

THE PRIME MINISTER ON NEO-LIBERALISM: AN ADMIRING VIEW

The Prime Minister's contribution to the book 'Goodbye to All That?', subtitled 'on the failure of neo-liberalism and the urgency of change', reminds me of his book with Rhy Muldoon and Carla Zapel, 'Jasper and Abbey and the Great Australia Day Kerfuffle', about his pets. Both contributions try to make readers happy. In the current case, the audience is the group of left wing academics and their friends who use the words 'neo-liberal' and 'post-modern' as substitutes for better informed historical and geographic analysis of capitalist production, law, government and their related influences. I keep 'Jasper and Abbey' to read to a child one day and will give the other book to St Vincent de Paul. Krugman has apparently said that neo-liberalism is a 'zombie doctrine and that even though it should be dead it keeps on coming'. I feel much the same about left wing academics and their friends. Whenever I read them I hear Marx roll over in his grave. Possibly he is merely overjoyed the latter have finally declared that they have left him.

The PM defines 'neo-liberalism', which is more than can be said for many writers. He states that neo-liberal economic philosophy has its roots in the theories of Hayek and von Mises, who believed that society should be characterised by the 'spontaneous order' that emerges when individuals pursue their own ends *within the framework set down by law and tradition* (p. 79). The emphasis is mine because the framework set down by law and tradition is demonstrably feudal and still with us. The PM states that according to neo-liberals, the role of governments is simply to enforce contracts and protect the allocation of property rights. This has been mainly done through lawyers, armies, police and their supporting bureaucracies. The first two are our earliest feudal relations, although police and bureaucracies came much later. Adam Smith claimed perfect markets rely on perfect information. From this perspective, market operations remain feudal because commercial in confidence operations are legitimated and policed by lawyers and most of their accommodating areas of the state. These have increased rapidly in their narrow and diverse, rule bound, adversarial channels, not according to more openly scientific notions which came later. As so few claimed to see the global financial crisis coming, this state is now more like perfect community and individual ignorance than perfect information.

The PM does not define 'protection' but states 'protectionism is a sure-fire way of turning recession into depression, as it exacerbates the collapse in global demand' (p.75). Surely the government should have something it wants to protect and we should know what. The PM also states that in the ideal neo-liberal system, labour market protections should be restricted to physical safety rather than appropriate remuneration or minimum negotiation standards (p. 80). This is firstly odd because he too voiced a general distaste for protection. Secondly, one assumes that true neo-liberals would think that in taking on the employment contract the worker has also assumed the risk of injury at work. The first workers' compensation legislation was introduced at the end of the 19th century when the English government acknowledged that courts were naturally ruling that injured workers had assumed the risk of injury when taking on their employment contracts. Henceforth an employer had to pay an insurance premium but an injured worker still had to go to court with a lawyer to get money after injury, even though it was not necessary to prove another person was at fault first, as in the traditional legal and insurance systems.

Australia followed England with this new element of the welfare state, funded by employers but delivered traditionally through insurance companies and courts. As a top public servant, the PM surely understands the rationales and struggles against our past by more socially inclusive actors in occupational health and safety, rehabilitation, Medicare and superannuation in all states since the Whitlam government. They tried to improve the benefits for workers and communities, while also building up funds owned jointly by industry and governments to serve all their key stakeholders first, rather than serving insurance company stockholders or more privileged professional colleagues. The latter easily milk insurers and others via many traditional adversarial channels, while trade unions and bosses struggle against each other. Think of what Warren Buffet has made from investing in insurance. In Australia, disability management is being examined once more as I write. As a sensible person, however, the PM never seems to address lawyers' work or interests and certainly does not do so with distaste in any polite society, like the writers of this book. I bet they have all known plenty of lawyers. Michael Pusey even appeared largely blind to what they do in Canberra, which showed real commitment.

The PM states that the social-democratic state offers the best guarantee of preserving the productive capacity of properly regulated competitive markets while ensuring that *government* is the regulator, that *government* is the funder or provider of public goods and that *government* offsets the inevitable inequalities of the market with a commitment to fairness to all (p. 75). The emphases are his, which makes one wonder if the private sector ever does anything right. Since the PM does not define a public good and since the private sector seems to produce a lot of good things – money, food, clothes, houses, computers, etc. - I guess he must be writing with his tongue lodged firmly in his cheek. As a former public servant I also guess that the recent loss of life, fires and instances of corruption which accompanied the home insulation scheme occurred because the relevant industry successfully urged that fast job protection was the paramount concern and that training for safety should be left to their normally dreamy industrial channels. A clear video on key issues, given away by any popular newspaper, would naturally have upset teachers throughout Australia. The public might too easily want to connect many more such dots inconveniently from any pedagogic professional perspectives. How many years will it take to produce the requisite green skills at normal teaching rates - forever?

The PM states he agrees with Nicholas Stern that climate change is 'the greatest market failure in human history' (p. 81). What about famine or forest and species loss or water pollution? For centuries economic operations have exploited the natural environment by digging mines, hunting animals and fish close to extinction, eliminating forests for farms and houses, and building towns with an increasing range of polluting production. One wonders how much of this the PM thinks was an example of market failure and why climate change is the greatest. He also knows the NSW Environmental Planning and Assessment Act (1979) ideally challenged market expectations – at least in theory. The act states it aims to achieve openly consultative and integrated approaches to economic, social and environmental issues in land use planning. The funds which government and industry have been building up since are now ideally managed more openly in regional

public, private and related community partnerships to try to balance and help achieve their key economic, social and environmental goals for current and future generations.

Price competition in markets has not traditionally pretended to achieve any social and environmental aims other than indirectly. The economic return to investors is the only goal, although the question of whether many have been at the mercy of their money managers is currently debated. Hilmer's report on his inquiry into national competition policy sensibly defined competition as 'striving or potential striving of two or more persons or organizations against one another for the same or related objects' (1993, p.2). This was new. However, the report implementation was botched to reflect the dominant market paradigm of the Trade Practices Act which generally assumes competition is for money and social and environmental benefits will flow automatically from this. The new draft document 'Australian Consumer Law: A guide to unfair contract terms', developed jointly by the Australian Competition and Consumer Commission, the Australian Securities and Investments Commission, and the State and Territory Consumer protection agencies shows the writers have little or no idea what they should be doing and also have no capacity to communicate it. Do not trust me on this. Go and have a look on Google.

Elected government representatives should now help identify and try to achieve the key social, environmental and economic goals of their total communities in a way which is also sensitive to the needs of future generations, not just the current voters. These goals ideally reflect national aims and related minimum standards and freedoms outlined in key UN instruments which Australia has signed and which are constantly hampered by old practice. The draft report 'On Sound Commercial Terms', by the Victorian Competition and Efficiency Commission inquiry into regulatory impediments in the financial services sector (2010) helpfully suggests new public private partnership investment models to support the National Public Private Partnerships Policy accepted by the Council of Australian Governments (COAG 2008). One hopes that many partnership models will be openly and consultatively applied and that COAG lawyers, economists and many other policy advisers on which those elected must usually depend are up to it. The evidence across the board is far from encouraging. I fervently hope that many will drop off.

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OPEN ADVICE ON MENTORING, SEX AND MONEY RISK REDUCTION

Was Damon Young kidding in his article, 'In moments like these, we need mentors' (SMH 26.4.2010, p. 9)? It was good to learn about Telemachus, whose mother was locked up for twenty years while his father was abroad and to know that, bothered by his mother's suitors, Telemachus wondered what to do. Young tells us the Goddess Athena then appeared to him as Mentor, an old man who urged him to go abroad to find news of his father and to seek the counsel of kings and soldiers. He did so and Young seems to think all went well after that. However, I wonder if Telemachus asked his mother what she wanted and what happened to the family home after he took Mentor's advice. Without more information, but knowing Freud, one guesses the mythic message was that

a man should not stay close to his mother when trying to protect his father's estate. To clarify his point, Young needs to tell us more about the heroic voyager's outcomes.

Young writes that ideally mentors are old, honest and generous people. He defines a mentor as *'an authoritative guide, using worldly wisdom to encourage maturation. They help the protégé enrich, clarify and hone their consciousness; they juggle hard reality and gleaming possibility'*. As this seems vague, one wonders how hard it can be. Young states, mentoring can be *'as simple as a slap on the back or mild mockery, or a punch in the face'*. This is going much too far for me. Young wrote *'Distraction: A Philosopher's Guide to Being Free'*. One still wonders where he stands on mentors, sex and money.

The Australian Institute of Company Directors may have more relevant answers on such matters soon, as a result of its program in which 56 chairmen and senior directors of S&P/ASX 200 companies will work with 63 'highly talented and qualified women' in a year long mentoring relationship' (The Weekend Australian Financial Review, 23-26.4.10, p. 72). This is designed to assist the women *'develop connections with influential business leaders, gain knowledge and skills that will assist them in achieving director appointments, increase their understanding of how listed company board work and gain valuable advice on the process of selecting and appointing new directors'*. Maybe I can help them out as well with some advice.

Unlike Young, the common dictionary defines a mentor as a 'wise, trusted, adviser; counsellor'. This raises the question of who is supposed to trust whom, which brings us back to sex and money. I've taken bosses, supervisors and teachers reasonably willingly from the normal industrial channels, but I've never had a coach. On the other hand, I would not accept any adviser, counsellor or mentor, however old, who I did not think was wise and who I could see no good reason to trust. Nobody could stop me choosing my role models myself. These stances are designed to avoid what might otherwise become a ghastly pretence from which there seemed to be no good way out. Living in bad faith, I think the French would call it. Speaking of them, I also regard myself as having a right to sex with any consenting adult who presents himself as long as the connexion may be openly declared when necessary to avoid any unfair treatment or its reasonable perception. If I see mine as the natural feminine perspective, where could I go wrong?

West Australian Liberal Treasurer, Troy Buswell, and Adele Carter, the Greens MP, also appear to be good people to ask about such matters, as they admitted an adulterous affair for months, yet stay in power. One wonders why they found each other so rewarding. Was it the leadership potential or something else? I bet they have thought long and hard about it. On the same page, Phillip Coorey points out the West Australian Nationals are not fond of the views of city-centric politicians and that regional WA provides much of the nation's wealth. One would be foolish to deny their point of view. On the other hand, Buswell may appear unwise or heartless in conceding the relationship involved the waste of a government car and money. A smarter person might have toughed this out as an overtime expense. Press reports state that she has apologised to her constituents and he has apologised to her family. Couldn't they just keep it to their respective spouses?

In Business Day (SMH 26.4.2010, p. 7) Ross Gittins writes another of his sillier articles, where he claims that life is partly skill and partly luck, thus ignoring all the bits related to evidence and common sense. This allows him to entertain what psychologists call 'the illusion of self control'. Travel by plane, claims Gittins, and you know your fate is entirely in other people's hands, but get behind the wheel of a car and most of us delude ourselves we can keep out of trouble. The evidence is actually that without much luck we can stay safe in safe cars, if driving relatively slowly with seatbelts on and not after drinking alcohol or for long distances when tired, or on bad roads, or engaged in intense communication. For best results, Gittins should try giving up his US friends specialising in psychology. They normally appear to be a delusional waste of time and money.

Internationally, it was pleasing to see the Nobel Prize winning US economist, Paul Kruger, lifting his game in his article 'A tax on bankers would help curb excessive risk-taking'. In an earlier Australian Financial Review article 'Rethinking economics' (11.9.09, p.1) he stated that '*economists, as a group, mistook beauty, clad in impressive-looking mathematics, for truth*'. He also appeared to think the US economy unexpectedly entering recession was like the failure that happened in a baby sitting co-operative when too many participants chose not to go out themselves but tried to gain credits by baby-sitting other peoples' children. So then he was rude to China for making and saving too much money. Now he writes that Obama should be trying to do what's right for the US and if it hurts bankers, that's OK too. Will Krugman only be truly happy by himself?

Even in Rome, it seems, there is a new approach to risk. According to 'Condom incident threatens papal visit' (SMH World 26.4.2010, p. 6) a Vatican spokesman, Father Frederico Lombardi, told a meeting of the Italian bishops' conference, '*This is the age of truth, transparency and credibility. Secrecy and discretion, even in their positive aspects, are not values cultivated in contemporary society. We must be in a position to have nothing to hide*'. Men everywhere will naturally be thrilled to hear it. The next stage must surely be learning about the joys of writing. The pen is not so much seen as mightier than the sword, but different to it. Email and Google are equally exciting. More on these risk management directions at www.Carolodonnell.com.au and in the attached.

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Dear Editor

I'd be grateful if you'd accept the review below for your journal and support the legal, research and development direction in attachments. Why not also buy vast quantities of 'Jasper and Abby and the Great Australia Day Kerfuffle' to explain and promote the next federal election to children and book lovers everywhere? Proceeds for 'Jasper and Abbey' go to the Centre for Community Child Health. Allen and Unwin is the publisher. Carla Zapel's illustrations are terrific. Who do Jasper and Abbey remind you of?

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