

to cause those who do not to put his book aside. Little effort seems to be made to exercise that supremely valuable characteristic of historical scholarship — forcing the reader to confront the complexities of people and events in their historical context where such a confrontation challenges overly simplified interpretations.

The chapter covering the last decade or so seems to illustrate this. Ward's discussion of the rise and fall of the Whitlam government (the Federal opposition parties are described as behaving "more like a gang of fascist thugs than responsible politicians in a democratic country" in 1974) is really a polemic. It is all too shrill and binary — reaction versus reform, men versus women, Aborigines versus European. The defeat of the Coalition parties in 1972 and their return for seven years of government after 1975 cannot convincingly be described or explained in Ward's overly simple framework. Perhaps it is unfair to judge a book on one chapter. But it is the period for which most general readers have independent evidence and their own interpretations to compare with those of Ward.

For readers of this journal, no special emphasis is given to the history of invention, the diffusion of innovations (whether Australian or foreign in origin), or to the social and economic consequences of technological change. Blainey's *Tyranny of Distance* remains the only major attempt to interpret Australian history using as a theme the impact of technological change (a sequence of transport innovations that lowered costs and widened markets).

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**Australia: A Client State.** by Greg Crough and Ted Wheelwright  
(Penguin Books, Ringwood, 1982) pp. 255, \$7.95.

This work is one of a series of monographs and reports emanating from the Transnational Corporations Research Project at the University of Sydney. Its central theme is that the "explosion of a few hundred transnational corporations" (p. 11) from a few developed countries, viz. the USA, UK, France, Western Germany, Japan and Switzerland, has created a New Corporate World Economic Order (NCWEO) which is concerned with global rather than national organisation and can largely insulate itself from the operation of market forces. Further, that the post-war waves of foreign investment have locked Australia (and many other countries) into the NCWEO; and that this has meant that "the power of the nation state to control its own economic destiny has been gravely weakened" (p. 130).

In Chapters 1 to 4, which constitute the (untitled) Part One, Crough and Wheelwright set out the basis of their claim that Australia has become a client state of transnational capitalism. Chapter 1 documents the phases of post-war foreign investment into — successively — manufacturing, mining and finance and land ownership; and the policy responses (or, as the authors see it, lack of such responses) to foreign investment. Both the Vernon (1965) and Jackson (1975) Reports are commended for their far-

sighted attitudes towards continued unrestricted capital inflow, and the failure of governments to act on their recommendations is lamented. It is in this chapter that many of the irritating features of the book are established. Two examples will suffice: although the emphasis is on foreign control, the distinction between ownership and control is blurred; again, the authors' preoccupation is with the profits produced by foreign investment and, as a result, considerations relating to employment, wage income and access to know-how are excluded. Notwithstanding this, the authors point to a deplorable lack of knowledge regarding the extent of foreign ownership and control, especially following the most recent wave of foreign investment. Here again, however, the 1978 decision to cease collecting such statistical data is rendered as "the ultimate in supine dependence" (p. 3), and the fact that there were other statistical casualties of this decision is ignored.

Chapter 2, 'The New Corporate World Economic Order', contains a wide ranging exposition of the characteristics of the NCWEO, emphasising the growth of transnational corporations via takeover and merger; their dominant role in the world's R and D effort and, consequently, the increased dependence of host countries on imported and often inappropriate technology; and the emergence of world industries and their role in Australia. This chapter may be seen as taking up the criticism levelled at Galbraith's *New Industrial State* that it failed to consider the international activities of large US corporations. Certainly it is redolent of Galbraithian themes: "technology, not capital participation, is now the decisive factor in the control of most modern corporations" (p. 17) and, on the same page, an Antipodean variant of the polluted streams of the *Affluent Society* in "the beer cans lining road and rail routes in the outback".

The two remaining chapters in this part develop their claim that for at least the last twenty years the Pacific Basin region has played host to a "particular manifestation" of the NCWEO, and that a Pacific Rim strategy may be discerned. Crough and Wheelwright point to the role of US and Japanese transnationals in the Pacific region and highlight the increasingly important role of Japanese investment, particularly in manufacturing industry, in the export, or free-trade, zones of certain less-developed countries. This latter, they argue, has led to a partial de-industrialisation of the developed countries of the area (and elsewhere). At the same time, Japanese and US investment has flowed into large-scale, capital-intensive, and export-oriented agricultural developments and also sought to exploit the mineral and ocean resources of the region. The authors contend that this pattern of investment has not resulted by chance, but rather as part of a coherent strategy for the area. "It is clear", they assert, "that the Pacific Basin is being organised into a loosely structured economic sub-system centred on Japan's growth rate" (p. 60).

In Part Two, 'Characteristics of a client state', Crough and Wheelwright examine the effects of the Pacific Rim strategy on Australia. In Chapters 5 and 6 they detail the consequences of this strategy for manufacturing industry and for the mining and energy industry. They argue that an

unholy alliance of academic economists, the Industries Assistance Commission, transnational-dominated mining companies, and the exporter/importer free-trade lobby has sought to break down the post-war consensus on Australian economic development which had given rise to a broadly-based, tariff-protected, manufacturing sector within a relatively stable and diversified economic structure. The new ideology favours an outward-looking strategy which requires a significant restructuring of manufacturing industry (and the dismantling of parts of it — motor vehicles, textiles, clothing); deregulation of the financial sector; and a greatly expanded, export-oriented, minerals and energy industry. They conclude that the inability of the minerals and energy sector to absorb sufficient labour will generate increasing unemployment and depress Australian living standards. The authors are correct in attacking naive faith in the efficacy of competitive free markets which underpins this approach and in pointing to the vulnerability of primary-exporting countries to recession. We are not told, however, how that part of Australian manufacturing industry which they admit to be "inefficient, fragmented and technologically backward" (p. 86) can survive, much less thrive.

Chapters 7 and 8 discuss the limitations on domestic monetary and fiscal policy. Crough and Wheelwright argue that the intra-corporate, non-market nature of transnational corporations' international transactions reduces the impact of monetary and fiscal policies. Restrictive monetary policies may be thwarted by intra-transnational transfers or foreign borrowing, while transfer pricing facilitates tax avoidance and may give rise to balance of payments problems. The pernicious role of transfer pricing is a recurrent theme in this book; no recognition is made, however, of the increasingly prevalent practice of enforcing arm's-length pricing policies nor of the fact that transfer pricing practices may mislead firms regarding the opportunity costs of their activities.

In the concluding chapter, 'Signposts to emancipation', the authors provide a surprisingly optimistic prognosis given the decidedly gloomy diagnosis with which it is preceded. An increased awareness of the extent of foreign control has, in their view, combined with the effects of the world recession to weaken the NCWEO and to improve the bargaining position of countries such as Australia, even when nationalisation is not a serious option. What is lacking, they argue, is the political will to institute national economic planning.

This book addresses an important issue and, despite its partial approach, represents an alternative view of the role of foreign investment in Australia. Crough and Wheelwright properly reject the narrow interpretation imposed on the notion of economic power by orthodox economic theory. They ignore, however, the possibility that pursuit of economic power by transnational corporations may bring them into conflict not only with nations, but also with each other. Although there are hints of such conflict, they are not examined, nor are the consequences considered. There are examples also of interesting hypotheses being generated but not explored; one such example is the argument that it is not so much the comparative advantage of nations which is changing, as the comparative advantage of corporations (p. 17).

The authors have been well served by their publishers; the book is excellently presented, with only two misprints (on pages 13 and 154) escaping the proof-readers' attention. One annoying feature is the reproduction of the notes and references at the end of the book rather than at the end of chapters or, better, on the pages to which they refer.

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**Reform the Law. Essays on the Renewal of the Australian Legal System** by Michael Kirby

(Oxford University Press, Melbourne, 1983) pp. 284, \$24.99 (hb), \$12.99 (pb).

Law is a vital part of the social system. It affects virtually every aspect of human activity. Until recently, very few of us realized how pervasive the law is. When we learn which of our activities are affected by law, we have good reason to ask how such ill-conceived and old-fashioned rules came to exist. This realisation is the real cause of movements for institutionalised law reform.

Mr Justice Michael Kirby has been a pioneer both in educating the community about law and in developing a new style of law reform which has proved effective. He has described himself as a 'multi-media' judge and as a 'democrat'. As a practising lawyer until 1975 he saw shortcomings in the law. As an intelligent and politically aware citizen, he realised that law reform is dependent on politics. He saw also that if law reform was to be legitimate, effective and acceptable, those affected by the law must have the opportunity to participate in the activity of law reform. The community must know what the law is and how it affects them before its members can usefully comment on the existing law and on proposed changes. So the role of publicist of the law is, to Kirby, an essential element in the style of law reform he sees as necessary and desirable, and which, as Chairman of the Australian Law Reform Commission since 1975, he has been able to achieve. *Reform the Law* is a collection of thirteen of the speeches and papers he has delivered on law reform. They are a small selection, for in addition to the technical papers produced by the Commission, Mr Justice Kirby delivers, to appreciative audiences drawn from all sections of the community, about 100 speeches each year.

Law reform is essentially political. The Law Reform Commissions do not set their own agendas. They are directed to report on matters referred to them by Attorneys-General who are government Ministers. The proposals for law reform must be enacted by Parliaments before they take effect. These proposals are subject to the widest possible scrutiny. Some of them — involving, for example, rules governing criminal investigation, human tissue transplants, privacy, and regulation of the insurance industry — are controversial. Politics determines the 'what' and 'when' of law reform, so the effective law reformer needs political skill and judgment.

In the past, law reform was left largely to lawyers, often engaged full-