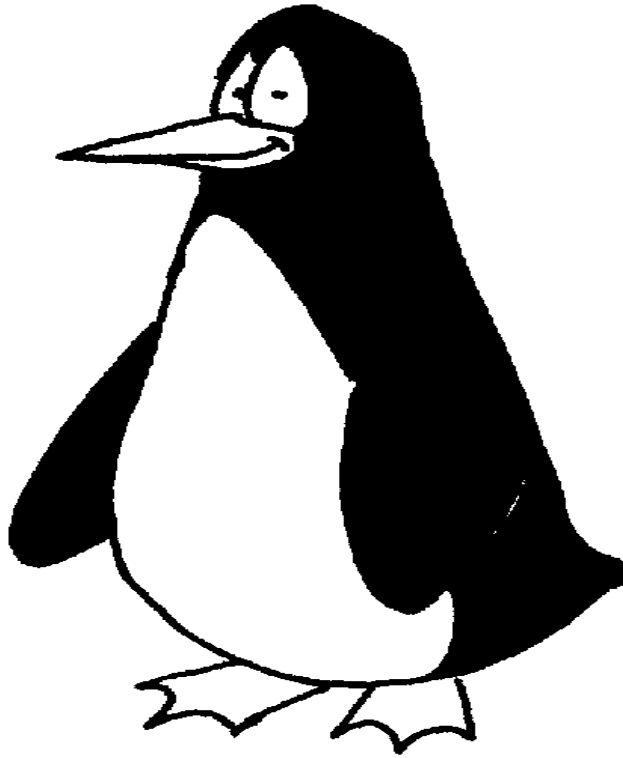


CREATIVE DISTRACTION

Issue VI



Editor's Note.....	2
Russia's Rebellion.....	3
Ben Scott	
Journalism in Iraq.....	5
Matt Ogg	
Kazaanomics 2.....	8
Jimmy Liu	
Asset Bubbles.....	11
Zhen She	
Learning Curve.....	14
Stef Morris	
Decision Making: Soft vs. Hard.....	17
Robyn Le	

Editor's note,

Like a million clichés in study time, the Jacarandas are in bloom and everyone seems to be so stressed out. People lock themselves up in their rooms like little dungeons, as far away from the Jacarandas as possible. Some of them sit in the library, and some of them don't really care too much. Whatever your level of stress at the moment, a creative distraction is always useful.

This is the sixth edition of Creative Distraction, aimed at giving you some alternative reading from those lecture notes, and those incomprehensible ones you wrote by hand. The university year is coming to a close (unless you're enrolled for the summer semester) and the end of the road is nigh. But the end of this road is the beginning of a new one for 2005, and the Economics Society. At the recent AGM a new executive has been elected and it goes as follows:

President: Peter Mc Mahon
Vice President: Zhen She
Treasurer: Tom Gole
Secretary: Ilana Stringer
Social Convenor: Rebecca Meehan
Promotions: Joel Ickiewicz
Corporate Liaison Officer: Jordon McCullum
Work Experience Office: Luke Boosey
IT: Ang Li
Creative Distraction editor: Matt Ogg
Creative Distraction sub-editor: Jimmy Liu

The new executive is looking forward to a bigger and better year in 2005, the year of the rooster, so don't be chicken¹ and submit your articles! Get involved with your society, however you can. You can submit the articles and letters to matt@uq.edu.au. We will have an edition out next year so if you're sitting around doing nothing, and you feel so inclined, write your mind out of its boredom and submit something. Cheers,

Matt Ogg

¹ The chicken joke is entirely Jimmy's, the editor and ESA representatives **do not** endorse such content.

Russia's Rebellion: Legitimacy in question

By Ben Scott

The grey and muddy road is littered with bright touches of colour from flower petals leading to the cemetery. The small town of Beslan in the northern Caucasus of Chechnya is mourning in the weeks following the devastating siege of the local school. The flowers are the bright faces of the children that were, contrasting with the dark background of the occasion. Mourners line the streets with the sad fact that there are simply too many funerals for the small cemetery, with farmers having to plough up nearby fields to receive the small bodies. Others sit waiting, wondering, not knowing what has become of their loved ones and for them the procession of flowers towards the burials is the worst.

Laughter rang out as the children left classrooms on the first day of the school year, September 1st. Being a festive day many of the children had parents with them and due to the cheerful situation didn't mentally recognise the first shots of gunfire until the automatic weapons began. They were surrounded and marched into the gym where they were piled up and told to wait; any that disobeyed were killed on the spot. The hostages suffered two days of sheer damn-like conditions; sweltering temperatures; no food or water; forced to relieve themselves best as they saw fit; circumstances often experienced by prisoners of war. By early afternoon on September 3rd all hell broke loose. One of the explosives went off, apparently by accident; hostages began escaping and flustered terrorists started firing. Once the gunfire began, security forces around the school returned fire. The September 11th publication of *The Economist* provides insight here that a cease-fire had been ordered by Russian forces, after the terrorists briefly explained the situation. But within the war-torn town of Beslan, many civilians are trusted by security forces to handle weapons for 'peace-keeping purposes' and the emotionally high-strung relatives surrounding the school are ignored any order. The terrorists, certain an all out assault was imminent detonated all bombs and continued firing, including many of the escaping hostages in the back.

This is the undeniable, crystal clear truth of the outcome of war, even when outright war has not been declared. Journalists, media and the like have associated this type of horror with war, justifiably since only such inhuman and disgraceful acts occur during times of bloodshed. However, even modern day war is rarely this brutal. Taking over 1100 hostages, targeting the most innocent, defenceless and unprotected; for over 72 hours refusing them all food and water; then shooting them in the back as some ran at the chance of safety is purely despicable. Sadly, this is only the latest of a long list of attacks in the long running feud and it would be foolish to assume the brutality of this event will change the situation.

Economics is about decision making, but sometimes no matter what decision is made, the situation cannot be rectified due to social and cultural issues that date back generations: Whether it be the decisions made by rational terrorists to achieve their goals, or the decisions made by rational governments to try and quell such goals. Chechnya has long been a source of consternation for Russia, more recently upon the fragmentation of the USSR. The small republic claims independent heritage and a different ethnic composition, largely Muslim, whilst also containing much of the rich oil and gas deposits of the Caucasus. In 1999 when

Russia, under control of current Prime Minister Vladimir Putin invaded Chechnya, he declared his main military objective was the “reconquest of Chechnya”. This typified the Russian government’s attitude towards the small republic at the time, and much is still reflected today in the irrational Kremlin decision-making process. The fate of Chechnya even now rests in the hands of politicians, who only understand the power of force and seek not to come to a cooperative model for the two nations to exist side by side, but rather to crush the incessant fly. When Russia first invaded Chechnya in 1994 through direct force the Kremlin did not have the power of the people, however now a society sick of Muslim extremist groups promoting violent acts against the Russian people, have fully pledged their support behind Putin’s tough stance. Fuelled by a media machine riddled with political corruption and controlled with racist views has seen Russians admit that Chechnya is not apart of Russia, nonetheless they see Chechen independence as a violation of Russian territorial integrity. Is this control over the media promoting democracy and freedom of speech that the Western world so loves to claim? It might be argued that Russia can still claim being part of the East, nevertheless when alliances with the US are concerned Russia is positioning itself alongside the nations of the free in Western society.

Whatever happens and whether Russia may be responsible we can debate and theorise over, however without any of us actually being there and seeing the pain of the relatives, those that have cried their last tears due to exhaustion and acceptance and are just left with a void that shall never be filled, we cannot even dare to cast aside this devastation and look for vengeance. We should be looking to prevent such a thing from ever occurring again, and searching for any lost remnants of hope. The restriction of the Russia media makes this a difficult task and hope is hard to find within such control, but wherever there is darkness there is lost light. As Martin Luther King said,

‘We must accept finite disappointment, but we must never lose infinite hope...’

But look not to our politicians, generals or activists. Focus on those colourful, fallen petals on the road to the cemetery and in these we might see a hope, a hope of children to come to once again fill the small town of Beslan with the sounds of laughter.



The Economics of Information – Journalism in Iraq: do you buy it?

By Matt Ogg

If you go to the store to buy milk you can tell if a purchase is worth your money, through factors such as the price, reputation, expiry date, and even your diet. If the milk tastes off you throw it out and you learn a lesson. You buy different milk next time. But it is also possible, and it could be investigated, that cows could be injected with hormones that are both dangerous to them and you. Meanwhile you drink your milk with no idea it is harmful, because you can't taste what it is doing to you. But as former US Defence Secretary Robert McNamara would tell you,

“Belief and seeing are both often wrong.”

And sights combined with sounds, like tastes, can often seduce our senses into their own destruction.

Society today faces an epidemic with far greater implications than any bottle of milk or virus. We live in what has been coined by some as the age of information, where we can communicate like never before with mobile phones, the Internet and all sorts of communication technologies that have taken over nearly every facet of life, in a very short time. They are on the move. But can we keep up? Do we have the capacity to handle the Information Revolution?

Gulf War Part II 2003 Edition

You see the bombs drop through a night vision lens and the explosions are loud and confronting. It's almost like a computer game, but you are just a spectator. Get out the popcorn; this is even better than the super bowl! Newsflashes make their way across a little banner at the bottom of the screen that gives you all sorts of updates. This is what is happening right? This is the war in Iraq.

(Cut to news presenter)

Hi everybody! Wow that was exciting wasn't it! And look! There's a young Iraqi boy shouting out Bush's name! Isn't that just sweet! It's great to see they appreciate their liberation! We haven't found the weapons of mass destruction yet but look, here's some strong, fit troops hiding behind walls, firing weapons and risking their lives for democracy. I think it is so great that we can really get down to the nitty gritty of all this and know what's really going on.

(Cut to *Newshour* with Jim Lehrer)

Complete Silence. No live coverage, no happy Iraqi children and no action scenes. One by one we see the faces of those who have died serving in Iraq.

This is their tribute. Each soldier's details are written underneath: Their name, where they come from, their age, and their status in the US army. This is the only information we are given, and perhaps this is the only information we need. It is a compelling scene and no words need be spoken. The reality of the situation is left to the imagination of the viewer. The viewer doesn't need to see to believe the pain and suffering of the families of the victims. The viewer doesn't need to hear cries of soldiers who thought the war would be a great opportunity, but are left staring at eyes that stare into nothingness.

But most people didn't get their impression of the war from Jim Lehrer's show. A Pew research survey conducted in April 2003 showed that 74% of interviewees gave excellent or good marks for the war coverage. But where do these people base their judgements? The label on the bottle? The price tag? The media is big business. The war is big business and the victors write history. (Cut to war scene)

Crouching on the frontline with a gun in its hand and an embedded journalist by its side, you see the 'enigmacy' of democracy in the Age of Information. The barrage of information is like a plague and you have become numb to the violence. The weight of the situation is incomprehensible and critics are criticised before they have the chance to speak, by viewers who believe they are informed. Listen up! No one is informed, not you, not them, not I. But this we do know: we are selling a product, and we want you to buy it. Tonight you heard our story. Information age victim, corporate business, goodnight, and drive safely.

The Economics of Information

Adam Smith's invisible hand theory states that an efficient allocation of resources will come about, through the actions of independent, rational buyers and sellers. But this theory presumes buyers are well informed about products, and that buyers and sellers are independent. But what happens when information is the product? Here, the fault line starts to open just a little.

The Information Age has brought about an increased interdependency between businesses, nations and people. Globalization is the product. Put simply, the business interests of giant corporations cannot afford to be hindered by an objective media and so they advertise with the media, forming a symbiotic relationship that cannot be broken: so the sponsor feels it has a safety net. Everyday we are pummelled with advertising and subliminal messaging. We may not even know what it is doing to us.

Not only do businesses have to advertise through the media, but the media must advertise itself also. It must market its product to an audience to try and get them hooked. This is essential to perpetuate their relationship with the sponsors. If the media wants to market a war, they have to think about what the audience is looking for. Sensationalism creates market demand; otherwise it would not be used. What do audiences want? They want action, but at the same time the media don't want viewers to take action. The media does not want to get tangled up in the web of all its sponsors, many of whom support the war, and therefore must project an image that appears objective, but does not criticise. In the Vietnam War it was the 'CNN effect' that created public dissent and this brought the war to an end. But with Gulf War II the CNN effect affects little. Because there is so much information being projected, the war itself becomes separate from the viewer: a spectacle.

But as consumers there is always choice for us. When it comes to information, the viewer is the sponsor and the interdependent relationship between businesses and media organisations is the product. Do you wish to buy the product? Or is it harming you in ways you could have never imagined? It is certainly a gamble, yet we mostly believe we are risk-averse when it comes to the consumption of information. We then need to think about Adam Smith's invisible hand theory. If buyers and sellers attempted to be more independent and better informed, there would be a more efficient allocation of information, hence a more efficient allocation of resources.

As the old saying goes, there is no use crying over spilt milk. It's on the floor, it smells, and it's sticky but there's not too much you can do about it now. It is a sunk cost. All you can do is grab a cloth and clean it up. Next time, be a bit more objective about what you buy and mind you don't drop it. But remember, if you don't want it, the benefits of dropping it could possibly be far greater than the cost of cleaning it up.



Kazaanomics 2

Jimmy Liu

Eliminating the moral hazards of the music industry will do wonders for all.

At last count, there were four major Australian online music stores offering legal downloads from around \$1.60 per song. This partly explains why it seems that finding particular songs on Kazaa and the like is not as clean cut as it used to be (so I heard). Its user base is gradually shrinking, as more and more people switch to downloading music the legal way. Although this may be music to the ears for artists, record labels, and law-abiding music buying public alike, unless more is done to bridge the huge asymmetric information problem involved in producing and purchasing music, we may very well find ourselves back at square one.

When we purchase music either online or from the CD store, we are in fact signing an implicit contract with the record label. We pay the record label so that they may scout the best music talent that's out there, and distribute and promote that talent, as we don't have the time or know-how to do so ourselves. This form of business model creates huge problems involving asymmetric information. We can't monitor how the labels are going about seeking that talent, paving the way for labels to impose over the top agency costs; and conversely, due to standardised prices, the labels do not know what consumers' preferences are.

In most other markets, prices act as a mechanism to overcome lack of information. For example, when I recently bought my first car, I had a choice whether to purchase from licensed dealer, or a private individual listed on the 'Trading Post'. Used cars sold by dealers are dearer than ones listed on the Trading Post because you know that a car sold by a dealer has been serviced recently, include a warranty, and will definitely be road worthy. I mean, why would a car dealer lie to you? Prices reflect value and risk. And values and risks are clearly not evident when we purchase music, especially when Shannon Noll's latest album costs the same as Powderfinger's. Standardised prices create a major problem in that consumers are not able to gauge the value and risk associated with their purchases.

This creates a moral hazard for both the record labels and consumers, with both parties able to freely break the implied contract. As consumers cannot monitor the behaviour of labels, the labels in turn are able to pick out artists based on business efficiencies rather than consumer preferences. This is what

they haven't been doing all along, applying huge agency costs and masking the real value of their products. Not to mention that many people 'in the know' believe that today's music is mostly made up of nothing more than teeny-bopping-one-hit-wonders. The Internet however, made it possible for consumers to avoid these large agency costs by searching for the music themselves. The record labels no longer had to act as a 'talent scout', as users are now able to sample what they like and don't like, all at a fraction of the cost of purchasing a CD. This perpetual cycle only results in artificially higher prices, both in virtual and real music stores. Currently, the only form of moral hazard avoidance mechanism is, guess what, Kazaa.

Overcoming this kind of moral hazard in most other industries would usually involve some sort of insurance to consumers, so that an incentive is placed on the sellers to only sell goods which the consumer values. The computer I'm typing this on was purchased over the Internet, whereby I was given a 15-day 'satisfaction guarantee'. However, this type of model will never work when purchasing music. The very nature of the Internet creates a second moral hazard in which consumers will stop purchasing altogether. Users may very well return all their music if the labels allowed them to return the ones that they didn't like, having already listened to and made copies of them. The record industry will find itself right back where it first started with p2p if it decides to go down this path.

So what can be done to make online music downloading services profitable and valued by consumers? The best case scenario would be for the major record companies to engage in a price war and hence drive down the price of music so far as to negate the risks and agency costs which consumers face (as well as making everything I've written irrelevant). Wishful thinking guys.

Realistically, the labels may like to take a leaf out of Stephen King's novel, 'The Plant'. In 2000, the first few chapters were published on the Internet, available for anyone to download. King wanted everyone who downloaded a copy to pay \$1. The idea was that if enough people paid up (first set at 75% of all downloads), more parts would be published in the same way. The venture was considered a failure, with only three subsequent parts being published. Although this can be partly attributed to that fact that the story was not up to King's usual high standards, and the publisher decided to raise the price to \$7.

Be that as it may, this type of multilateral model can also be applied to buying music online. Labels do not have to offer music for free, but they may set discounts on certain artists, only if enough people purchase their songs.

Alternatively, prices may even be more decentralised, whereby steeper discounts are offered the more people purchase the music. Either way, models such as these makes what once was private information public, thus virtually eliminating moral hazards. The risk is much smaller as it is now spread out amongst consumers. Labels will also given a much greater insight into consumer preferences, and hopefully an improvement in the quality of music will follow. Also, the cost of distributing music online is far far less than in CD form, so price flexibility should not be a problem for the labels.

As I wrote in Issue V, p2p networks such as Kazaa can never be stopped. So instead of fighting p2p, the music industry must look for serious alternatives which also elimates assymetric information. The internet and music download services provide a perfect opportunity for this. So come on record labels, start thinking outside the square. Experiment a little. What have you got to lose that you haven't already lost with p2p? Eliminating moral hazards will not only create a more efficient industry, but also greatly benefit the consumers, and ultimately artists as well.



Asset Bubbles and their Dynamic Effects on Economic Markets

Zhen She

There is much topical debate in the healthy supply of economic literature revolving around asset bubbles. This is due to the fact that bubbles are difficult to recognise and no consensus view concerning investor behaviour during these times of excess speculation can be found. The myriad of definitions applied to asset bubbles can be encapsulated by Joseph E. Stiglitz's 'intuitive definition' that if the reason that the price (of an asset) today is only because investors believe that the selling price will be high tomorrow, when fundamental values do not seem to justify the price, then a bubble exists.

An asset bubble has both direct and indirect effects on a country's economy, the direct effects being felt by the asset market in question which directly affects credit markets. This consequently indirectly affects various goods and services and ultimately factor input markets. Furthermore, economic ramifications can be studied at both a macroeconomic and microeconomic level. This article will analyse bubbles in a macroeconomic context and thus consequently develop macroeconomic policy remedies. However the microeconomic perspective is both grossly marginalised and undersourced despite its ability to explain effects and possible policy actions involved in the study of asset bubbles.

This sub-section will run through the direct and indirect effects of an asset bubble in a stock market.² The cause of the bubble in this case is due to the insurgence of a new technology. Let us assume that prices are fixed in the short run and that any immediate policy intervention is negated by the exuberance of speculative investors. As is the case with asset bubbles mentioned at the beginning of this section, our economy is characterised by high economic sentiment, low interest rates and rental costs of capital. A new technology causes exogenous investment to rise.

The bubble is first noticed in the asset market where a spike in market to book value (of equity) is prevalent (stock market). Business fixed investment in the information and communications technology (ICT) sector will rise as dictated by Tobin's q theory of investment spending. The marginal benefits of investing in new capital stock are above the rental costs of capital (MC). As the level of desired capital stock rises further above current desired and actual levels, investment spending will increase at an increasing rate as proposed by a dynamic accelerator model of investment spending. This in turn raises profit forecasts and given optimistic prospects, various financial ratios such as the ROE, EPS and EBIT interest coverage rise. Investors, induced by the prospects of large capital gains and income streams, enter the market, driving up stock prices. Therefore, we see a net rise in the value of the stock market.

Given that businesses increase their levels of investment spending and that their levels of retained profits are insufficient to finance these projects, they turn to credit markets for funds.³ As firms rely more and more heavily on extended credit, their financial obligations rise and we see the first effect of an asset bubble.

² Economic analysis is less susceptible to criticism when the conditions of a perfect competitive market hold. Given stock markets are generally characterised by stringent adherence to the aforementioned conditions, a stock market example is both relevant and sufficient in this case. However other asset bubbles are characterised by a similar sequence of events and effects.

³ A simplifying assumption is made in our hypothetical economy that the sole purpose of an equity market is to reflect the value of a firm and that the only purpose of a credit market is for project finance.

Direct effects of a crash

The first market directly affected by a crash is the asset market where the bubble originally occurs. Furthermore, in our example the first sector to be affected will be the technology sector. A crash in an over-valued stock is mainly driven by the exit of two parties. One, marginal investors - who ultimately set the price in any market - see veritable gains, and two; institutional investors who realise fundamentals are below current prices. Institutional investors are the most probable cause of significant devaluations of market price as they trade via vast volumes and any movements by them in or out of a capital market will significantly affect the price of an asset. Once the market realises the value of a stock is above what fundamentals suggest, stocks where the bubble occurs (i.e. ICT sector) are then punished via lower prices causing more and more investors to exit the market which in turn lowers prices further. Empirical evidence shows the flailing of one sector in a stock market crash invariably affects the market on average (e.g. Asian Finance Crisis). Furthermore, research suggests that the stock market moves in tandem, the rise or fall in equities of one sector both cross-sectionally and inter-temporally affect the movements of others. Therefore, we see a crash in the stock market.

Figure 1: US Share Price Indices during the Technology Equities Boom
January 3 1995 = 100



Source: RBA

Charted time-series data on prominent US technologies and equities indexes show the sharp rise and fall in the prices of financial instruments during the 'tech bubble' whose devastating effects were felt both domestically and abroad and either directly or indirectly across many industries. Note: due to the higher prominence of tech companies in the NASDAQ index, (as opposed to the more industrially diversified S&P 500) it provided higher abnormal returns.

This causes increased vigilance in credit markets as creditors exercise heightened credit rationing. Given that asset markets are now deep in regression, we see firms who

require additional lines of credit. Increased requirements can be due to a number of reasons. As the credit ratings of firms decrease, creditors require higher and higher rates of return. This in turn forces firms to take on riskier and more costly investment decisions in hopes of higher yields. Additionally, firms whose current projects require further finance to realise profits are rejected extra capital. We therefore see firms with impotent projects at various levels of fruition, which are incapable of generating cash flows. As firms' abilities to meet increasing interest payment obligations eventually cease, we therefore see insolvency and eventually a default in the credit market.

Indirect effects of a crash

This leads to the indirect effects of a bubble crash on a country's actual goods and services economy and its factor input markets. There are two parts to this effect relating to aggregate demand (AD) and output (Y). Firstly, consumers who were also investors in the stock market now have lower levels of permanent income. In accordance with contemporary theories of consumption smoothing, we therefore see consumption and thus AD fall.

Given the lower level of AD, firms' sales decline which leads to an increase in net inventory levels as unplanned inventory investment increases. Firms therefore rely less on new inventories, which slows production down. Furthermore, low sales and productivity and high levels of excess capacity eat away at firms' profit margins. Assuming firms are concerned primarily with profit maximisation, they will lower factor input costs via decreased capital investment and utilize less labour hours. Remembering that workers are also holders of income and given that workers are consumers, this lowers AD and thus Y^4 further. Therefore we see the second effect on the goods and services and input markets. Firms, both that are and are not directly affected by the market crash adjust production and input consumption behaviour accordingly as consumers' opportunity cost of consumption rise.

Given the dynamic effects bubbles have on the stability of world economies and the fact that as the world advances and both domestic and global markets become increasingly interdependent it would thus seem fair at the least to warrant further research on the timely and reliable detection of bubbles in assets market.



⁴ This example is very broad in implications, but highlights the main effects of a bubble on the economy as a whole. Effects such as higher unemployment, less growth of AS in future periods and equality distribution have been ignored for the purposes of this example. It also generalises short run and long run effects.

LEARNING CURVE

By Stef Morris

WARNING: THE CONTENTS OF WHAT YOU ARE ABOUT TO READ MAY SHOCK YOU. IF YOU ARE DEVOUTLY LIBERAL OR CANNOT HANDLE THE TRUTH, YOU MAY NOT WISH TO PROCEED ANY FURTHER FOR FEAR OF BEING INFORMED.

The outcome of Australia's October Federal elections has sealed the fate for all would-be-university and TAFE students. Courtesy of the Howard Government, a revolutionary new higher education system will be instituted nation-wide in 2005. It's so great, in fact, that John Howard was willing to stake his integrity on it. And why shouldn't he?

WELCOME TO THE FIFTY-FIRST STATE

"The Government will not be introducing an American style higher education system."

– John Howard, Parliament, 14 October 1999

Over the past few years the Coalition has formed a very close relationship with America as part of the 'coalition of the willing', for in times of turmoil it could be argued that a strong ally is needed. And who better to have as an ally than the world's last remaining superpower? Mateship is about loyalty, and sometimes it doesn't matter if you have to change your principles or your actions to stay loyal. In saying that, Prime Minister John Howard has stayed true to the virtues of mateship by deciding to renege on a promise he made to the Australian public in 1999 - he's decided to Americanize Australia's higher education system.

What's in a promise anyway? As stated by John Howard, "truth is absolute, truth is supreme, truth is never disposable in national political life." (ABC Radio, "AM", 25 August 1995). But sometimes compromises of the truth need to be made. Most wouldn't object to a leader reneging on former promises, say, if people's lives were at stake or human rights violations were being committed. But John Howard seems to think that turning the education system into a healthy federal revenue machine was reason enough. . In the fifty-first state (aka: Australia), education will no longer be a public good or a human capital investment, but a means of making money so as to keep the surplus going strong. Consequently, our economy will appear rock solid which will, inevitably, result in Howard and Co.'s perpetual re-election.

- The Howard Government has created a system where money, more than marks, opens university doors
- Under the re-elected Howard Government, nearly 200 000 Australian students will be able to buy a university place through full fees
- Australia's student fee structure is already one of the highest on the world scale. We are currently the fourth most heavily dependent on private funding out of all the OECD countries. Only Korea, the US and Japan have higher dependence on private income
- Australian universities are now less than 3 per cent behind the US for share of university income for private households – that's before the Howard Government's 25per cent HECS hike and expanded number of full fee degrees

Wait a minute! Reserve your judgments!! Before you decide what you think of Mr. Howard's Americanization of Australian education, see what else is in store.

PLEASE, SIR, I WANT SOME MORE

John Howard committed his Government to: "A clear rejection of the deregulation of university fees."

- John Howard, Parliament, 18 October 1999

Ok, so I spoil the surprise of this one a bit by telling you that the Howard Government plans on increasing HECS fees by 25 percent and expanding the number of full fee degrees. I'd actually say sorry about it, if only that was the Australian way. Nevertheless, there are a few more things you may not know and should know before making an informed judgment on the credibility of the Coalition. Other than pricing many Australian's out of university and TAFE educations by offering your tertiary institutions the option to increase their fees, Mr. Howard has also included these little goodies:

- The Howard Government is forcing students and their families to make up for \$5 billion in funding cuts through university fee deregulation
- Average HECS fees have almost doubled since 1996
- The Howard Government has found themselves 26 universities that will increase their fees under the REVOLUTIONARY Americanization of Australia's higher education system
- Increased the cost of text books (but there's always at least one copy in the library to share around)
- Restricted opportunities by not providing adequate HECS places
- On average, in 2005, Australians will be paying \$15000 for an arts degree, \$20000 for a science degree and \$40000 for a law degree; and for the *pieste resistance*
- The Howard Government is planning to gouge a staggering \$828 million more out of students and their families over the next four years

THE PRICE IS RIGHT!

"There will be no \$100 000 university fees under this Government."

- John Howard, Parliament, 14 October 1999

After breaking a mere two promises to the Australian public, how would a third blow from the Coalition hurt? According to a Queensland Council of Social Services (QCOSS) report released earlier this month, Queensland is one of the most poverty-stricken states in Australia. Today's Australia is representative of a capitalist-style economy. In this type of economy, the rich get richer and the poor get poorer. The same seems to be true in our tertiary education system as well. Australia's economy is blossoming and so too are the debts being accrued by tertiary education students. Instead of trying to ease the burden on students, the Coalition has decided that Australia's already stable economy could do with an injection of revenue sourced from tertiary education fees. Here's some more interesting facts:

- At least 45 full fee degrees over \$100 000 will come online next year, according to the *Good Universities Guide*

- Degrees costing as much as \$210 00 are already available for people who can pay and under the Howard Government up to 35 percent of students will pay full fees

This situation could be viewed as a little unjust and one might think our university and TAFE chancellors would be up in arms. Who wants an educational institution full of people that didn't earn their places? Apparently we do. In response to Federal education minister, Brendan Neilson's policy review, the Australian Vice-Chancellors Committee (AVCC) has suggested that universities should be further deregulated forcing students to pay even higher fees. That's right boys and girls, we've been sold out! This influential educational lobby group, comprised of the administration of all 38 Australian universities, has neglected students. They've ignored our concerns over decreasing educational standards, rising student poverty and issues of more equitable access to higher education for all socio-economic groups, in an attempt to gain more university funding from the Federal Government. But who are we to argue, we're only their number one customers! If we can't afford it we can always sell our souls. Ok that was below the belt, John. Sorry. Did I just say sorry? I just sort of blurted it out didn't I? Listen to me, I'm already becoming less Australian: "sorry", "sorry" "sorry"!

THE DAY AFTER TOMORROW

Now, lets get things into perspective. Capitalism, in all of its glory, has taken a strangle hold on our beloved society. It has turned our leader into an all-American-lackey willing to sacrifice the education of his citizens for a quick buck. It's also challenged the integrity of Prime Minister Howard, even though his election prospects were not hampered. This could be because Australian's are becoming increasingly conservative. We're losing our identity by falling into the traps of tradition. We're too scared to think for ourselves and, as a result, have elected the same Prime Minister for his fourth consecutive term.

In essence, Prime Minister Howard has infused his political administration with George Orwell's concepts of doublethink and newsspeak. All in all, you could say that under the Howard regime, students have been placed a very poor second. Not only has our tertiary education system been turned into a reflection of America's, it has also been cataclysmically capitulated by the Coalition's policy of fee deregulation and exorbitantly priced degrees. Therefore, it is evident that the Federal Government will very handsomely profit from students' misery and poverty.

We've been outsmarted ladies and gents, lets not let it continue. You don't have to stand for Howard's campaign of educatory repression, that's the beauty of living in a democracy where the media acts as the fourth estate. There are just too many of us to be steam-rolled. We value our education too much to be passive actors in matters that concern our collective futures. So stand up for your rights and what is right. Pick up the phone, write a letter, walk out the door and make a difference. Your future and the future of humankind is riding on it.



The Hard and harsh vs. the Soft and soothing: which Choice is better?

By Robyn Le

For many, the art of decision-making does not come naturally. The scariest thing about making choices is the dreaded domino effect - one bad choice and the people around us, including those we love, get knocked down. No fool wants to make a choice that will leave them miserable for the rest of their lives. It is paradoxical that in an age of information overload, never has it been easier to make a bull-headed and stupid decision. Many great people in history have made catastrophic decisions. Just look at Napoleon Bonaparte. To avoid the risk of repeating the same blunders our predecessors before us have made, here are some self-help tips for the helpless when it comes to making choices.

The logistics of decision-making

When a moment of choice comes along and smacks you in the face, you have no choice but to think of the future. You may have stuffed up your past but you have a chance to make everything right for what is yet to come. In no particular order, perhaps the three biggest decisions every person has to make in their lifetime involve friendship, marriage and occupation. You might disagree, but any feng shui expert will say that so many people's lives are messed up because there is too much confusion cluttering their life. As a result people no longer know what they want anymore. Therefore the first step to making good choices is to sit down and clearly work out what the three most important things are to you that you want to get right for the rest of your life. Don't waste energy getting distracted about the insignificant; worry only about what is essential to you.

Does love make the world go round?

"It's all about the love", somebody once said to me and that person is absolutely right. Well, love and money. Making choices is tough because the people around you are affected by your decision. It's always a you-versus-them scenario when it comes to deciding. The harsh reality of nature is that very rarely will a win-win outcome be the result, despite all the 'positive energy' being generated by new age hippies. Therefore you have no choice but to work out who you love more - you? or the people around you? It cannot be denied that we owe it to this country to behave selfishly. We are living in a society founded on the ideals of liberty. We have freedom of speech, religion and thought. Our economy operates on the assumption that people will act in their own self-interest when it comes to making decisions. Don't stuff up the system that is the envy of many nations around the world! Make hardheaded decisions not softhearted ones. You should choose what makes you happier and not consider the happiness of others.

What about the long run consequences?

Yet, it cannot be forgotten that most of us live in a community, and the reason why communities exist in the first place is because we are dependent on the expertise of others for own survival. In return for the benefits others provide for you, you agree to co-exist with others and provide what skills and knowledge you possess to the greater group. Therefore, unless you want to live a Robinson Crusoe existence - that is if you're clever

enough to survive on your own; you cannot afford to enrage and limit the freedom of those who are vital to your long-term survival. Also the golden rule of karma must not be forgotten when it comes to decision-making: whatever you do to others, the same will happen to you. For instance, if you are going to go and cut down copious amounts of trees and tear out shrubs, you can guarantee that somewhere down the track, Mother Earth (Yes I believe the earth is a living entity) will be very angry with you and will avenge her anger by causing large landslides and leave your house in ruins (to say the least). Still go hard when it comes to making choices but do take into account the consequences you face in the long run.

We all live in a competitive, aggressive world and picking soft, timid choices is only going to contribute to one's own demise. You can't be afraid of making decisions. To avoid making tragic ones, careful planning must be carried out. Furthermore, you shouldn't rush your decisions. To hurry means that you don't care and any self-respecting person will care about all choices they make, even if it's deciding between a blue and black pen. If a terrible mistake has been made, we must remind ourselves that we are not perfect. What we can get out of making bad decisions are good experiences. Good experiences = progression, and on that note, let me end with the words of my own philosophical consultant: without progression there is only stagnation and death.

