

A summer reading list for the Prime Minister

December 2012

Founding Members

GRATTAN Institute



Australian Government



THE UNIVERSITY OF
MELBOURNE



bhpbilliton
resourcing the future

Affiliate Partners

National Australia Bank
Google

Senior Affiliates

GE Australia and New Zealand
Stockland
Wesfarmers

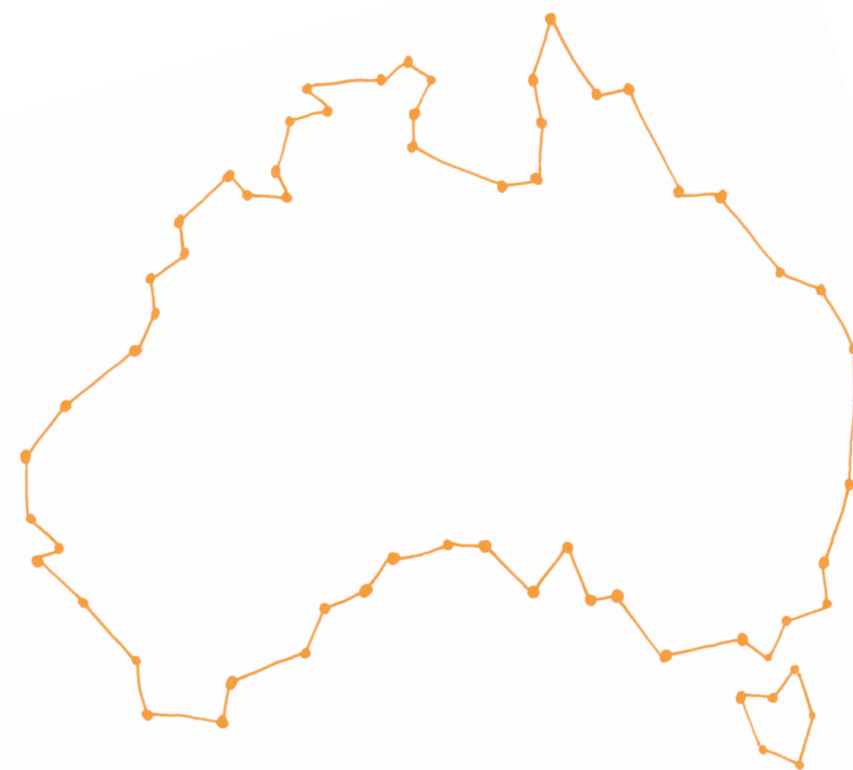
Affiliates

Arup
Ernst & Young
Lend Lease
Origin Foundation
Sinclair Knight Merz
The Scanlon Foundation
Urbis

Program Support

Higher Education Program is
funded by The Myer Foundation

independent, rigorous, practical



A summer reading list for the Prime Minister

Summer is a great time to relax with friends and family, to take a holiday, to reflect on the year past – and to read.

During the year it can be hard to find spare time for reading. This is especially true for our elected leaders, who have less free time than most. So every December Grattan Institute releases a summer reading list for the Prime Minister.

The list contains books and articles that we believe the Prime Minister – or indeed any Australian – will find stimulating over the break. They're all good reads that we think say something interesting about Australia, the world and the future.

While we don't stand by every word in these books, they provide excellent food for thought. We enjoyed reading them, and we hope our leaders do too. Most importantly, we hope they have a refreshing break and return inspired to lead the country in 2013.

- **The Words that Made Australia**, Robert Manne and Chris Feik (editors)
(Black Inc, 2012)
- **Great Expectations: Government, Entitlement and an Angry Nation**, Laura Tingle
(Black Inc, 2012)
- **Kinglake-350**, Adrian Hyland
(Text Publishing, 2011)
- **Rambunctious Garden**, Emma Marris
(Bloomsbury, 2012)
- **The New Geography of Jobs**, Enrico Moretti
(HMH Publishing, 2012)
- **Thinking, Fast and Slow**, Daniel Kahneman
(Penguin, 2012)

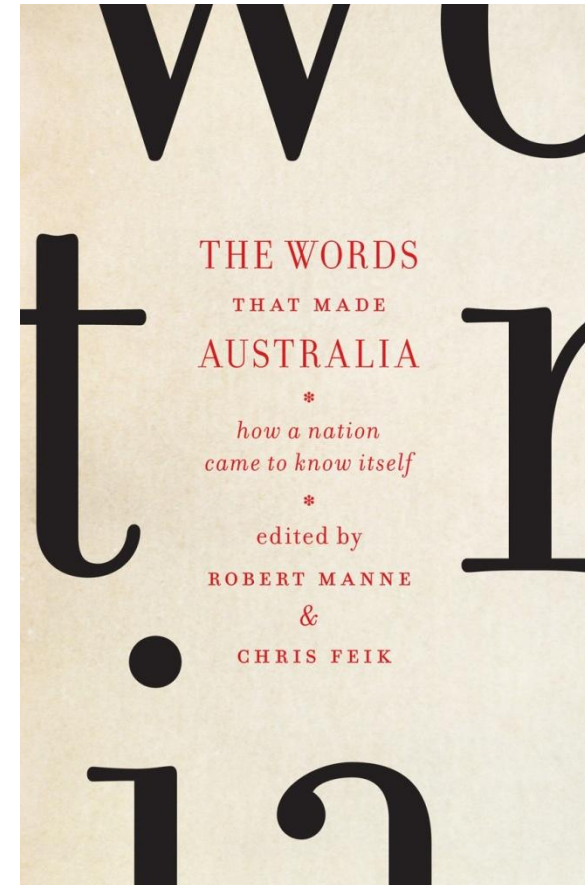
The Words that Made Australia

Robert Manne and Chris Feik (editors)

If you need a book that explains Australia to a stranger – or to someone who has lived here for a lifetime – this is the one. It contains 30 classic extracts from more than a century of writing that seek to define what makes Australia different.

The collection is broad, capturing views from left and right, the life of the suburbs, the changing place of women, Indigenous Australians and migrants. Some describe the nature of Australian society: D.H. Lawrence called it, with some horror, “absolutely and flatly democratic”. Others explore our ambivalence about government, which we both disdain and deeply rely on, captured in historian Keith Hancock’s description of “collective power in the service of individualistic rights.”

Australians are a practical people, uncomfortable with extremes and with a liking for what one judge called “the divine average”. Yet writers such as Paul Kelly, David Malouf and Inga Clendinnen chart how we have changed, especially through immigration, and the opening of our economy and society. Where this mix of old and new ways will take us is not clear, but any Prime Minister wanting to make reforms that go with the grain of the country and its history should start with *The Words that Made Australia*.



Great Expectations: Government, Entitlement and an Angry Nation

Laura Tingle

Australia's political debate is angry. Laura Tingle blames public confusion about government's role – people have great expectations, but there is no consensus about how they might be realised.

Tingle traces Australian views of government from the early days of colonial settlement through to current political debates. The social contract developed in the Federation's early history has been changed, and changed again, but political debate and public opinion haven't kept up.

In recent decades, governments have privatised businesses and lost much of their control over interest rates, the exchange rate and wages, but demands for government action have grown. Prime Ministers have increased expectations in different ways, ranging from providing new direct payments to making sweeping promises of reform. Combined with continuous political commentary in the media, the result is escalating and conflicting demands that cannot be met.

Tingle describes a vicious cycle. Confusion about government's role creates a "shouty" political debate. This makes it even harder to resolve the underlying question about what government is for. This essay calls for a new, explicit settlement. Understanding the public confusion will be a necessary step to make this happen.



Correspondence
'US & THEM' Sophie Cunningham, Geoff Russell,
Thomas Ryan, B.J. Coman, Mike Letnic,
Stephen Romei, James Woodford, Anna Krien

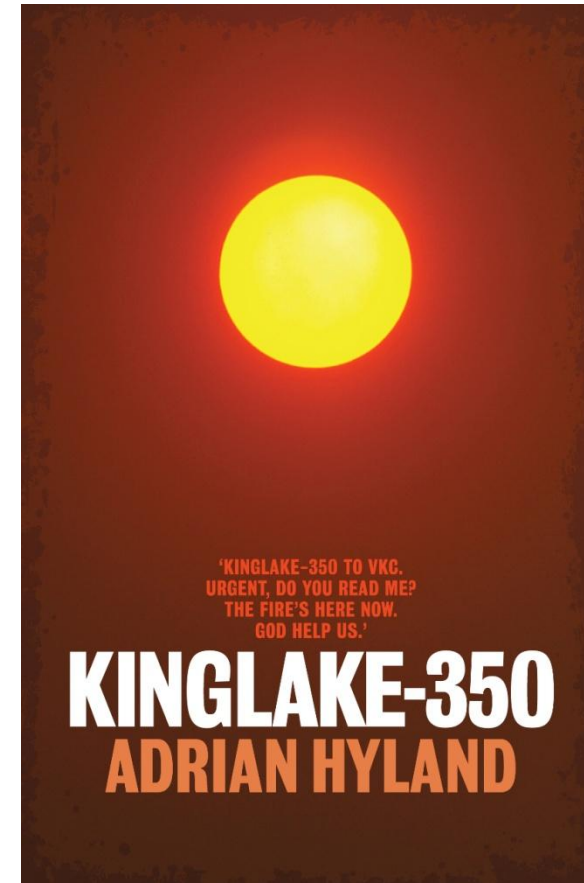
Kinglake-350

Adrian Hyland

Kinglake-350 is the police call sign of Roger Wood, the police officer on duty in Kinglake on Black Saturday. Adrian Hyland's account of that day ascribes no blame, but, in following the movements of locals like Roger Wood, it tells how a group of ordinary Australians faced unthinkable terror and responded heroically. In this way the book approaches the kinds of truth that are harder to find in the format of a Royal Commission report.

Though it is a careful non-fiction account, its vivid language reminds us that it was written by a novelist. It conveys something of the terror of being in a house as fire passes over: windows that look as if they're painted red; flames that sound like a thousand jet engines venting through cracks you didn't know existed in the walls. To make the tragedy easier to approach without dwelling on the fates of real people, Hyland provides a moving account of an imaginary dying family.

Interspersed is scientific and historical data about fire and our relationship with it, the nature of the Australian continent, and the psychology of heroism. South-east Australia is the most fire-prone area in the world, and the Black Saturday fires were like few experienced before. Kinglake-350 provides some idea of what it was like to be there.



Rambunctious Garden

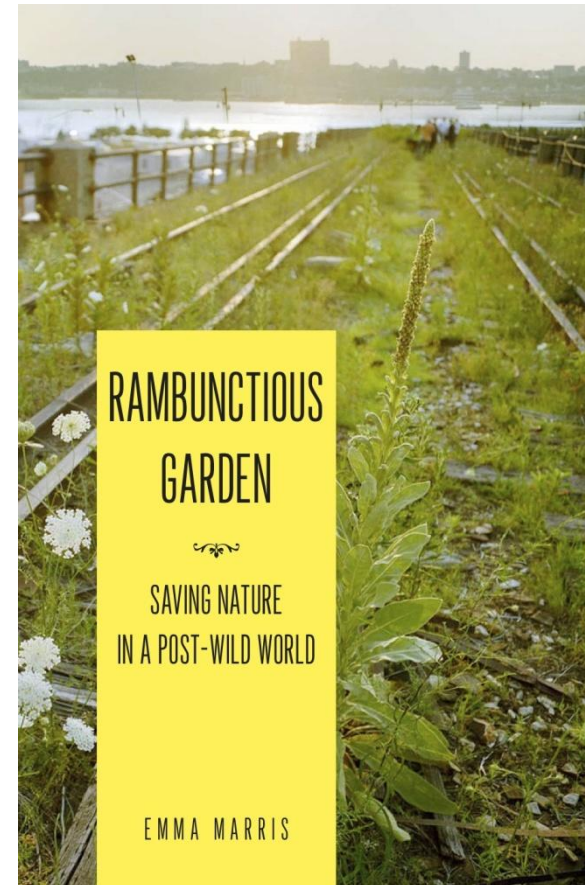
Emma Marris

Yellowstone was the world's first national park, created in 1872. In 2012 Australia doubled its number of marine parks. They're part of a long history of governments striving to preserve "wilderness" in its "natural" condition before humans interfered.

In the *Rambunctious Garden*, Emma Marris asks whether this goal is futile. Humans hunted much of the world's megafauna to extinction 13,000 years ago, and "nature" has never been the same. Introduced species are everywhere, and eliminating them can leave a wasteland. A species such as the Madagascan Flame Tree is more likely to survive in Melbourne's suburbs than in the wild. Sometimes an "invasion" of species, such as Australian ironwoods in Hawaii, can produce more diverse ecosystems than the original.

Nevertheless, national parks are not a waste of time. They can preserve species and ecosystems, promote charismatic fauna (the "cute and furries"), prevent extinctions, encourage species diversity in each ecosystem, foster environments that directly benefit people, and provide us with an experience of "nature".

These goals often conflict. But Marris suggests that a "rambunctious garden", a hybrid of wild nature and human management, advances them all. And she reminds us that these goals are also well-served by encouraging a bit more nature in our own backyards.



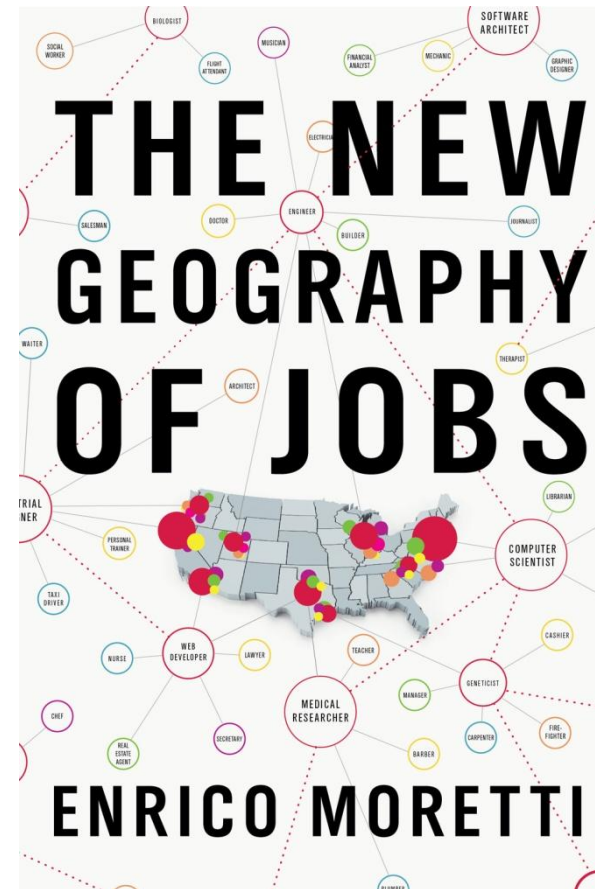
The New Geography of Jobs

Enrico Moretti

Industries that depend on human ingenuity are driving jobs growth in America. They include internet businesses, scientific research and the pharmaceutical, entertainment and finance industries. Despite the hype about “exploding connectivity”, in these jobs it is more important than ever that people meet face to face. As economist Enrico Moretti shows in this compelling book, high-value jobs are bunching together, and American cities are increasingly diverging by educational level. This segregation between cities looks set to grow.

Knowledge-intensive jobs are not just important in their own right. For example, every new high-tech position in a city creates up to five more local jobs in other sectors. Far from becoming less important, where people live matters more than ever.

Since part of a city’s role is to create and distribute opportunity, Moretti’s analysis has vital implications for Australia. While we do not have the many mid-sized cities that characterise the US, in our major cities we also see residential polarisation between those with and without educational qualifications. Failure to address spatial inequality could hold back productivity and reduce opportunities for many Australians. Social mobility could decline sharply, transforming the nation in ways few of us expect or would welcome.



Thinking, Fast and Slow

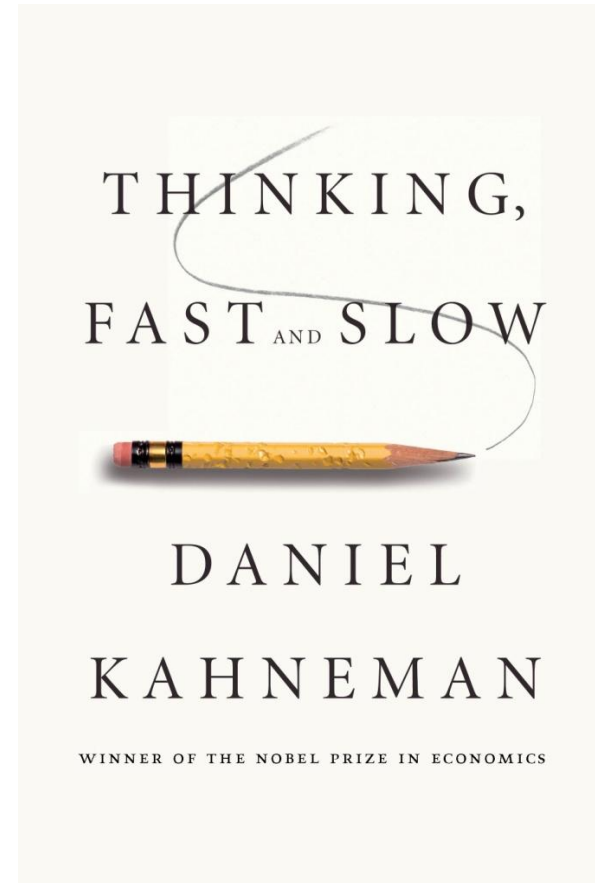
Daniel Kahneman

Steve is very shy and withdrawn ... A meek and tidy soul, he has a need for order and structure, and a passion for detail. Is Steve more likely to be a librarian or a farmer?

This question has a factual answer, but most people get it wrong. Since there are 14 times as many farmers as librarians in Australia, a randomly-selected shy person is much more likely to be a farmer than someone who knows the Dewey Decimal System. Drawing on decades of research about how people form judgements and make decisions, Daniel Kahneman shows how strongly instinct and biases shape our thinking.

We're influenced by how questions are asked, the environment we're in, whether we've been exerting self-control, and whether we can replace a difficult question with an easy one. Kahneman describes these factors, along with many others, and shows that they are a direct result of how our minds work.

Kahneman won the Nobel Prize for his work in this area, but he has written an enjoyable and accessible book for "critics and gossipers" rather than economists. He hopes that "more accurate gossip" around the office water-cooler will ultimately lead to better decisions. For governments, a better understanding of how people really think can also make efforts to communicate and influence behaviour much more effective.



Summer reading for ‘wonks’

A few books and articles that the Prime Minister’s advisers might be reading ...

- “The Dutch Disease in Australia: Policy options for a three-speed Australia”, W. Max Cordon, *Australian Economic Review*, 45: 290–304
www.onlinelibrary.wiley.com/doi/10.1111/j.1467-8462.2012.00685.x/abstract
- *Gaining from Growth*, Resolution Foundation
www.resolutionfoundation.org/media/media/downloads/Gaining_from_growth_-_The_final_report_of_the_Commission_on_Living_Standards.pdf
- “Industrial Relations Reform: Chasing a pot of gold at the end of the rainbow?”, Jeff Borland, *Australian Economic Review*, 45: 269–289
www.onlinelibrary.wiley.com/doi/10.1111/j.1467-8462.2012.00692.x/abstract
- “Towards a New Financial Language”, Robleh D Ali, Andrew G Haldane and Paul Nahai-Williamson, Bank of England
www.bankofengland.co.uk/publications/Documents/speeches/2012/speech552.pdf
- “Big Med”, Atul Gawande, *The New Yorker*, 13 August 2012
www.newyorker.com/reporting/2012/08/13/120813fa_fact_gawande
- *Madmen, Intellectuals, and Academic Scribblers: The Economic Engine of Political Change*, Edward Lopez and Wayne Leighton, Stanford University Press
- “How Stereotypes can Drive Women to Quit Science”, Shankar Vedantam, *All Things Considered*, *National Public Radio*, 12 July 2012
www.npr.org/2012/07/12/156664337/stereotype-threat-why-women-quit-science-jobs

Independent, rigorous, practical

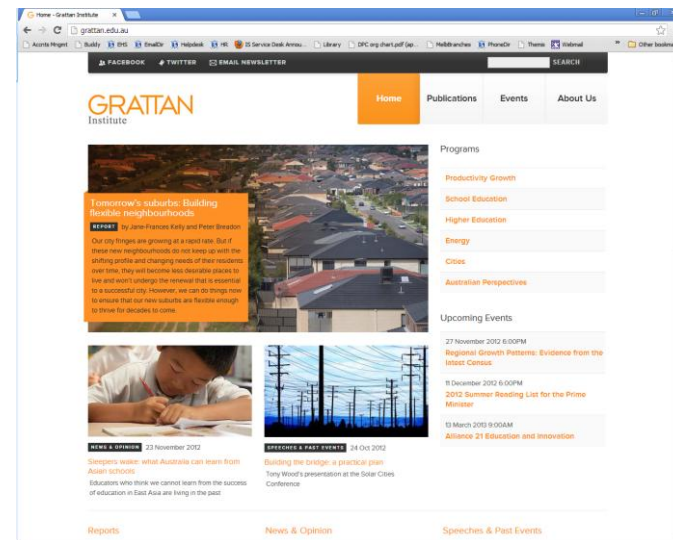
Grattan Institute is an independent think tank dedicated to developing high quality public policy for Australia's future. It was formed in 2008 in response to a widespread view in government and business that Australia needed a non-partisan think tank providing independent, rigorous and practical solutions to some of the country's most pressing problems.

These three words are vital to Grattan's mission. We are independent, taking the perspective of the Australian public interest rather than any interest group. We avoid commissioned work to ensure this independence.

We are rigorous in obtaining the best available evidence from our own data analysis and from published work. And we are practical in articulating what governments should do to improve the lives of all Australians.

Grattan runs six policy programs: Cities, Energy, Health, Higher Education, School Education, and Productivity Growth. We chose them because we believe they are vital to shaping Australia's direction as a liberal democracy in a global economy.

We also believe they are areas where fact-based analysis and lively debate can change the minds of policy makers and the public, and where key issues are not being resolved. All our reports and most of our events are free and can be viewed online.



www.grattan.edu.au