peer review' system where universities and other agencies had to compete on the scientific merits of their applications.

Now that our scientists are trying to shrug off their 'wimp' label, will they get into the game of cultivating political patronage, and where will this lead?

### A Balanced View of the Budget

Joseph White and Aaron Wildavsky 'How to Fix the Deficit — Really', *The Public Interest*, Winter 1989.

'We disagree both with those who say that deficits do not matter and those who exaggerate how much they matter'.

These American authors argue that 'deficit mania' is concentrated among the elite of national experts, politicians and journalists who have made much of the deficit for political pointscoring and newsworthy statements. This distracts attention from other equally pressing problems, including those which have produced the deficit and whose correction calls for long-term effort.

'The deficit has become an all-purpose weapon, used to oppose or support virtually any position. This

is bad policy and worse analysis; it has paralysed our political system. Obsessed with the deficit, we ignore other questions'.

They reach the following conclusions, supported by arguments:

1. There is no economic necessity to balance the budget within five years.
2. The deficit persists not because of a lack of political courage but because the steps required to reduce it, whether by tax hikes or spending cuts, are difficult and produce problems of their own.
3. The strategies demanded by extreme 'responsible budgeters' are misguided and self-defeating because failure to meet unrealistic goals will undermine more sober efforts to achieve balance over a longer term.
4. The 'crisis' is partly a matter of confidence in

the finance ministries and central banks of US trading partners. They can be satisfied by signs that there is no panic, and by realistic deficit reduction.

5. They propose a reduction of \$50 billion over two years. This will lower the deficit to a figure in the order of 1 to 2 per cent of GDP. These steps should establish a trajectory to reduce the deficit and there should be no obsession with the precise figure as a percentage of GDP because fluctuations in the economy will shift this regardless of the best efforts of the administration.

'The nation's leaders should make clear that a \$50-billion reduction is a significant policy change. They could offer politicians what nobody has offered since 1982; a settlement of the budget wars'.

**Policy**

## Obituary — Tom Kewley, OAM

Tom Kewley, a long-time member of the CIS Advisory Council, and one of the pioneers of the academic study of Public Administration in Australia, died suddenly in March at the age of 78.

For more than 40 years he was associated with the University of Sydney, first as a student and then as a colleague of Professor F. Armand Bland who occupied the Foundation Chair of Public Administration in the Faculty of Economics. His major contributions to the discipline were in the areas of social administration and public enterprise, his best known book being *The History of Social Security in Australia, 1900-1972*. (1973)

Having gained his Master of Arts and Diplomas in Public Administration and in Social Studies,

Tom Kewley became Senior Lecturer in Government and Public Administration. His overseas appointments included: Rockefeller Foundation Research Fellow at the London School of Economics and Political Science; United Nations Consultant on public enterprise in Burma; Visiting Fulbright Professor of Political Science at Colgate University, New York State; and Senior Scholar at the Institute of Advanced Projects, East-West centre, University of Hawaii. Locally, he served as a consultant and advisor to the Commonwealth Department of Social Services in the late 1960s.

Tom Kewley's contribution to tertiary education and to public policy continued until his death. Retirement from the University of Sydney in 1974 meant merely an opportunity to pursue his interests

elsewhere. At the Kuring-gai College of Advanced Education he helped develop the Graduate Diploma in Social Administration and was Director of the Centre for Social Welfare Studies from 1976 to 1978. As Kuring-gai's first Honorary Fellow, he continued to play an important role in the intellectual life of the College.

His close association with the Centre for Independent Studies for more than ten years assumed a greater significance in the past few years with the establishment of the Centre's Social Welfare Research Program. His advice on a variety of issues was often sought by those working in the Program.

We have lost a good and gentle friend.