



# The GAVEL



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2007 Annual General Meeting and Elections

## New Leadership



Andrew celebrates his election win

The Sydney University Chinese Law Students Society recently held its 2007 AGM and election.

In a tightly contested series of elections, a number of new executives from first, second, and third year were elected, bringing a myriad of new faces, and signalling a radical new direction for the society.

The new President, **Andrew Cong** (Commerce/Law I) is enthusiastic about 2008: “?”

He will be working with Vice President **Shirley Chan** (Commerce/Law II), re-elected Treasurer **Daniel Nguyen** (Economics/Law IV), and Secretary **Melinda Huang** (Commerce/Law I).

The four main portfolio holders are: Careers Director **Tom Wei** (Commerce/Law I), Education Director, **Mack Wan** (Commerce/Law I), Publications Director **John Lee** (Commerce/Law II) and Social Director **Tracy Liu** (International Studies/Law I).

A further four executives were also elected: **Tian Cai** (Commerce/Law III), **Enoch Lau** (Science/Law IV (Hon)), **Michael Zhou** (Commerce/Law I), and **Muli Zhou** (Commerce/Law I).

The outgoing president, Enoch Lau, is staying on as an executive member, and expressed supreme confidence in the new CLSS team: “:D.”

## The myth of economic management

by Daniel Nguyen

Australia is experiencing a golden age, a gilded era of limitless possibility and unprecedented prosperity. The macro-level data reveals the lowest unemployment in a generation, and robust economic growth – all achieved with a stable rate of inflation. This is an enviable record, and other countries are desperate to match it. So who is responsible for all of this?

The Howard government? Peter Costello? Guess again. Howard is not so brazen as to

claim sole credit for such an achievement. He admitted as much when being interviewed by *The Australian's* George Megalogenis for his book, *The Longest Decade*.

Howard “acknowledged structural changes to the economy made by the Hawke and Keating governments, saying the present strength of the economy owed much to the reforms made in the past 25 years.”

To verify this, we only need to look to the plethora of historical data. If we were to graph Australia’s prosperity relative to the rest of the world, it would be parabolic in shape. The late 19<sup>th</sup> and early 20<sup>th</sup> century was still marked with a distinctly mercantilist flavour. Australia was marked by a high level of tariff protection, industry subsidies, government-granted monopolies, and a rural character. And yet, this seemed to work, and Australia was wealthy.

Fast forward to the 1970s. Oil shocks and government mismanagement had pushed inflation to perilous levels. Increases in wages without complementary increases in labour productivity cause a wages-inflation blow-out. This is an important point and we will return to it.

Despite the dire economic situation, it was not until after the early 1980s recession that genuine efforts were made to address it. That recession was relatively unique in that not only was economic output falling, but prices were also rising – a horrific

combination called stagflation. It was presided over by one John Winston Howard. The 90 day cash rate reached 22%, but mortgages were capped by

government fiat at 13%. This would not save him.

The Hawke government was elected in a landslide in 1983, and immediately set about reforming the Australian economy. The Australian dollar, previously fixed to the U.S. Dollar and later to a basket of currencies, was floated. This move was initially opposed but later approved of by the powerful Treasury secretary (and later National Party senator) John Stone. A floating currency is a powerful natural regulator of capital flows, and is a prime example of efficient free markets.

Tariffs and other protections were also removed or scaled down in the 1980s. The Australian manufacturing industry which had for almost a century been

increasingly protected against foreign competition was finally given a reality shock. Only the most efficient and innovative operators survived and prospered. The rest shut down, and valuable productive resources were allocated elsewhere, in more productive and efficient sectors of the economy. Australia has strengths in high-end design, tourism, financial and legal services, mining, farming, education, and scientific research. It has never been a strong textiles, clothing and footwear manufacturer, and the kind of creative destruction in the 1980s resulted in short-term pain, but much stronger long-term gain.

These reforms proved successful to the extent that the economy was roaring along by the late 1980s. GDP growth was averaging over 5 per cent a year, and domestic demand was running at 8 per cent. But inflationary pressures again became the problem, with the official inflation rate running at 7½ per cent. Despite being heavily geared, business borrowing was increasing at 17 per cent a year. Interest rates had to be raised to rein in the over-investment – a policy response that took place in countries all around the

world. Ian Macfarlane, Governor of the Reserve Bank of Australia from 1996–2006 described the financial excesses of the 1980s reaching such a level that the early 1990s was inevitable. It was “the recession we had to have.”

Despite the pain caused by an overly contractionary stance on interest rates, the federal government and treasury saw an opportunity for creative destruction, and to forever break the back of inflation, a demon

“... a horrific combination called stagflation. It was presided over by one John Winston Howard.”

“... the federal government and treasury saw an opportunity for creative destruction.”

forever the bugbear of an Australian boom.

In 1993, the Keating government introduced the industrial relations system that would cement Australia's economic fortune – enterprise bargaining. The previous system, called pattern bargaining, meant that increased wages in one sector of economy would quickly spread to other sectors through centralised wage-fixing, even if they were not justified by increases in labour productivity, resulting in a wages blow-out. Enterprise bargaining allowed individual workplaces to negotiate with their employers on wages and conditions, to have the agreements legally recognised, and checked for breaches of industrial law. The benefits of such a sub-collective agreement are obvious. The productivity gains of an entire workplace are far easier to measure and obtain through group-work than an individual employer striving for gains.

During the same period, an informal inflation target was set up between the government, unions, and Reserve Bank. It would prove to be a masterstroke of design and would underpin the Reserve's role as arbiter of Australia's macro-economy. It was the dying days of the Keating government when the economy recovered strongly, and by the time Howard and Costello were elected, they were gifted with an innovative, fully-renovated economy. High growth, low inflation, high productive

capacity, low tariff, and open to free trade. In short, Howard and Costello could not believe their luck. All the hard economic work had been done for them.

The Howard era, has in contrast been virtually bereft of reform. The criminally oppressive tax-welfare



system has been allowed to rot. Low-income earners, especially those moving from welfare to work face effective marginal rates of taxation exceeding 80 per cent. That is a huge disincentive to seeking employment, and to “address” the problem, the government has simply cut off people's entitlements.

It also comes a surprise to many to learn that Howard and Costello lead the highest taxing, highest spending government in Australia's history. That alone is a blight on a party that purports to stand for individualism and small government.

The introduction of the GST in 2000 put many noses out of joint, and arguably led to the interminable decline of the Australian Democrats. However, in economic terms it was a

non-starter. The GST had no *structural* impact on the economy. It was simply a redistribution of how taxes were collected and distributed.

The 2005 implementation of Howard's magnum opus, *WorkChoices*, was an industrial relations reform that not even big business needed or wanted. The bedrock of the 1993 system of enterprise bargaining and the introduction of Australian Workplace Agreements in 1996 provided the framework that underscored unprecedented prosperity and industrial harmony. When it is all said and done, the list of economic reforms emanating from the Howard era pale in comparison to the complete restructuring of the economy under Bob Hawke and Paul Keating. Quite simply, Howard and Costello's reputation for good economic management is

undeserved. To even talk about “managing” an economy contradicts the premise of their assertion. What has occurred over the last decade is an appalling dumbing down of the nation's economic literacy. Economic management has been trivialised into a pissing contest over interest rates.

It is said that 90 per cent of success is simply showing up. The Howard government proves that in spades. Despite sitting on their laurels for the better part of a decade, they have a virtually unshakeable reputation as superior economic managers. Ask anyone to name three economic reforms that would back up such a bold claim, and they'd be stumped. Trust Howard, the eternal cricket tragic, to be both bold and stumped. 🏏

## THE INTERROBANG!?

### A PRIMER

According to Wikipedia: 'the interrobang (/ɪnˈtɛrəbæŋ/) (?) is a rarely used, non-standard English-language punctuation mark intended to combine the functions of the question mark and the exclamation mark. The typographical character is a superimposition of those two marks. The same effect is also frequently achieved by placing the exclamation point before or after the question mark; e.g., "How could you do such a thing!?" or "How could you do such a thing?!"

We urge you to use this versatile mark widely and freely to better express the emotion of your written prose.

*The Editors*



## Improve your word power\*

### **Sarchasm** (*n.*)

The gulf between the author of sarcastic wit and the person who does not get it.

### **Bozone** (*n.*)

The substance surrounding stupid people that stops bright ideas from penetrating. The bozone layer, unfortunately, shows little sign of breaking down in the near future.

### **Cashtration** (*n.*)

The act of buying a house, which renders the subject financially impotent for an indefinite period of time.

### **Ignoramus** (*n.*)

A person who is both stupid and an asshole.

### **Intaxication** (*n.*)

Euphoria at getting a tax refund, which lasts until you realise it was already your money.

### **Foreploy** (*n.*)

Any misrepresentation about yourself for the purpose of getting laid.

### **Dopeler effect** (*n.*)

The tendency of stupid ideas to seem smarter when they come at you rapidly.

### **Caterpallor** (*n.*)

The colour you turn after finding half a worm in the fruit you're eating.

### **Giraffiti** (*n.*)

Vandalism spray-painted very, very high

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A summary of law related news  
**Legal digest**

**New High Court justice**

Susan Kiefel has been appointed to the High Court, replacing the retiring Ian Callinan.

Kiefel, who previously served as a judge on the Federal Court, is the third woman to be appointed to the High Court, following former Justice Mary Gaudron, and current Justice Susan Crennan.

**Pants judge pantsed**

Roy L. Pearson, the U.S. administrative law judge who sued a dry-cleaner for losing his trousers (*Pearson v. Chung*) has lost his job.

His appointment expired on 2 May 2007, and the Commission on Selection and Tenure of Administrative Law Judges voted not to reappoint him. The Commission refused to release a copy of a letter to Pearson informing him of the decision, saying it is considered a personnel matter.



democracy established by the Constitution. However, 2004 amendments to the Act still apply, so the plaintiff, Vickie Lee Roach, remains unable to vote.

**HREOC report published**

The final report of the Same-Sex: Same Entitlements Inquiry was tabled in Parliament in June and launched during September.

The report recommended 58 changes to federal law to remove discrimination against people in same-sex relationships on financial and work-related entitlements and benefits matters.

The government has signalled it intends to implement one of the changes concerning superannuation entitlements. The opposition has promised to implement all 58 changes.

**Electoral laws rejected**

The High Court has invalidated 2006 amendments to the *Commonwealth Electoral Act* removing the right to vote from prisoners.

In *Roach v The Commonwealth*, by a 4-2 majority, the Court held that the amendments were inconsistent with the system of representative

**COLOPHON**

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