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The Sydney Papers

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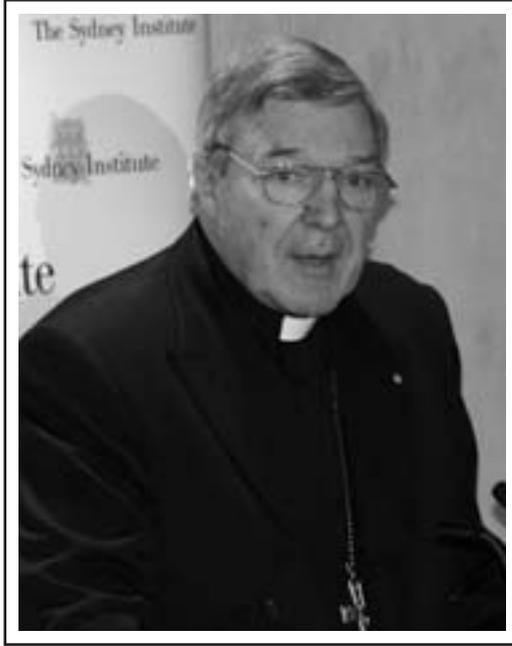


Photo – David Karonidis

Cardinal George Pell

As Cardinal George Pell, Catholic Archbishop of Sydney, sees it, many of the great questions of our day once again revolve around religion. The secular era of the past two centuries is ending in incomprehension and denial, overwhelmed by the cultural uncertainty and political conflict that have dominated the first years of the new millennium. To elaborate on all this, in the wake of the publication of his book *God and Caesar – Selected Essays on Religion, Politics and Society* (Connor Court Publishing & Catholic University of America Press, 2007), George Pell addressed The Sydney Institute on Monday 29 October 2007.

PROSPECTS FOR PEACE

AND RUMOURS OF WAR: RELIGION AND DEMOCRACY IN THE YEARS AHEAD

CARDINAL GEORGE PELL

Even its most ardent opponents now concede, grudgingly, that religion is not about to wither away anytime soon. One hundred and perhaps 200 years ago, there were hopes that this might come to pass, at least among the educated in the West. These hopes have died hard and for some it seems the disappointment is bitter indeed. Authors such as Richard Dawkins and Christopher Hitchens, among others, are very angry about it; like Jonah in the Old Testament, “angry enough to die”. Jonah was angry because God relented and chose not to smite Nineveh (Jon. 4:1-11). Atheist anger is a condition of its own, and several explanations have been mooted. Our atheist friends evince any number of reasons to be angry with religion, and particularly with Christianity, but there is a disproportion to it all which makes one wary. Why be angry at an absence? It leads me to wonder if some atheists are angry with God precisely because – by their lights – he does not exist. It is, after all, not unheard of for children to grow up angry at a father who is remote, absent, or unknown. And the alternatives are Creative Intelligence – that is, God – or blind chance. It would be infuriating to concede that Christ, the Buddha, Aristotle, Michelangelo, Shakespeare, Newton, Beethoven and Einstein are pointless froth in a heartless universe.

Whatever of this, religion is here to stay, and in Western democracies such as Australia. I say this not to indulge in triumphalism, but simply to state a fact about real life as it is lived around us. Triumphalism is not in keeping with Christianity, and in some places in Western Europe there is very little reason for the Christian churches to be triumphalist. The situation continues to be hopeful for Christianity in Australia, despite recent census figures showing that the percentage of Christians has fallen from 68 per cent in 2001 to under 64 per cent in 2006. The percentage of people claiming no religion rose from 16 per cent to 19 per cent, perhaps

in part because those identifying themselves as Jedi knights in the 2001 census have lapsed into unbelief. Catholics remain the largest religious minority in the country, with our overall numbers increasing to 5.1 million people, but slipping slightly as a percentage of the total population from 27 per cent to 26 per cent.

And next July, of course, Sydney will host World Youth, which will generate the largest movement of people within the country (50,000 young people will travel from Melbourne to Sydney in the week before World Youth Day); the largest number of overseas visitors to the country (at this stage, nine months out, registrations of overseas pilgrims stand at 140,000); and the largest gathering in Australian history, with 500,000 people expected to attend the final Mass with Pope Benedict XVI at Randwick racecourse. There's also a useful statistic for those who think that young Australians are not interested in religion. Based on the registrations of Australian pilgrims, and again with nine months to go before the Holy Father arrives, we are looking at a forecast participation rate among young Australian Catholics almost three-and-half times higher than the participation rates of locals at the two previous World Youth Days in Germany and Canada. Australia has never seen anything quite like it.

Religion is not only refusing to disappear in modern Australia. There is also some danger of revival and new growth. What does this mean for our ideas of secular democracy? I do not think this is a problem for most Australians. As I have observed elsewhere, recently, although Australian life has been marred by sectarianism in the past, Catholics here never suffered the centuries of persecution that befell Catholics in Britain and Ireland, and nor have they been victims of the mob-violence and church-burning that anti-Catholicism occasionally produced in the United States. The idea that religion is irrational and must be excluded from public affairs is not a native Australian plant.

In Australia, democracy is not spelt with a capital D. It is not treated as a high system of belief or a source of transcendent meaning. While it may be a cause for regret among those who take politics too seriously, Australians value democracy primarily because it works, although they are deadly serious about the right of each adult to vote for who will or will not govern them, and about the right of everyone to have his or her say. It is not a perfect combination and it has some serious flaws, but it has nevertheless played a significant part in the success of the Australian experiment. The Australian idea of life in common is often generous and always capacious. A bit more religion here and there is something most will easily take in their stride, and probably nearly as many would be uneasy if religious voices were completely silent.

It would be regrettable if American or European frames of reference were imposed on the very different situation of religious life

and public culture here in Australia. The Greens, some Democrats and largely silent minority elements in both major parties, as well as a bigger percentage in the media, would like to exclude religious considerations from public discussion, but this overlooks the fact that Australians, often unlike Europeans and Americans, are also pragmatic rather than ideological about the relationship between religion and democracy. So while the separation of church and state is accepted as one of the foundations of Australian life, and strongly supported by me and by most Australian Catholics too, government funding for religious services in areas such as education, welfare, health and aged care is also accepted, whether they be Christian, Jewish, or Muslim facilities. There is no official religion, no compulsion on belief, and governments and courts are loathe to interfere in religious communities.

The separation of church and state is sometimes invoked as a principle when politicians or others disagree with what church leaders or agencies have said on social justice, government policy, or moral issues, but when they agree with church statements this principle is not mentioned. The most lurid objections are often made by political yahoos seeking publicity, evidence perhaps of anti-clericalism, but probably not evidence of sustained, thought-out opposition to religion. Even groups hostile to Christianity are happy enough to accept public interventions which seem to support their ideas of right and wrong.

Some of those who are not particularly religious also think it is important to have a critical mass of active religious believers in the community. In part this reflects an acceptance of the so-called social usefulness of religion, particularly in caring for the poor and in picking up the pieces of social and personal dysfunction. But more deeply than this, I also think many Australians appreciate that having a goodly number of active believers is essential to ensure that the values of a fair go and respect for others are promoted and passed on to the next generation. Values don't create and renew themselves, and it is a serious mistake to assume that people will always give to the poor and be concerned about social justice for the bottom five, ten or fifteen per cent. Many great civilisations have shown no regard for these values at all and have even considered them weaknesses, and there are occasional worrying indications of a return to this pagan mindset in parts of Western culture. We might not talk openly about the domination of the strong over the weak as part of the natural order of things, but some of the talk about "winners" and "losers" that can be heard from time to time is certainly reminiscent of it. Many people are worried that our egalitarian ethos is being eroded by the scramble to succeed. Christianity helps to renew and pass on to young people the sort of values that are essential for a decent, prosperous and stable

society, and most Australians expect the churches to do this, even if they never darken its doors.

The contribution of religion to the renewal of social capital in a democracy is part of its day-to-day work. In more extreme political circumstances there is another contribution that believers make, and which sometimes only believers dare to make in the political realm, and that is in defending freedom and human rights against brute force. This is not a new insight. I remember Jonathan Glover saying something along these lines at Oxford in the 1980s and he has explored it further in his book *Humanity: A Moral History of the Twentieth Century* (1999). But it bears repeating and the writer Ian Buruma has recently done this while reflecting on the role Buddhist monks and nuns have played in leading opposition to the military regime in Burma.

Buruma points to the role of the church in the “People Power” movement which felled Marcos in the Philippines, the crucial part played by Pope John Paul II and the Solidarity movement in Poland in bringing down the Iron Curtain, and the role of Christian belief in sustaining political dissent in China. Buruma makes his own unbelief clear and acknowledges the evil that can be done in the name of religion. But he also understands the power that belief in an order beyond politics can give to people.

There is no doubt that secular beliefs in freedom or human rights can also provide this power, as they did for the students in Tiananmen Square in 1989, but only when they are held with the depth and strength of conviction that we would usually describe as religious. Buruma argues that “faith has an especially important role to play in politics” when confronting oppression and dictatorship. “Liberals,” he says “are most needed when compromises have to be made, but not nearly as useful when faced with brute force.” What is needed then are people, “driven by their beliefs to take risks that most of us would regard as foolhardy”. Buruma does not wish to be ruled by believers, but thinks it is good to have them around “when they are needed”.

Perhaps not many would admit it as frankly as Ian Buruma and Jonathan Glover have done, but I suspect many Australians think the same way, including probably many in our otherwise secular political and cultural elites. It is not mind control or an incapacity to think of dangers that enables religious believers to make extraordinary sacrifices for their beliefs. On the contrary. True individuality is produced and sustained within the mesh of social relations. In the West, the two institutions that have been most fruitful in producing a hardy and resilient individuality are Christianity and the family. It is for this reason, as Kenneth Minogue once remarked, that the great totalitarian projects of the last century paid so much attention to their destruction. Both seriously impede the creation of the sort of

atomised society conducive to totalitarianism by uniting individuals with one another and giving them the courage and hope to defend a genuine idea of the common good. This is the sort of communitarian individualism that democracy needs, not that of isolated fragments in an atomised environment.

We should place all this in a bigger picture. The key public task facing all Christians today is to make the case for Western civilisation and to replenish the sources from which it takes life and strength. In the midst of unprecedented prosperity and opportunity we have more and more evidence of the instability of our families, diminishing trust and safety within our communities, and growing fears about the future. One of the most important indicators of trust in the goodness of life and confidence in the future is the willingness to have children, and the fertility rates of every Western country are below replacement level, in some cases catastrophically so. Christianity's role in democracy, and in particular Catholicism's role in Australia, is to help turn this situation around. We do this through our works of service, but also through our contributions to debate on a range of issues crucial to the well-being of society — faith and religious freedom, life and biotechnology, marriage and family, social justice and social capital.

We focus on these issues to maintain and improve a decent society. Let me give an example. In September, I was cleared of a charge of contempt of the New South Wales parliament. The charge was ridiculous and my exoneration no surprise. It arose out of remarks I made about the cloning legislation. Legislating for the destruction of human life contravenes important fundamental principles. These principles come from both the natural law known through human reason alone and Christian teaching. They hold that human life should be accorded the full protection of the law without regard to race, ethnicity, sex, religion, age, condition of dependency or stage of development. There is nothing undemocratic in this principle. In fact, in the normal course of things it should be at the heart of democratic life and politics.

Setting this principle out is a rational contribution to public debate, not an imposition of some supernatural dogma on the general community, and respect for human life is shared by people from every section of the Australian population, not just the Christian majority. In asking all politicians who respect human life to vote against this legislation, the NSW bishops were not calling for the "enforcement" of Catholic beliefs, but reminding legislators to fulfil the demands of justice and the common good that follow from the inherent and equal dignity of every member of the human family. This is exactly the basis on which the church also calls on legislators to protect the poor or to oppose racial discrimination. Christians in Australia have

long played an important part in ensuring that fundamental human rights are respected and will strive to continue this important work. My contribution to the public discussion on human cloning was made in this spirit and tradition. It is strange that the church's defence of a principle which should be one of the foundations of democracy was seen by some as an attack on democracy.

There are other fault-lines that can be identified which, like cloning and biotechnology generally, are likely to give rise to tension between religion and secularist democracy in the years ahead.

A large battle is likely to open up over human rights and anti-discrimination legislation. Last week, English papers carried reports that a couple with an unblemished record as foster parents to 28 vulnerable children have been forced to give up this work. As committed nonconformist Christians they were unable to teach the children they are fostering that homosexual relationships are just as acceptable as heterosexual marriages. This requirement was imposed under the Sexual Orientation Regulations, the same laws which forced Catholic agencies out of adoption services earlier this year. The British government refused to grant church agencies an exemption from the laws, even though it meant that the country would lose one of its most successful adoption services.

In Australia, the concept of exemptions to anti-discrimination laws to allow church agencies to go about their work in a manner consistent with their beliefs continues to survive. But it was subject to sustained attack during the debate in the United Kingdom over the Sexual Orientation Regulations. These laws prohibit any discrimination against homosexuals by anyone providing "goods, facilities and services". This makes them practically all-encompassing, with exceptions only for a small number of narrowly defined religious activities, primarily services held in churches. Church adoption services were therefore confronted with the prospect of being forced to place children with homosexual couples, contrary to their beliefs.

When the Catholic bishops petitioned the government for an exemption for church agencies a member of the Scottish parliament said it would make "a mockery" of society's decision "to end discrimination" if exemptions were granted "to those groups most likely to discriminate". The English philosopher AC Grayling said the Catholic bishops' request posed "the threat of a possible return to the dark ages. We are trying to keep a pluralistic society, and elements in the Christian church and other religions are trying to destroy it". The American academic lawyer Ronald Dworkin said the laws were "necessary to prevent injustice", and argued that respect for religious freedom does not mean accommodating any "preference" designated as religious. Even though supportive of an exemption for church agencies on adoptions, Dworkin claimed that, as a matter of

general principle, allowances should be made only for the “central convictions” of religious believers, and must not extend to the state allegedly taking the side of religion on questions such as abortion or same-sex marriage, by restricting or prohibiting them.

At the heart of this attack on the concept of exemptions for faith-based agencies lies a false analogy drawn between alleged discrimination against homosexuals and racial discrimination, and this is already beginning to appear in Australia. This analogy allows opponents of exemptions to dismiss the objection that the law makes exceptions all the time — for example, for halal abattoirs, or for Sikhs to wear turbans, or for pacifists to avoid military service — by pointing to the legitimate absence of exceptions in laws against racial discrimination. Opposition to same-sex marriage is therefore likened to support for laws against inter-racial marriage (which continued in some US states until the 1960s), and opposition to homosexual adoptions is likened to refusing to adopt children to black parents.

The analogy is false because allowing blacks and whites to marry did not require changing the whole concept of marriage; and allowing black parents to adopt white children, or vice versa, did not require changing the whole concept of family, or for that matter, the whole concept of childhood. Same-sex marriage and adoption changes the meaning of marriage, family, parenting and childhood for everyone, not just for homosexual couples. And whatever issues of basic justice remain to be addressed, I am not sure that it is at all true to say that homosexuals today suffer the same sort of legal and civil disadvantages which blacks in the United States and elsewhere suffered 40 years ago, and to some extent still suffer.

All the same, the race analogy has been very effective in casting the churches as persecutors. So, in the United Kingdom, and also in Massachusetts where a similar issue arose in 2006, warnings that the Catholic Church would be forced to close its adoption services if exemptions were not granted were described as blackmail.

Then there is the question of human rights legislation and the adverse effects it can have on religious believers. In the United Kingdom in 2005, Mrs Veronica Connolly, a pro-life campaigner, sent photos of aborted babies to three pharmacies in an attempt to dissuade them from stocking the morning after pill. The pharmacies complained to the police and Mrs Connolly was charged under the Malicious Communications Act for posting material to people which was “in whole or in part, of an indecent or grossly offensive nature”. She was duly convicted and fined, and she appealed to the High Court of Justice. In her appeal Mrs Connolly claimed that the Human Rights Act required the English law against malicious postal communications to be applied in a way consistent with her rights to freedom of

expression and freedom of thought, conscience and religion under the European Convention on Human Rights.

In January 2007 the court dismissed this argument, ruling that freedom of thought, conscience and religion is a right which of its nature is likely to cause offence to others and so must be narrowly construed. The limitations for protecting the rights of others placed on this right, and in this case also on the right to freedom of expression, were given an expansive reading, so that the “distress and anxiety” caused to those who saw the photos sent by Mrs Connolly was found to be a violation of their rights. For this reason, the court concluded, “the conviction of Mrs Connolly on the facts of this case was necessary in a democratic society”. The House of Lords has since declined to grant her leave to appeal against this decision.

English precedents remain powerful in a cultural and legal sense, especially throughout the Anglophone world, but the religious situation in Australia is somewhat closer to that of the United States rather than post-Christian Britain. Both our Prime Minister and his challenger are serious Christians. Neither the British Prime Minister nor his alternative are in this mould, and the Catholic community here is larger and with a much longer and stronger tradition of contributions to public political life than in Britain, whose history and traditions are still residually anti-Catholic.

All the same, this case shows what can happen when bills of rights are interpreted from the premises of a minority secularist mindset, especially when it is sharpened, as in Europe, by fear of home-grown Islam. Reading freedom of religion as a limited right to be offensive to which only a limited toleration is extended is not acceptable in a democracy where many more than a majority belong to the great religious traditions — even more so when it is claimed that this is “necessary for democracy”. Democracy does not need to be secular. The secularist reading of religious freedom places Christians (at least) in the position of a barely tolerated minority (even when they are the majority) whose rights must always yield to the secular agenda, although I don’t think other religious minorities will be treated the same way. Proponents of a bill of rights in Australia regularly point to the UK Human Rights Act as a model that we should adopt. *Connolly v DPP* shows how little protection religious people can expect from anything like the UK Human Rights Act if it were to be implemented in Australia, even for minor and maladroit forms of religious expression and political activity such as Mrs Connolly’s.

Another fault-line concerns Islam and democracy, or more precisely, the presence of growing Muslim minorities in Western countries. In discussing Islam in the West it is absolutely crucial to distinguish the activity and agenda of the small violent Islamist minority from the aspirations and ambitions of ordinary Muslim

citizens around the world, many of whom bear the brunt of Islamist intimidation in their own communities. One of the obvious tasks for the majority non-Muslim population in Australia is to establish and deepen friendship with the different Muslim communities now around us and to make them feel more at home, especially their young people. We have to acknowledge too that the ideological struggle against Islamist violence in the Muslim community is one in which most of the heavy lifting has to be done by Muslims opposed to extremism, but we should be prepared to help them in this task in ways which are effective and which build trust and openness instead of fear and ghettoisation. The prospects of success for this in Australia are good, provided they are not derailed by a series of disasters overseas.

Leadership is crucial here, and one advantage we have in Australia is good relations between the leaders of the Christian churches and those of the different Muslim communities. Internationally, the recent letter sent to Pope Benedict XVI and other Christian leaders by 138 leading Muslim scholars from around the world is a helpful initiative. This letter is one of the most authoritative statements we have seen from Muslim leaders supporting dialogue and friendship between Christians and Muslims, based on a shared belief in God as the God of love, and in the commandment to love our neighbour as we love ourselves.

Outsiders and insiders have every right to ask spokespersons of the great religious traditions, perhaps the monotheist traditions in particular, how they understand and explain the teachings of their sacred writings on violence and coexistence, and how they explain, condone, or condemn what are, or appear to be, religious wars. This letter is an important contribution to this discussion.

Of particular interest to me is the idea of human nature which the Muslim scholars present in their letter, and the interpretation of the Koran they use for this. The letter argues that the “the three main faculties” of human nature are “the mind or the intelligence, which is made for comprehending the truth; the will which is made for freedom of choice, and sentiment which is made for loving the good and the beautiful”. Christianity teaches that human beings are a unity of reason, freedom and love, and while the emphasis on “intelligence”, “will” and “sentiment”, in the Muslim scholars’ letter, should not automatically be assumed to be the simple equivalent of this teaching, it certainly opens up new and positive questions to explore. It also raises the intriguing possibility of Christians, Muslims and Jews co-operating to help secular society address its radically diminished ideas of the human person, and the fragmented and incoherent ideas it has about the meaning and value of reason, freedom and love.

Many complexities and problems remain, of course, but the leadership given by the 138 scholars who have issued this letter is to be

welcomed and applauded. Serious scholarly replies from the leadership of the Christian churches are required.

The great religious traditions differ considerably one from the other and there are huge differences within traditions: for example, between Quakers and the medieval Catholic orders of military knights. These differences bring sociological consequences for democratic life and an unanswered question is the compatibility of religiously motivated Islamic majorities with the democratic process. What other alternatives are there beyond the secularising policies followed by Ataturk in Turkey after the First World War and the collapse of the Ottoman Empire? Time will tell, but the experience in Indonesia provides considerable reassurance, even for Christians, as does Pakistan's post World War Two history, although the situation there for Christians is difficult and confined.

The story of religions in the Western world will continue to be interesting, and probably surprising, for the foreseeable future. The future of an explicit secularism is more problematic even than the future of regular religious practice. Professor Alistair McGrath from Oxford University believes post-modernism will damage atheism more than it damages Christianity. I believe this is correct as the numbers in humanist societies have dropped radically. Therefore, challenges to Christianity are more likely to come at a popular level from a variety of superstitions, from muddled agnosticism, and for the more sophisticated, from some forms of pantheism, of semi-religious and personally undemanding environmentalism. Free democratic societies provide an appropriate setting for these systems of meaning to offer their different solutions to those who are searching or dissatisfied.

The prospects for continuing religious peace continue to be good in Australia, while vigorous debate will continue on the best ways to repair our diminishing social capital (which still remains high in comparison with many other societies), and to wrestle with the escalating possibilities from biotechnology. A succession of big terrorist attacks would also change the religious scene dramatically and provoke ferocious retaliation, especially from the United States. We can only hope that policies of continued vigilance and strength will deter the violent fanatics, and that the battle for public opinion in Islamic societies (and our own) will be won by the peace makers.

NOTES FROM NEW YORK

KATE JENNINGS

Kate Jennings, a poet, essayist, and novelist, grew up in the Australian Outback. She attended Sydney University in the late 1960s, where she gained notoriety as a feminist activist. She moved to New York City in 1979. Her novel *Snake* was a *New York Times* Notable Book of the Year, as was *Moral Hazard*, which was based on her experiences as a Wall Street speech writer. Her work was in contention for the Booker, IMPAC, and *Los Angeles Times* literary prizes. In her native country, she has won the prestigious Christina Stead and Adelaide Festival prizes and was honored with the Australian Literary Society's gold medal.

DATE:

**Tuesday
17 June
2008**

TIME:

**6:00pm
(arrive at
5:30pm)**

VENUE:

**Corrs
Chambers
Westgarth
Level 32
Governor
Phillip
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1 Farrer
Place
Sydney**

RSVP:

(02) 9252 3366





Peter Keel



Norman Lucas

Photo – David Karonidis

Just like individuals, most businesses – especially high profile corporations – don't welcome publicity unless it is positive, such as news about soaring profits or a rising share price. With their book, *Reputation Matters* (CCH), Sydney Clayton Utz partners Peter Keel and Norman Lucas have produced an essential tool to help avoid the key legal risks in corporate communications. Peter Keel and Norman Lucas addressed The Sydney Institute on Wednesday 7 November to explain why reputation needs management.

MANAGING REPUTATION

– AN INDUSTRY

PETER KEEL

Reputation management has become an industry. Recent coverage of the Visy cartel issue, and the involvement of Richard Pratt make the point. Business journalist Michael Pascoe has written that the letter to customers by Richard Pratt and Visy and the Visy defence "come at the price of any hope of repairing reputational damage, but maybe it's too late for that anyway... reputation has gone the way of scheming lawyers and spin doctors.."

Lawyers can euphemise all they like, but Pascoe makes a good point. Reputation is precious, and people and corporations are investing like never before to protect it. So why particularly now? That is worth exploring.

There are two very serious reasons. First, research by Dr Denis Muller from Melbourne University shows that many people do not trust, or believe journalists. And Dr Muller is not alone – recent Morgan polling shows similar results. Second, there has been a general erosion of remedies available to those who have suffered at the hands of a damaging headline, and concerns have been expressed about the accountability of the press.

It is in that environment that the "industry" has evolved. I want to talk about these issues for a few minutes, and Norman will have a look at the possible consequences, particularly in light of the current debate over privacy.

In August 2005 there was a *Media Report* program on Radio National which looked at the results of Dr Muller's research. Dr Muller interviewed members of the public and journalists. What was interesting was the disconnect between what was thought acceptable behaviour by the public and what was thought acceptable by journalists.

One of the questions was whether or not it was alright to take a picture of someone in their backyard – from outside – without that person's knowledge or consent. What do you think? Less than one out of ten people thought it was all right. Six out of ten journalists would have taken the photo.

Is it all right for a journalist to interview a person for a story without saying they are a journalist? Paraphrasing perhaps – is it all right to lie? What do you think about that? Nearly nine people in ten (87 per cent) thought was never all right. Thirty-eight per cent of journalists agreed – or, putting it perhaps extremely, more than six out of ten journalists thought it was okay to lie, or at least sometimes.

I don't know if any of you have kids. I have an eight year old. And I think that it is important that she gets the message – you don't lie. Is that naïve? Of course there are shades of grey, but there were many examples of this sort of disparity of view. But what we are talking about here is research of the general public. What the man in the street thinks.

Finally, more than seven out of ten members of the general public thought that journalists write stories that they think will be best for sales and ratings, even if it means exaggerating the truth. Leaving aside toe sucking princesses and drug addled celebrities, can one imagine an occasion where an exaggerated story, or an invasive photograph may be appropriate?

What justifies the departure from the truth? We live in a society which holds a presumption of innocence to be important – you are innocent until proven guilty – and a society where most people frown upon trial by media, trial by schlock jock. What I ask you to take from what I have just said is that a significant segment of the general population disapproves tactics sometimes adopted by the press. Most are at least wary.

It is not surprising that people with those views are concerned to do whatever they can to protect their reputations. That brings us to the second proposition I have put as to why there has been the growth of a reputation management industry – the erosion or unavailability of remedies.

What can be done if the press get the story wrong? There is a tension here. Let us not confuse freedom of speech with freedom of the press. Freedom of speech is something we all enjoy. All of us have the right to express our view. As individuals within a democratic society we enjoy that right. It is not the same as freedom of the press – the right to report freely and express opinion.

Of course we need a free, independent and courageous press. Yet 59 per cent of journalists – according to Dr Muller – think that they generally are not independent of rich and powerful forces. In other words – six out of ten journalists think that they are not free and independent.

Sometimes, without even thinking what it means, we champion freedom of the press and the public's right to know, but on the other hand we most of us would agree as to the importance of reputation and press accountability if it gets the story or the facts wrong.

In the research I spoke of earlier nearly eight out of ten journalists thought that someone whose reputation was damaged was entitled to both an apology and compensation if the journalist acted without proper care. So most journalists agree that when the media get it wrong, the error should be fixed. So plainly freedom of the press does not equate to immunity from suit.

Most journalists agree that freedom of the press does not mean you can't be sued or held accountable. What is accountable? Remember in the late 1980s Elton John sued the *Sun* which had said that he'd approached a rent boy for sex. It was a fabrication. He was awarded £1 million which he gave to charity. That's accountability!

How is the press held accountable here? What can be done if I am the subject of a story that trashes my reputation? What would Kate McCann do here if there were a headline: "Mother fakes tears over child's disappearance!"

There are a few avenues open to an individual. Not so many for a corporation. First let's look at what the law offers. There have been recent changes to the law of defamation. Companies can no longer sue for defamation. Why? Well, not because companies don't have reputations that can be injured. They plainly do. But there are a number of other reasons. There was a perception that corporations would use the courts to stifle adverse comment. McDonalds is often given as the example.

You will remember that McDonalds sued two London protesters who distributed pamphlets accusing McDonalds of exploiting its workers, and selling unhealthy food – amongst other things. Since the court found that some of the allegations against McDonalds were not true, McDonalds won. But, the court still found that McDonalds engaged in some of the practices alleged by the protesters. The trial ran for years and is said to have cost McDonalds £10,000,000. And there is now an anti McDonalds website that takes one million hits a month. Did McDonalds sue to stop the protests? I can't say. But even if it did, taking away the right to sue from other corporations whose reputation has been sullied seems pretty extreme.

I am not saying let corporations use their size to stifle free speech. But I am saying that there may well be better ways to prevent that sort of abuse. Another reason given for taking away the right to sue was that companies are big enough to look after themselves.

How? Issue a press release? How can they guarantee it will be published? Certainly not by the arm of the media that defamed them. Put something on a web site? Fine – but that is no guarantee that it will get to the same readership. Very few – if any – corporations have the ability to get a message out to a readership or audience as effectively as the major media players – either quickly, or at all. And certainly not cheaply.

What about an individual? Individuals can sue for defamation. It is an expensive process. And a long one. If you complain about a story or TV program, media outlets have 28 days to consider that complaint and to publish an apology. The rationale for that is that a reasonable apology given promptly can mitigate the damage and prevent litigation. That is certainly true.

What constitutes a reasonable apology is yet to be tested in the courts, but someone whose reputation has been tarnished may well have to wait 28 days before taking the step of commencing proceedings, while the publisher considers its position. And if you do sue, and you win, at best you will recover \$250,000. Damages are capped at \$250,000. And even if you succeed the Court has no power to order that an apology be given.

Finally the defence of truth has changed. Now you can publish anything, provided it is true. It used to be that in NSW at least this was tempered by the requirement that what was published was in the public interest. Let me give you an example.

There was a case that published fairly salacious details about the sex life of a high profile cricketer. It was published in *Truth* in Melbourne. Unsurprisingly. In Victoria it was enough that what was published was true. *A Current Affair* wanted to publish the same story in NSW. The sportsman got wind of it and asked the court to prevent the publication of the story in NSW. The court agreed and ordered *ACA* not to broadcast the material. It said that it was not in the public interest that the sportsman's private life be published on *ACA*. The sportsman did not hold himself out to be a saint. But his sex life was a private matter. The sportsman would not succeed in stopping the story now. The story was true – and that is enough.

So that is where the law is. What about other government bodies and complaints procedures? The Australian Press Council is the self regulatory body of the print media. It is funded by the newspaper and magazine industries. It has no enforcement or punitive powers. If you complain to the Council, you are required to waive your legal rights.

Many journalists are members of the Australian Journalists' Association. It has disciplinary powers for use against journalists who breach its Code of Ethics. Various sectors of the broadcasting industry – for example free to air radio and TV – have developed their own codes of practice. None of these bodies can compel an apology, or the payment of compensation.

So, where does this leave us if defamed, or if our reputation is damaged in the media? Unless you are a corporation you can sue – provided what has been said is not true, and you are not given a reasonable apology within 28 days of making a complaint. You can complain to regulatory bodies, but that will not get you an apology, or compensation. That is what I mean by an erosion of remedies.

Where does that bring us? Dr Muller writes: "If journalists do not believe themselves to be independent – and if this perception is shared by the public they serve – media credibility is at a dangerously low ebb."

We have tried to explain why we think that the reputation management industry has evolved. Look at the environment. People do not trust or believe the media, believe the media lie, disapprove of some media tactics. A significant number of members of the media believe it is okay to lie. There is diminishing accountability – from the law, and from the regulatory regimes that are in place. It is not a great leap to assume that people are concerned to look after their reputations as far as they are able.

What else can organisations and individuals do? If reputation is at risk, prevention is better than cure. So that is why we think that this industry has evolved. We think that there will be another consequence as well.

THE “PUBLIC’S RIGHT

TO KNOW” VERSUS PRIVACY

NORMAN LUCAS

AFL star Ben Cousins is flying to LA for drug rehabilitation. Kevin Rudd has had problems with his heart. And Shane Warne has sent another text message. These matters have all been reported by the media. Do most of us find them of interest? Probably. Are they, however, truly matters of public interest? Should the media be able to publish stories about such matters or are some matters intrinsically private?

It's an important question, because media reporting about such matters can affect the reputation of those at the centre of the reports. Tonight I will briefly talk about whether or not an individual might be able to protect his or her reputation by asserting a right to privacy. Currently there is no right to privacy in Australia. The Constitution gives us no such right. Nor is there any legislation giving Australians a general right to privacy. At best, we have some courts suggesting that a right to privacy might now be appropriate. However, despite what this handful of judges has said, few lawyers would say with any conviction that there definitely exists a right to privacy. We believe that this situation will change in Australia in the next few years. I'll explain why shortly. However, before I do, the debate about a right to privacy tends to centre on two fundamental questions. Should we have a right to privacy at all? If so, who is responsible for introducing it – parliament or judges?

So, first, should we have a right to privacy at all? The answer to that question depends on who you ask. Most in the media would say no. Or if it were to exist, that the right should be strictly confined. In fairness, some in the media are prepared to address the issue with a degree of objectivity. For others in the media the fight is not over. A privacy right has, for example, been described as: "A crazy plan aimed at encouraging people to sue each other." Of course, one of the ironies of the debate about a right to privacy is that it can be difficult for those who support such a right, or at least believe it should be debated, to get their message across. To do so, one needs the media to publish or broadcast the message. Media self-interest can prevent that from

occurring. Much of the resistance to a right to privacy involves hiding behind concepts like "freedom of the press", "freedom of speech" and "the public's right to know". We all love freedom. So I agree that "freedom of the press" sounds like a democratic right worth fighting for. However, if the lead article in tomorrow's *Herald* was a story about your struggles with depression or gambling then suddenly "freedom of the press" doesn't look so attractive. The point is this – no freedom is absolute. With rights like "freedom of speech" and "freedom of the press" must also come obligations and accountability. Thus it is no answer to the possible development of a right to privacy to say that it is an attack on press freedom.

The second fundamental question is this – if a right to privacy is to develop, should it be through judges or the politicians? A statutory right to privacy requires the government of the day to pass laws that will curb the media. Immediately the politicians are placed in a position of conflict. I suspect many politicians might want a right to privacy as they may benefit from it. It could prevent salacious details about their private lives – unconnected with their public duties – from being the subject of media reporting. However, if the Prime Minister tries to introduce laws curbing the media, he plainly does so at his peril. The Prime Minister and his government will be pilloried by the media they are trying to curb. They would also need to depend on the media to fairly report their proposals for reform. Would that really happen? Thus, whilst legislation would likely produce greater certainty and thus be preferable to judge-made law, in practice politicians may find it easier to leave it to the judges. Against that backdrop, I turn now to the two factors, which, in our view, will hasten the development of a right to privacy.

First, the fact that public interest is no longer part of the defence of truth in a defamation claim. One of the recent changes to defamation law was that the media can now defend a defamation action by showing only that the material they published was substantially true. No longer is it necessary to show that the material is also a matter of public interest. The need for material – even if true – to also be in the public interest provided a constraint on what the media could report. As the media now only needs to establish that what they have published is substantially true, it is an implicit invitation to report on matters that are private. If the media oversteps the mark – and reports purely sensational gossip – we believe the courts will intervene by developing a right to privacy to protect individuals.

Secondly, unprecedented advances in technology will hasten the development of a right to privacy. By "technology" I mean: 1) the surveillance equipment which permits the media to more readily obtain information surreptitiously; and 2) technological advances in how that information is then distributed to readers or viewers.

In particular, the internet. Technology has advanced rapidly in the last ten or so years. Of course eavesdropping equipment and hidden cameras have existed for some time. However, they are now more compact and lightweight than ever. Surveillance equipment which is more compact can be used with greater ease in a variety of situations.

That equipment has also become far more effective and powerful. The smaller "bugs" can nonetheless hear more clearly and from a greater distance. The compact hidden camera today has a better picture quality than ever. So the media have much greater access to technological devices to look into our lives. But perhaps of even greater concern is that now just about every person in the street also has ready access to technology to capture events that they see around them. That information can then either be posted on *YouTube* or sold to a media outlet. The proliferation of camera phones is one example.

There was a time when the only people who carried a camera were photographers (or tourists)! Now, probably just about everybody under the age of 50 carries a mobile telephone which includes a camera. Someone takes a photo on their camera phone of a celebrity behaving badly or doing something embarrassing and it appears on *YouTube* that same day. So, for these reasons, we believe a right to privacy will evolve. However, defining the limits of that right will not be easy.

Any right to privacy developed by the courts will have to grapple with finding the correct balance between, on the one hand, protecting the privacy of the individual and, on the other, allowing appropriate public disclosure. Let's examine that balancing act in the context of the taking of photographs. Two considerations that may be relevant to striking the right balance are: 1) the place in which the photographs have been taken. Namely, is it a public or a private place? 2) the identity or status of the person who has been photographed.

Turning first to the place in which the photographs have been taken. Where would you draw the line in the following examples? If you see Brad Pitt walking down George Street, presumably it is acceptable to take his photograph? After all, it is a public street! But what if Brad Pitt is in George Street being attacked by an assailant with a knife or having a heart attack? Does that photo invade his privacy? What if Brad Pitt is sitting in a coffee shop or hotel foyer just off George Street? Is he out in public? What if he is standing on the balcony of his house and you can see him from the balcony of your house? What if you hide in the bushes by his bedroom window taking the photographs? Which would be an invasion of privacy and which would not? The second issue is the extent to which the status or identity of the person photographed is relevant to whether or not there has been an invasion of privacy. In other words, are public figures to be treated differently?

It is true that one is more likely to find an invasion of privacy where the person is not a public figure. A person who lives an ordinary, private life presumably has a right to be left alone and to go about the private aspects of his or her life without being subjected to unwanted publicity. But we do not think it follows that any person who is a public figure is therefore fair game. This is partly because the generic term "public figure" in fact encompasses a diverse range of individuals.

People become so-called "public figures" in different ways. Consider: Jack Nicholson – the actor; Peter Costello – the politician; and Stuart Diver – the Thredbo landslide survivor. Each is arguably a public figure. However, their fame has arisen in different ways. Jack Nicholson through achievement, Peter Costello by being elected to public office, and, in the case of Stuart Diver, by chance and being thrust into the limelight. Do different kinds of fame warrant different levels of loss of privacy? Might not it be the case that Kevin Rudd's heart condition is relevant to the extent that it may bear upon his fitness for public office? But are the drink driving charges laid against Steve Brack's son a public matter? A political candidate professes to put "family first", but then appears in a compromising photo on a website. He has arguably forfeited his right to personal privacy – by reason of the moral position he very publicly espouses. But does it follow that every politician's private life is fodder for the media? Probably not.

To conclude, within the next few years a general right to privacy will be recognised in this country. That may be as a consequence of parliament enacting legislation – giving a statutory right to privacy. But probably not. The fear of making a courageous decision which upsets the media proprietors is likely to be too great. Instead judges will develop the right to privacy. How quickly that occurs is largely in the hands of the media. Armed with a firm belief in the "public's right to know", compact and powerful surveillance technology and relieved of the obligation to establish that their work is on a matter of public interest, the temptations may prove irresistible to the media.

I don't want to be misunderstood. When the power of the media is focussed on real news, it fulfils an undeniably important function. For example, investigative journalism led to the Fitzgerald Inquiry, which uncovered police corruption in Queensland. However, such reporting is, unfortunately, the exception rather than the rule.

Will the desire for ratings and circulation prove too tempting? Will gossip, voyeurism and other light entertainment triumph over serious journalism (which seeks to bring accountability where it is actually needed)? If so, we suspect the courts will not hesitate to say "the public does not have a right to know everything". There are limits. Privacy must be respected. In other words, reputation matters.



Photo – David Karonidis

Diane Langmore

Diane Langmore is General Editor, *Australian Dictionary of Biography*, and the author of *Prime Ministers' Wives: the Public and Private Lives of Ten Australian Women*, (1992). As the *Australian Dictionary of Biography* prepared to launch its Volume 17 1981-1990, Diane Langmore addressed The Sydney Institute on Tuesday 13 November 2007 to reflect on the contribution to the Australian story of this remarkable ongoing collection. The *ADB*, which is now also available online, offers a unique accumulation of biographies of a wide variety of individuals who have made Australia a nation.

THE AUSTRALIAN

DICTIONARY OF BIOGRAPHY: A NATIONAL ASSET

DIANE LANGMORE

I am grateful for this opportunity to tell you something about the *Australian Dictionary of Biography* as, having worked on it for 25 years, it is a project dear to my heart and one that I hold in high esteem. A recent reviewer described it as “arguably the nation’s most substantial and significant publishing venture, and among the greatest of its kind in the world”. Professor Stephen Garton of the University of Sydney has described it as the: “largest work of collaborative scholarship in the arts or the social sciences in Australia”.

I will begin by giving you a brief history of the project, which is this year half a century old. Next I will describe briefly how a volume of the *ADB* is created and tell you about some of the challenges we confront as our volumes move perilously close to the present. I’ll conclude with a few thoughts about the role of a national dictionary of biography. My brief account of the early history of the *ADB* draws on research undertaken by the historian Gerry Walsh.

At a meeting of historians from throughout Australia, held in Canberra in August 1957, (Sir) Keith Hancock proposed that a national biographical dictionary should be produced. He had just returned from Oxford to take up the chair of history in the Research School of Social Sciences at the Australian National University, Canberra. While in England he had been involved with the *Dictionary of National Biography* — the grandfather of all modern dictionaries of biography. The meeting agreed to his proposal. At that time Professor Laurie Fitzhardinge was already compiling a national biographical register in the History department of the Research School of Social Sciences. It was decided that RSSH would be the home of the new project.

Planning proceeded smoothly—at first: a small staff was appointed, a national committee formed and working parties established in the states. But then the project was almost wrecked by one of the two historians appointed to edit Volume 1: Malcolm Ellis. According to Brian Fletcher, author of the entry on him in Volume

14 of the *ADB*, he “relished and sometimes created controversy” revealing a capacity to be “vituperative and savagely outspoken”. All his venom was unleashed on the project when he found himself at odds with the other leaders over policy and administrative issues. Declaring that he could not work with his co-editor, Manning Clark, Ellis threatened (for about the sixth time) to resign. To keep the peace he was given Volume 1 and Manning Clark Volume 2. But his attacks on the Editorial Board did not diminish and finally, in January 1962, Hancock removed him as editor and member of the Editorial Board. Ellis avenged himself in 1966 by reviewing Volume 1 for the *Bulletin*, under the heading “Disaster in Australian research”.

This vicious episode, much of it played out in the national press, could have wrecked the *ADB* at the start. It was saved by the calibre of the board members, office staff and state working parties, and above all by the appointment of the first general editor, Professor Douglas Pike, who came from the University of Tasmania to head the project. Bede Nairn, who succeeded Pike as general editor, described him in Volume 16 of the *ADB* as “uncomparably the country’s best academic editor”.

Pike edited Volumes 1-5 of the *Dictionary* before his untimely death in 1974; Bede Nairn edited Volume 6, then, with Geoffrey Serle, Volumes 7 to 10; Serle edited Volume 11 and John Ritchie volumes 12 to 16, with me as co-editor of the last. Volumes 1-2 covered those who flourished between 1788 and 1850; Volumes 3-6, 1851-1890; Volumes 7-12, 1891-1939. With Volume 13 we changed the criterion for inclusion from the floruit principle (i.e. when an individual was deemed to have flourished) to date of death. This has brought us into line with most other dictionaries of biography, including the *Oxford Dictionary of National Biography*, successor to the *Dictionary of National Biography* in England. Volumes 13-16 thus covered people who died between 1940 and 1980. Like the *ODNB*, we are now proceeding by decades and we have just completed Volume 17, the first of two for those who died between 1981 and 1990. It will be launched by the Governor of Victoria next Tuesday, 20 November.

Production of a volume of the *ADB* is a complex process involving a host of volunteers as well as the salaried staff at ANU. Working parties in each state, as well as a Commonwealth and an Armed Services working party, draw up lists of subjects. They also nominate authors, choosing an outstanding authority on that individual or area of specialisation. The General Editor then invites the authors (about 550 per volume) and advises, encourages, coaxes and cajoles until their articles appear at the *ADB*.

We are often asked: “Who gets into the *ADB*?” The first criterion is that they must be dead. To qualify for a particular volume, they must have died within the period covered by that volume. As you

would expect, many of those included are individuals who have been eminent at that time as leaders in politics, the law, the arts, science and medicine, business and industry, academia, sport etc. But the *ADB* is more than a pantheon of great men and women. As well as the luminaries of Australia's past, we include less well known individuals whose lives and achievements encapsulate aspects of the Australian experience – in Sir Keith Hancock's words, people "widely representative of endeavour and achievement on *every* front of our experience as an emergent nation". Thus, earlier volumes contain, for instance, a representative shearer, a drover, a rabbitier, a barmaid and a circus performer. We include the infamous as well as the famous, especially if their infamy is judged to have had an impact on the warp and woof of Australian history. A recent example is Ronald Ryan, whose hanging generated a significant debate leading to the abolition of capital punishment in Australia. We also have bushrangers, swindlers, forgers and even a self-styled witch.

Every single verifiable fact in every entry is checked by our excellent team of research editors. Because the entries are so densely packed and the style so concise, there might be some hundreds of separate facts to check in a single entry. Research assistants collect source material to enable the editors to do this meticulous checking. We write hundreds of letters to institutions, seeking confirmation of our subjects' affiliations and credentials, as well as obtaining all available birth, death and marriage certificates and service records. For subjects who died at 70 years or younger, we give cause of death, which is checked by a medical practitioner. (I can't resist giving you one of the strangest causes of death in the *ADB*: Sadly, the cricketer Stanley McCabe fell and died in 1968 while trying to throw a dead possum over a cliff!).

Unlike *Who's Who*, we do not simply present a string of facts about the individual's life. All *ADB* articles are essays (of between 500 and 6000 words) that attempt an interpretation and an evaluation of that life. The general editor has the final responsibility for assessing whether the article is an accurate, fair, balanced and comprehensive interpretation of the individual's life and work: Have all facets of the life been covered and given appropriate weighting? Have the gaps and the puzzles of the life been adequately explored and a reasonable conclusion reached? Has the significance of this particular life and career been accurately evaluated in the context of its times? We strive to respect the author's interpretation of the subject, provided it is soundly based on the available evidence. After the authors have approved the edited versions, the articles are sent in print-ready form to Melbourne University Press, which has been our admirable publisher since Volume 1.

A wonderful new dimension to the production of the *ADB* has been our illustrated, searchable website, *ADB Online*, launched by the Governor-General in 2006. It includes all the approximately 12,000 articles published in the volumes of the *ADB*, with portraits added where possible. By providing for both free and structured text searches, it opens up the treasure trove of eight million words to lateral searches that have not been easy to conduct in the print volumes. Users can key in a name, a phrase, a concept or a theme and within seconds obtain a hyperlinked list of all the relevant entries. Thus, for instance, if one keyed in “drought”, one would find 345 relevant entries; tuberculosis yields 266, Davis Cup 18; Australia First Movement 10, Australian Mutual Provident Society 146, and conscription 420. The trailing text that appears with the entry’s name on the list enables readers to assess whether the entry will be useful or not. With the structured search, they can identify cohorts through such variables as dates and places of birth, residence and death, occupations, cultural influences and religious affiliations, as well as various combinations of those factors.

Going on line has made the *ADB* more accessible to scholars, genealogists, school children, journalists and, indeed, to a vast number of the general public. We are just short of 40 million hits in 16 months and averaging 120 000 hits per day. Every day we handle a large email correspondence, some of it simply congratulatory or appreciative but some of it drawing attention to errors, especially in the earlier volumes.

One of the great advantages of the website is that once those mistakes have been investigated and confirmed, the corrections can be made instantly on line, rather than having to wait for the printed corrigenda that accompanies each volume. Unlike the volumes which are, in a sense, frozen in time, the website is a dynamic, growing artefact for which we have further plans.

Another great aspect of *ADB Online* is that it has become part of a global electronic research network linked to other sites. For instance, if you open the article on our first prime minister, Sir Edmund Barton, you can read the entry, go to the bibliography, click on the item Barton papers, go straight to the National Library’s shelf list, select an item and have that letter or diary entry appear on your screen – all without leaving your desk! Similarly if you are reading an *ADB* entry on a serviceman or woman, you can often click on the bibliographical entry for his or her service record and open it up on your screen. (At this stage, not all service records have been digitised by the National Archives of Australia but they will be eventually.) Thanks to our links with *PictureAustralia*, one can go straight from the portrait illustrating our article to the picture gallery containing all the images of that person held by the contributing libraries. This global

network of related sites will become denser and more comprehensive as other institutions increase their digital resources.

As our volumes creep closer and closer to the present, there are new challenges and new dilemmas. One problem that confronts us is the one that I have already alluded to – the deficiencies in the early volumes. This is no reflection on Douglas Pike or anyone else involved in their production. We are fortunate these days to have a highly skilled professional research staff. In Pike's day, he undertook much of the research himself, with the help of one or two research assistants. But it is not only staff resources that have changed. The discipline of Australian history and the availability of sources have burgeoned over the past four decades.

When the *ADB* began, Australian history was a discipline in its infancy and, in fact, the *ADB* was at the forefront – identifying the major actors, uncovering sources about them and documenting their lives. More than one full-scale biography has started out as an *ADB* article. It was pioneering work. Not surprisingly, mistakes were made from time to time. Corrigenda are published with each volume as new information comes to light. Let me digress for a moment to tell you of the most famous corrigendum: It is for an entry on James ATKINSON, settler and author, in Volume 1. The article says: "His first child Charlotte Elizabeth died in infancy." The corrigendum reads: "His first child Charlotte Elizabeth lived to a ripe old age at Orange."

We don't usually get it as wrong as that but some mistakes are inevitable. Even more significant than small factual errors is the recognition that, as the discipline has become increasingly sophisticated, earlier interpretations sometimes now appear inadequate, or even incorrect. It is tempting to envisage totally redoing the earlier volumes in the light of contemporary scholarship, as the *Oxford DNB* has just done. However, resources being scarce, we have decided for now to push on with Volumes 18-20 to complete the twentieth century.

Another of the most daunting challenges of the present moment is that of perspective. As we are pressing closer to the present, we sometimes feel that not enough time has elapsed to assess the life and work of the subject. Reputations can wax and wane, especially in fields such as the arts, science and scholarship. The shape of the life only becomes truly visible in retrospect. Historians like to have 20/20 hindsight when making assessments.

Related to this is the problem of access to recent sources. We manage reasonably well to work with the 30-year archival rule as individuals tend to make their most significant contributions some years before their deaths. But we are increasingly frustrated when seeking access to personal collections of papers that we find have

been embargoed for a stipulated period. Even more concerning for us is a move by Australian registrars-general to refuse access to birth, death and marriage certificates because of privacy considerations. Accurate and comprehensive birth, death and marriage information is the cornerstone of our *ADB* articles and we will be paralysed if we are denied access. We are not happy to compromise with any less authoritative source, knowing that our pre-eminent reputation depends in large part on the high level of accuracy that we provide.

Another very real problem is that as we come closer to the present, more spouses and children of our subjects are still alive. We have experienced only a few attempts by families to control the information provided in entries but, even when families don't intervene, one is still mindful that it might be someone's close relation who is being dispassionately dissected in an *ADB* entry. The family can be embarrassed, hurt or even shocked by what might be revealed in the article. Mores have changed but there is still a need for sensitivity. Sometimes our detailed scrutiny of birth certificates reveals a hitherto unacknowledged illegitimacy, or the lack of a marriage certificate can point to a *de facto* relationship. Most young people nowadays would not find this a cause for concern but for elderly sons and daughters of our subjects – justifiably proud of their family history – such revelations can cause hurt and embarrassment. There are many such personal issues that are potentially hurtful to descendants: alcoholism, homosexuality, extramarital affairs, sexually transmitted diseases (we have our first AIDS-related death in Volume 17), financial irregularities etc. Dr Samuel Johnson recognised this dilemma of the biographer: "What is known can seldom be immediately told; and when it might be told, it is no longer known." There is no easy formula. All we can say is that we never knowingly tell an untruth in our articles, but that consideration for descendants must sometimes require some discretion. Each case has to be judged individually.

Another very practical problem that we face at present is the issue of funding. The Australian National University has generously funded the project for the last half century and will continue to do so, but the pressure is increasingly strong to find external sources of funding. We deliberately chose to make *ADB Online* a free website, conceiving it as a 'gift to the nation' but having made that choice, we are now looking for other funding sources. Some years ago we established an Endowment for Excellence fund with a generous donation from a Sydney author: the late Mrs Caroline Simpson. We have since received several other bequests but are very keen to try to build up the fund and to explore other possible avenues – any suggestions welcome!

Why do we have a dictionary of national biography? The urge to commemorate heroic lives has a long history, stretching back at least to Plutarch. The Dictionary of Biography thus becomes the verbal

equivalent of a portrait gallery or an avenue of statues, devoted to those whose lives are deemed worthy of remembrance. It might not be a dictionary of national biography; it could be a dictionary of a particular occupational group such as writers, artists or scientists, or it might be an ambitious universal dictionary of biography.

But in eighteenth and nineteenth century Europe, this commemoration of the great and the good was seen to have an additional purpose: that of nation building. A dictionary of national biography was regarded as an essential accessory of the nation-state. Keith Thomas, of the *ODNB*, has written about one of its mid-C18 predecessors, *Biographia Britannica*, which sought to advance “the reputation of our country” and “the honour of our ancestors”. Such an avowedly nationalistic impulse has the potential to cause the historical record to be subverted, as we know has happened in various totalitarian societies. Sir Leslie Stephen, creator of the monumental *Dictionary of National Biography* in the late C19, was too fine a scholar to allow the *DNB* to be manipulated for such crudely jingoistic purposes, but it did remain, largely, a celebration of “the great man”.

In the nineteenth century, this orientation was reinforced by the conviction of influential writers such as Carlyle and Emerson that “History is the essence of innumerable biographies” (Carlyle 1838) or, more sweepingly “There is properly no history; only biography” (Emerson 1841).

The cataclysmic events of the twentieth century, together with a more sophisticated understanding of the dynamics of society have spelt the end of Carlyle’s “great man theory of history” and a suspicion of the nationalistic aspirations that prompted earlier enterprises. Modern dictionaries of biography are less heroic and more democratic in orientation. I am proud to say that the *ADB* was in the vanguard of the move to include representative people along with the great and the good. While the lives of the latter can be read for information, and perhaps even for inspiration, I believe that a dictionary of national biography is an even more precious resource for the information it provides on the less eminent citizens, whose lives are often unknown and whose contribution might otherwise be overlooked. It is easy to find information on Sir Robert Menzies, for instance, starting with Allan Martin’s two volume biography, or the 588 boxes of his papers in the National Library, but where would you go but to the *ADB* for a biography of George Abdullah, Aboriginal community leader; Larry Adler, businessman; Marjorie Barnard, author; Lyndall Barbour, radio actress; Michael Bialoguski, spy; Ruby Boye-Jones, coastwatcher; or Vera Buck, composer? These names are picked almost randomly from the beginning of Volume 17. Whatever the influence of the leaders of the nation, it is through the efforts of myriad individuals, often working in collaboration with each other, that the nation is formed.

The founders of the *ADB* have been modest and reticent in their claims for it. They would have been wary of the nationalistic imperative that prompted some earlier dictionaries of national biography, but they would have had to acknowledge that even without the avowed intent of nation building, this magisterial publication does have an impact, even if only incidentally, on the nation. It is, according to the historian Gerry Walsh, the “great repository of Australian national identity”.

National identity can, of course, be a dangerous or a vacuous concept. It can degenerate into a simplistic, celebratory jingoism, or a “green hide and stringy-bark” nostalgia. However, I believe that the restraint of the *ADB*, the commitment to scholarship, the insistence on accuracy and the emphasis on critical evaluation all form a corrective to any such tendency; the *ADB* leads us towards an honest, sober and informed sense of national identity, one which acknowledges weaknesses as well as strengths, failures as well as successes, evil as well as goodness, and aspirations as well as achievements. Through its inclusiveness it recognises the contribution of the many disparate elements of Australian society, including its minority groups, and weaves them all into one rich, intricate tapestry of Australian history.

A dictionary of biography thus becomes, without any blatant nationalistic agenda, a pre-eminent resource for understanding of the nation’s history and of the individuals who created it. A reviewer, describing the *ADB* as one of Australian National University’s three “great achievements” (the others being SYNROC and the work of its medical Nobel Laureates), said that it “sets on record for all time the Australian experience”. Long may it continue to do so!

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(arrive at 5:30pm)

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Photo – David Karonidis

Jocelyn Chey

The Confucius Institutes, more than 80 non-profit public institutes set up under Chinese Government sponsorship in foreign countries, have a mission to promote Chinese language and culture and supporting local Chinese teaching. Visiting Professor at Sydney University Jocelyn Chey, however, is wary of their real nature. In an address to The Sydney Institute on Monday 19 November, Professor Chey explained why. During her time with the Australian Foreign Affairs department, Jocelyn Chey was posted three times in China and Hong Kong, concluding with an appointment as Consul-General in Hong Kong (1992-1995).

CHINESE “SOFT POWER”, CULTURAL DIPLOMACY AND THE CONFUCIUS INSTITUTES

JOCELYN CHEY

With growing economic power, the Chinese government is making greater use of “soft power” as part of its diplomatic goal of countering the influence of Taiwan and achieving “great power” status. The Chinese Communist Party sees promotion of Chinese language and culture as a way of creating a favourable public opinion climate, particularly among overseas Chinese. In 2004 it commenced a program of setting up Confucius Institutes around the world and already has more than 100. This program is modelled on the century-old Alliance Francaise system but differs in that it is more closely managed by the Chinese government. Generally each Institute is set up under the auspices of a university in the host country. The University of Sydney has announced an agreement in principle to establish what would be the fourth Confucius Institute in Australia. Originally focussing on community outreach, the Confucius Institute program is now moving into a new phase of involvement in academic teaching and research. Universities must vigilantly guard their autonomy and academic freedom.

Chinese use of soft power diplomacy

China’s growing economic power has given it a greater role in international affairs and a new ability to win friends and influence people. An internationally active China has emerged, more confident and more assertive. China’s diplomats are more skilled in lobbying and tailoring their propaganda to the societies in which they are active than they were even a decade ago. Dialogue with China is changing because of that country’s growing economic power.¹ At the same time, the expectations of dialogue partners have also risen. Increasingly Australia and other countries are calling on Beijing to use its influence to help solve problems such as nuclear threats from North Korea, military oppression in Myanmar and genocide atrocities in southern Sudan. The management of relations with China in bilateral and multilateral contexts has never been more important.

China remains a one-party state and the Chinese Communist Party (CCP) has no intention to relinquish power. On the contrary, the Party is stiffening ideological controls, for instance, improving the technology and staff resources devoted to regulating the use of the internet in the lead up to the 2008 Olympic Games in Beijing, including banning discussion of certain subjects such as the 1989 Tiananmen Massacre or the activities of the Falungong Sect.² In November 2007, the *Lonely Planet Guide to China* was banned in China because its map showed Taiwan in a different colour from the mainland, which was interpreted as tacit support for Taiwan independence. In foreign relations, the effect of Party control is that diplomats have no flexibility in enforcing decisions or interpreting instructions passed down from the Party leadership, and that their performance is measured in terms of how well they have met set targets. Chris Patten, former Governor of Hong Kong, noted of his admittedly difficult negotiations with representatives of the Beijing government, "The Chinese system meant that their negotiators would have no room to question their instructions, would not always know the overall strategy behind the negotiations, and would have only one order and that would be to attack, to surrender no ground, and to come back with a clear-cut victory."³

China has unique and distinctive strategic foreign policy principles, which under President Hu Jintao have been formulated as "Peaceful Rising".⁴ This amalgam of strategies and tactics reflects China's cultural and historic experience while incorporating current international thinking such as "soft power", a concept recently developed by Joseph Nye. Nye defines "soft power" as the ability to persuade through culture, value, and ideas, as opposed to "hard power" dependent on military might.⁵ He cites as the classic example of "soft power" the French government's global campaign to resist the onslaught of English language by teaching and defending the use of the French language through the network of the Alliance Francaise.⁶ Another example (not mentioned by Nye) might be the American Fulbright Program, established by the Senate in 1946 with the aim of increasing mutual understanding through the exchange of persons, knowledge and skills.

Writing in 2003-2004, Nye noted that although China was a growing economic power it seemed inexperienced in the use of soft power. A review I wrote at this time of 30 years of cultural relations between Australia and China also supported Nye's comments.⁷ These views did not go unnoticed in Beijing. Nye's advocacy of diplomatic tools such as trade and culture rather than recourse to military action was appealing. First, it accorded with traditional policy regarding the conduct of international relations, that is, principles enunciated by Premier Zhou Enlai at the Bandung Afro-

Asian Conference in 1955. Chief among these is the principle of “non-interference in internal affairs”, defined as avoidance of the use of military power or strong-arm tactics such as punitive economic sanctions. China had steadfastly maintained this principle for more than 50 years. In practice, China worked behind the scenes to resolve international problems, using “softly-softly” approaches to influence events wherever possible and this still characterises the conduct of Chinese diplomacy today. Secondly, in 2003-2004 soft power diplomacy offered possible solutions to some of China’s most difficult international relationships, particularly relations with Taiwan and SE Asia.

Cultural diplomacy is not new to Beijing. “Panda diplomacy” and “ping pong diplomacy” were used to influence international opinion in the 1950s and right up to the 1980s, to lower Cold War tensions and to ease China’s entry onto the world stage. They were relatively crude weapons and even at the time were derided in the international media. These are no longer in the battery of Chinese diplomatic tools. In recent years the Party has learned to use propaganda tools domestically and abroad to shape public opinion and to implement government policy. Combined with economic and trade incentives, the effectiveness of China’s cultural diplomacy can be measured by public opinion polls. For instance, polls carried out by the Lowy Institute here show a decline in the perception of China as a threat to peace and security with a parallel decline in attitudes towards the United States.⁸ American commentators have noted China’s “charm offensive”, contrasting it with the decline in the international standing of the US as measured by public opinion polls.⁹ (Making the same comparison, Nye blamed US over-reliance on the use of military force and Australian Labor Party leader Kevin Rudd made this point too during the APEC Leaders’ Summit when he presented George Bush with a study of China’s soft power by Joshua Kurlantzick.¹⁰) Kurlantzick notes that changes in public opinion of China are most marked in SE Asia where the charm offensive was first put to the test.

Up until some ten years ago relations between ASEAN countries and China were marked by suspicion. Regional neighbours feared China’s growing economic might and recalled past problems with resident ethnic Chinese communities. To counter these attitudes, the Chinese government under the leadership of Jiang Zemin greatly expanded trade and cultural programs with the region. These programs, further developed under Hu Jintao, became what is known in Beijing as “peaceful rising”. It derives from China’s need for a stable international environment to underwrite its continued economic development. It makes full use of cultural diplomacy soft power.

China's foreign policy objectives

Zhang Tuosheng of the *China Foundation for International and Strategic Studies* lists four hallmarks of China's present foreign policy:

1. Equal priority of domestic and foreign affairs, where domestic affairs are defined as achieving a "well-off" society by 2020 and developing a framework for reunification with Taiwan;
2. advocacy of a new security outlook;
3. development of bilateral relations with foreign partners
4. "playing an active part in international affairs with emphasis on gaining 'soft strength' and acting as a responsible big country".¹¹

Beijing regards Taiwan relations as internal affairs but, as Zhang explains, they interact with international relations. From the Australian perspective, we may say that the foremost objective of Chinese foreign policy is to establish the government of the People's Republic of China in Beijing as the rightful government not only of the whole of mainland China but also of Taiwan, the seat of government of the Republic of China. A second key objective is to establish China as a "Great Power" in the world – or a "big country", in Zhang's words. This is often formulated as regaining China's rightful place in the international arena. Party and government theoreticians believe this process should evolve naturally rather than military or direct intervention.

A key unstated factor in the formulation of China's foreign policy is the role of the overseas Chinese community. This dates back to the 1909 Nationality Law enacted by the Qing imperial government, which claimed that ethnic Chinese anywhere in the world were citizens of China. This law led in turn to the development of the political structure of the Nationalist government, which included representatives of overseas Chinese communities. Only several years after the Communist Party came to power in 1949 did it formally abandon this position. The relationship between Beijing and overseas Chinese communities has become more complex in recent years because of the large numbers of people leaving China for work, study, business or to settle permanently abroad. The Chinese government recognises that Chinese who are citizens of other countries owe primary loyalty to those countries but the complexities of globalisation create many grey areas. China's overseas missions give priority to monitoring the activities of local ethnic Chinese communities.¹²

Since the death of Mao Zedong in 1976 and the introduction of economic reforms under Deng Xiaoping, the Party has redefined its platform as "socialism with Chinese characteristics" or "market socialism". It has abandoned many social control measures formerly used to enshrine loyalty to the Party in every workplace and community. To fill the void, the CCP on occasion fosters a spirit

of ultra-nationalism and racial chauvinism to secure the loyalty of residents and overseas constituents. This may become exaggerated in the lead up to the Beijing Olympic Games. This nationalism is linked with the Confucian belief that China is the centre of world civilization. It also incorporates the belief that ethnic Han Chinese are superior to other groups inside China and abroad. This second belief can be traced back to the struggle to end Manchu rule in the late nineteenth century and to end European and Japanese colonialism in the twentieth century. It is not exclusive to the CCP. When the Nationalist government moved to Taiwan in the 1950s it began a campaign to re-instil Chinese values and Chinese culture in the local population, which it believed had been too much influenced by years of occupation by Japan.

Racial chauvinism is relevant to China's international relations and to the goal of reunification with Taiwan. It leads to the view that Chinese who live abroad somehow lose some of their Chinese-ness. For instance, the Party promoted the view that former Taiwanese leader Lee Teng-hui (President of the Republic of China 1996-2000), was overly influenced by his education in Japan, i.e. not 100 per cent Chinese and therefore was not "patriotic". The same view has been expressed about some Hong Kong Chinese – that they have been affected by 150 years of British rule and education in the English language so that they have lost their Chinese-ness, which has led to inappropriate and unpatriotic demands for democratic rights. For instance, Emily Lau, American-educated founder of the pro-democracy party *The Frontier*, was called a "traitor to China" because of her comment that the people of Taiwan should decide the future of Taiwan. The corollary of this nationalist propaganda line is that if Taiwanese, Hong Kong citizens and overseas Chinese in general were re-educated in Chinese language, understood officially promoted versions of Chinese history and participated in "Chinese" patriotic events, they would become more patriotic. Mainland publications also frequently imply or openly state that Chinese people should not rely on foreigners but on each other to achieve their goals: to wipe out the shame of "one hundred years of exploitation" and to regain China's rightful place as a Great Power so that it can never again be humiliated.¹⁶

Domestically, the CCP aims to raise living standards while maintaining a one-party government. This policy is linked with the conduct of international relations because it cannot be achieved without securing access to needed raw materials for economic growth, maintaining a peaceful environment and eliminating external threats. Acknowledging that the USA remains the world's super-power, the CCP has evolved a tactical approach to avoid imposition of measures that might contain or restrict economic development. This

combines the attractions of trade and investment with other aspects of soft power diplomacy to influence public opinion. The soft power approach has been endorsed by Chinese defence force leaders.¹⁷ The objective is to secure wide support for China from overseas Chinese, from the international community in general and from business and opinion leaders in turn, so that these in turn may influence the development of US foreign policy in ways favourable to Beijing. The soft power approach is now being applied to all countries maintaining diplomatic relations with China and particularly to those in the Asia-Pacific region, those with a large ethnic Chinese community, those with natural resources needed by Chinese industry and those with close relations with Washington. Australia is seen by the CCP to belong to all of these categories and so it is a special target for soft power diplomacy.

Ironically, Taiwan political leaders also endorse the use of soft power to a greater extent than perhaps any other country or region. Republic of China Vice President Lu Hsiao-lien, visiting Europe in 2002, declared that soft power equated with values espoused by Taiwan such as democracy and feminism.¹⁸ The Taiwan government offers hundreds of scholarships each year to international students to study at college and university in Taiwan. Other funds are offered in a less democratic way, as was evident in the "Taiwan-gate" scandal that rocked Washington in March 2002, revealing the existence of a vast slush fund used to underwrite spy activities and to buy political influence. To some extent, Beijing's espousal of soft power diplomacy is "me too" tactics, motivated by a perceived need to outdo anything that Taipei can offer.

Confucius institutes

This is the background to the plan developed by the CCP in 2003-2004 to set up Confucius Institutes (CI's) around the world. The decision to name them after the ancient sage Confucius is interesting. Only 30 years ago, Mao Zedong and the CCP reviled Confucius as a symbol of "feudalism" and all that was wrong with Chinese society. Confucianism was then equated with maintenance of the status quo, slave mentality and the entrenchment of power structures in the family, clan and village, etc. The denigration of Confucius was also intended to draw a line between the CCP and the Nationalist (Kuomintang) Party in Taiwan. The Nationalists had maintained traditional Confucian ceremonies as part of their claim to be the legitimate rulers of China. The recent revival of interest in Confucius in the mainland is therefore also partly intended to be a tactic to win over dissident elements among the Taiwanese and the Overseas Chinese. In the last 20 years, Beijing has relaxed its ban on Confucian ceremonies and is even actively promoting the study

and promotion of Confucian teaching. In early October this year, for instance, the pro-Beijing Hong Kong newspaper *Ta Kung Pao* promoted a large rally in the football stadium to mark Confucius' birthday. Students from Communist Party-linked schools were expected to swell numbers to capacity. A month earlier, on 20 August, the same newspaper published an article by Tang Yu entitled "The worrisome consequences of *egao* on Chinese culture".¹⁹ As reported by *Danwei.org*, a website that monitors developments in Chinese culture, Tang noted with approbation that veneration of Confucius was spreading around the world but denounced attacks on the sage on internet sites in China through satirical parodies known as *egao*.

Tang Yu's article throws light on the CCP commitment to the international promotion of Chinese culture. He writes, "Outstanding historical culture, including historical individuals, is the 'soft power' of a country. This type of power has an ability that far exceeds the power of the economy or the military." Confucianism, Tang Yu believes, promotes "cohesion, affinity and vitality". These values clearly support the CCP goal of reunification with Taiwan. The coincidence of the Confucian rally in Hong Kong with Taiwan's National Day celebrations would not have been lost on the local population.²⁰ Confucius has become a symbol of one of China's cultural diplomacy goals – to unite ethnic Chinese around the world and create a friendly environment for the conduct of international trade and diplomacy. The project to establish a network of cultural centres around the world borrowed the name of Confucius for this reason. Generally speaking, the Institutes are not intended to propagate Confucianism.

The CI program is administered by the National Office for Teaching Chinese as a Foreign Language (commonly known as *Hanban*), which is linked to the Chinese Ministry of Education and governed by representatives of that ministry and several other government departments. It is chaired by a State Councillor – an indication of the importance attached to its "soft power" activities. The *Hanban* has published rules and regulations for the establishment of CIs on its website.²¹ According to a report in the *China Daily* in May 2006, the Chinese Ministry of Education planned to set up 100 CIs by the year 2010 to teach Chinese language and culture.²² This target has in fact already been exceeded. The first Institute was set up in Tashkent in June 2004 while the latest at the time of writing (October 2007) was sponsored by Rutgers University, New Jersey, USA in November 2007. There are various figures for the total number of CIs. According to the *Wikipedia* entry in November 2007, the Rutgers Institute is the 106th.²³ Outside the USA, which has 28, Thailand and South Korea have the largest number of Institutes, 13 and 10 respectively according to the *Wikipedia* list. It is notable that both these countries have in recent years developed strong trade

ties with China (see remarks above concerning China's soft power diplomacy). Fairly complete information about CI's may be found on several Chinese embassy websites.²⁴ The aims and programs of each are different and, according to personal communication from the Australian Embassy in Beijing in August 2007, the *Hanban* was then still developing its ideas about how to administer the global program.

There are some basic differences between CI's and local operations of the Alliance Française – the organisation that Joseph Nye identified as the first and classic example of soft power, and the model for CI's according to Chinese official news stories. The main difference is the degree of control exercised by the government over administration and operations. The French government subsidises the Alliance Française by an amount equivalent to approximately five per cent of the total budget but outside the Alliance Française headquarters in Paris, local operations are independently run franchises. There is no government representation in the administration of local operations and they are not hosted or sponsored by local universities or community organisations. As Anne-Marie Brady notes in her forthcoming book on CCP propaganda and ideological work:

Confucius Institutes are the Chinese equivalent of the Goethe Institute, Alliance Française, or the British Council. They focus on popular outreach rather than scholarly research. Unlike equivalent organisations, China's Confucius Institutes are strategically located in various foreign universities, allowing Chinese authorities to have an element of control over the study of China and Chinese language at these Western universities that they would not normally have.²⁵

The additional resources that CI's bring to teaching Chinese are very welcome. Australia's economic and political future will be bound up more and more with China and it is imperative that we engage more with the history and culture of China and other Asian countries. Australia has indeed a long history of research and teaching of Chinese language, history and culture. The CI's will not be filling a cultural void. There are already many classes in Chinese language and Chinese culture (art appreciation, calligraphy etc). Sydney, for instance, has classes at the WEA, various community colleges, the Australia-China Friendship Society and the extension programs of several universities. The CI's will compete in the same field as these. Their basic difference is that they will offer a Chinese government-backed teaching program and teachers seconded from China. The question must be asked – whether they will be accessible to people who support causes such as independence for Taiwan, full democracy for Hong Kong, human rights in China, religious freedom, including freedom to belong to the Falungong movement, Free Tibet or Uighur independence movement.

The location of CI's in host universities is the default model; the program does provide for Institutes to be set up and funded directly by the *Hanban* but there are few examples of such arrangements. One reason for setting up Institutes jointly with universities is so that they can benefit from the host's prestige – there are already many community language courses with which they must compete to attract students. Another reason for reliance on host universities is clearly budgetary. The global programs of the Alliance Francaise, the Goethe Institute etc are expensive. Apart from staff costs, their budgets provide for rent or maintenance of independent premises. If the CI program is based on cooperation with local host organisations, then costs borne by the Chinese government are minimised. The *Hanban* cannot offload these costs to Chinese universities as they are suffering financial hardship after government policy led to massive expansion of their campuses in the last decade while restricting their ability to recoup costs by raising student fees. The *Hanban* has “sold” the CI program to Chinese universities as a cost-neutral program or even potentially a way to increase revenue through enrolment of more foreign students,²⁶ however Tim Wright, a board member of the Confucius Institute at Sheffield University notes that the CI's will need ongoing subsidies from China if they are to be viable over the longer term.²⁷

The CI management structure includes representatives of the *Hanban* and the foreign host institution, who jointly appoint a president or director, further strengthening Chinese control of Institute activities. The *Hanban* does make some financial contribution to the CI (typically US\$100,000 over five years) and arranges for teaching staff and teaching materials to be supplied. In the current climate of budgetary restrictions on university finances, especially in language and arts departments, these financial contributions are attractive to host institutions and may outweigh consideration of loss of academic independence, as Brady notes.²⁸ Further evidence of how the Institutes are integrated into the international programs of the Chinese government is supplied by the *Hanban* regulations governing their financial administration. This states that in the case of any dispute, both parties agree to be subject to the decision of the Beijing court.²⁹

Having a history of only three years, it is still early to reach a definitive view on the successes or failures of various Institutes, but some general observations may be made. “The status of the Confucius Institute in relation to the foreign university and its academic departments is a big corporate governance issue,” according to Don Starr, Head of the Department of East Asian Studies at the University of Durham, UK and President of the British Association for Chinese Studies. He was referring to matters such as salaries,

entitlements, taxation liability, visa regimes and quality assurance.³⁰ CI's generally offer community language courses and introductions to selective aspects of "traditional" Chinese culture such as Tai Chi or calligraphy, not core programs in Chinese language or area studies. The practical difficulties in engaging and collaborating with visiting staff from China mean that university departments have allocated peripheral subjects to the Institutes. In offering extension studies, they have to compete with many existing programs run by extension departments of universities or colleges and community colleges.

It is evident that CI's maintain close links with local Chinese embassies or consulates. One CI program publicised on the website of the Chinese Embassy in Washington is that maintained by the University of Maryland. This is the closest university to the diplomatic community in Washington, DC. Its program as outlined on the website includes training programs for teaching Chinese as a foreign language and "non-credit Chinese language courses for professional or personal enrichment", as well as occasional lectures and classes related to Chinese culture.³¹ Like most, the Maryland program is oriented towards school and community education including the local Chinese community. It plans to stage an exhibition next year about the sage Confucius, after whom all such Institutes are named.³²

In Australia, CI activities include community Chinese language classes, executive training and cultural events. The first Institute was established at the University of Western Australia (UWA) in 2005, followed by others at the University of Adelaide and Melbourne University. UWA CI is partnered by Zhejiang University and the current Director is Gary Sigley, Chair of Asian Studies at UWA. Its stated objectives include liaison with the business and wider community to promote "awareness of contemporary China" and to "become a focal point for China-related teaching, research and other activities at UWA and in Western Australia more broadly including community classes in Chinese language". Recognising the importance of liaison between Beijing and overseas Chinese communities, UWA Vice Chancellor Professor Robson said, marking the first anniversary of the Institute in June 2007, that the key mission of the CI was "to facilitate engagement with China in ways that strengthen the understanding, opportunities and bonds between individuals, enterprises, communities and institutions in Western Australia with the People's Republic of China and the global Chinese diaspora".³³

The CI at the University of Adelaide opened in March 2007. Its director is Mobo Gao, who also holds the Chair in Chinese Studies, and its Chinese partner is Zhejiang University. According to its website, its activities embrace support for Chinese language teaching in the State and "hosting academic and cultural activities on China for the South Australian community".³⁴ The CI at the

University of Melbourne also opened in 2007. According to personal communication, before its establishment Chinese Studies staff raised objections to the Institute being located in the Faculty of Arts and so it was set up under Asialink, off the main campus of the University. It is under the joint direction of Barbara Hilder of Asialink and Professor David Holm of the University Chinese Studies Department, and has Nanjing University as its Chinese partner. The main focus of this CI is language education and consultancy services for business.³⁵ The fourth CI in Australia will be at the University of Sydney, which announced in October 2007 in its staff newsletter *Uni News* an agreement in principle to set up an Institute. Deputy Vice Chancellor John Hearn noted that the worldwide objectives of the CI's included the promotion of the philosophy of Confucianism as well as Chinese language and culture.³⁶

The focus of the Confucius Institutes is extension teaching and community liaison and clearly they can contribute in this regard to the development of friendship, understanding and the enlargement of bilateral relations. This year however a new dimension has emerged, which might be seen as a logical extension of China's foreign policy objectives informing the establishment of the global program. A CI that offers undergraduate language teaching was opened at University College Dublin under the direction of Liming Wang. Their vision statement includes "Chinese language courses to not only students at UCD but also the wider community".³⁷ In April 2007 Waseda University, Japan, which had already established a cooperative research program with the University of Peking, signed an agreement to establish a CI that the Chinese government announced was the "first research-based Confucius Institute".³⁸

In a climate where many Western governments have cut funds for tertiary education, and where arts faculties and language departments are particularly affected, offers of outside funding are welcome. Language teaching is labour intensive and Chinese, being a difficult language, is particularly demanding. Although financial grants from the *Hanban* are not strikingly large, they attract complementary funding from the host university or the local community. Starr submitted a memorandum to the British parliamentary select committee on education and skills in March 2007, deploring cuts in funding.³⁹ In a paper at a conference on contemporary China convened by the CI at University College, Dublin in August 2007, he also spoke about the role of Chinese as a global language, welcoming the potential of CI's to promote teaching and research in the Chinese studies field but commenting also that problems had already emerged in the administration of CI programs on campuses in Germany and elsewhere.⁴⁰ These problems are undoubtedly related to the involvement of the Chinese government in the Institute programs

and to the very different relationships that exist between government, universities and students in China and Western countries. The Institute campaign is welcomed by many academics in the Chinese Studies field as a way to save their disciplines from being axed and as a way to strengthen their teaching by bringing in language teachers from China. These considerations apparently outweigh concerns about potential loss of academic freedom through the expanding focus of the CI's and ever-closer association with the CCP.

Some indication of how the government of China uses CI's to promote favourable points of view can be found in the Chinese government report of a seminar on "The Development of China and Its Role in the Globe" sponsored by the Nordic Confucius Institute at the University of Stockholm on 25-26 November 2006.⁴¹ The first day consisted of speeches by the Chinese and Swedish ambassadors, the Director of the Institute, Luo Debi, and other dignitaries. A commentary on the seminar on the Hanban website said:

For the last 20 some years, with China's economy merging into the world one, the mutual influence and impact have got ever more bigger. China's rapid and continuous economic development as well as its status change in the world economic system have drawn a wide attention from the world. More and more people have come to realize China being a fundamental factor to facilitate worldwide economic stability and development. By exchanging ideas on the seminar, participants probed into the interrelationship of China and the world economy from a global perspective, reaching a favorable conclusion to the question whether China's development had brought threats or opportunities to the world.

What is important is to preserve essential academic objectivity of existing Chinese language and culture studies in respected universities from precisely this kind of contextual association and pressure. Scholars around the world already research Chinese economic, political and social development and reach generally fair, unbiased and comprehensive conclusions that have been well publicised in the international academic press and the media. The CI program insofar as it supports culture and outreach into the community is most valuable. It would be when it seeks to engage in teaching or research as part of universities mainstream activities that academic colleagues should be aware of potential bias, because of the Institutes' close links with the Chinese government and Party that, at best, would result in dumbing down of research and, at worst, could produce propaganda.

Endnotes

- 1 See for instance, Ann Kent's comments on human rights dialogue with China, "Human Rights: From Sanctions to Delegations to Dialogue", in Nicholas Thomas (ed.), *Re-Orienting Australia-China relations: 1972 to the Present*, Ashgate, Aldershot, UK, 2004, p. 148

- 2 Reporters without Borders, "A 'Journey to the Heart of Internet censorship' on eve of party congress", 10 October 2007, see http://www.rsf.org/article.php3?id_article=23924
- 3 Chris Patten, *East and West*, Pan Books, London, 1999, p. 311
- 4 Most recently reformulated at the 2007 Chinese Communist Party Congress, as reported by Zhang Tuosheng, "China in New Phase of World Integration", *China Daily*, 17 October 2007, page 9
- 5 Joseph Nye, *Soft Power: The Means to Success in World Politics*, Public Affairs, New York, 2004, pp. 5-15
- 6 Nye, *op. cit.*, p. 100
- 7 Jocelyn Chey, "From Rosny to the Great Wall: Cultural Relations and Public Diplomacy", in N. Thomas, *op. cit.*, p. 179
- 8 2005, 2006 and 2007 reports are available on the Lowy Institute website www.loyyinstitute.org.
- 9 See Esther Pan, "China's Soft Power Initiative", Council on Foreign Relations Backgrounder, 18 May 2006
- 10 Joshua Kurlantzick, *Charm Offensive: How China's Soft Power in Transforming the World*, Melbourne University Press, 2007; for account of the meeting between Rudd and Bush, see <http://www.abc.net.au/news/stories/2007/09/07/2026550.htm>
- 11 Zhang Tuosheng, *China Daily*, 17 October 2007, p. 9
- 12 Tom Hyland, "Hard power, soft targets", *The Sunday Age*, 11 November 2007
- 13 Richard Bush, *Untying the Knot*, Brookings Institution Press, Washington, 2005, p. 189; John Lee, *Will China Fail? The Limits and Contradictions of Market Socialism*, Centre for Independent Studies, Sydney, 2007, pp. 135-146
- 14 Lau's homepage www.emilylau.org.hk contains the texts of her statements.
- 15 Edward Friedman, "Chinese Nationalism: Challenge to US Interests", *The People's Liberation Army and China in Transition*, (Washington, National Defense University Press, 2003), p. 97
- 16 Examples of pro-Beijing commentaries on China's claim to Great Power status include Zheng Bijian, "China's 'Peaceful Rise' to Great-Power Status", *Foreign Affairs*, Vol 20, September/October 2005, and Yong Deng and Thomas G. Moore, "China Views Globalisation: Towards a New Great-Power Politics", *The Washington Quarterly*, Vol. 27.3, Summer 2004 pp. 117-136. The tussle for influence between Beijing and Taipei can be seen in many aspects of cultural diplomacy. At the most basic level, there is a "war" being waged between international usage of the different scripts used in Taiwan and the mainland. For example comments on the UN decision to cease using full-form Chinese characters as used in Taiwan and Hong Kong can be found at <http://pinyin.info/news/2006/un-to-drop-traditional-chinese-characters-report/>
- 17 Liu Yinchao, "Daying di si zhong zhanzheng" (Winning the Fourth Kind of Warfare), *Liberation Army Daily*, 4 November 1994; see also Laura Murray, "China's psychological warfare" www.c4i.org/china-murray.html
- 18 See http://www.president.gov.tw/en/prog/news_release/document_content.php?id=11054987
- 19 See www.danwei.org/china_and_foreign_relations/the_soft_power_of_parody_php, posted by Joel Martensen 22 August 2007
- 20 For further comments on Confucianism, "traditional culture" and the China's international relations, see Yuan Weishi, "Nationalism in a Transforming China", *Global Asia*, Vol. 2, No. 18, April 2007 available at www.globalasia.org
- 21 See <http://english.hanban.edu.cn/market/HanBanE/412360.htm>

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- 23 See http://en.wikipedia.org/wiki/Confucius_Institute
- 24 For instance, see <http://www.sino-education.org/chinese/kongzijieng.htm> on website of Education Office of Chinese Embassy to United States; also feature article by Gong Yidong entitled "Confucius Institute: Promoting Language, Culture and Friendliness, posted by the Chinese Embassy in Britain on 29 September 2007 at <http://www.chinese-embassy.org.uk/eng/zt/Features/t274357.htm#>
- 25 Anne-Marie Brady, *Marketing Dictatorship: Propaganda and Thought Work in Contemporary China* Lanham, MD: Rowman and Littlefield, (November) 2007, p.165
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- 32 Gong, *op.cit.*
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- 34 See www.confucius.adelaide.edu.au
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- 37 See www.ucd.ie/china/confucius_institute
- 38 See http://www.gov.cn/english/2007-04/25/content_595582.htm
- 39 See <http://www.publications.parliament.uk/pa/cm200607/cmselect/cmmeduski285/285we49.htm>; <http://www.tau.ac.il/humanities/abraham/confucius.html>
- 40 Don Starr, *ibid*, p. 17
- 41 See <http://english.hanban.edu.cn/market/HanBanE/428226.htm>



Matt Bai writes about national politics for *The New York Times Magazine* where he's currently covering the 2008 presidential campaign. Prior to his post, he served as national correspondent for *Newsweek*. His new book is called *The Argument: Billionaires, Bloggers, and the Battle to Remake Democratic Politics*.

Mat Bai on the blogging phenomenon and its impact on the Democratic Party's revival - "They are talking to the most passionate audience. They are bypassing the traditional media. The people who are respected in that community have a tremendous amount of credibility with their followers. They're obsessive. They're online 24/7 and they're preaching a very strong gospel for the party that is having a real impact on the conversation in Washington."

SPEAKER: Matt Bai

DATE: Monday 23 June 2008

TIME: 6:00pm (arrive at 5:30pm)

VENUE: Level 30, Clayton Utz
1 O'Connell Street, Sydney

RSVP: (02) 9252 3366

**THE ARGUMENT
BILLIONAIRES,
BLOGGERS,
AND THE
BATTLE TO
REMAKE
DEMOCRATIC
POLITICS
MATT BAI**



Photo – David Karonidis

Jana Wendt

In an address to The Sydney Institute on Wednesday 21 November, accomplished television journalist and media personality Jana Wendt explored some of the worlds and personalities behind people she has talked with over years in her work. In her book, *A Matter of Principle* (MUP, November 2007) she has written of her most memorable experiences from interviews with people as diverse as Muslim rebel Wafa Sultan to screen siren Charlotte Rampling, from war crimes prosecutor Carla Del Ponte to “starchitect” Frank Gehry.

MEETING THE GOOD,

THE GREAT AND THE FORMIDABLE

JANA WENDT

In the past, working for a number of television programs including *60 Minutes* both here and in the US, my job was to mix it with some pretty extraordinary characters. I can remember for instance, looking into the eyes of the strongman who ruled the West African nation of Ghana, Flight Lieutenant Jerry Rawlings, the son of a Ghanaian mother and a Scottish father. The flight lieutenant had exotic good looks and the voice and accent of a Shakespearean actor. Rawlings stood in the cobble-stoned courtyard of his ancient castle in the capital Accra as the moon shone silver on his handsome head. He was telling me in his Richard Burton-like tones, to “look after” myself. This would have been touching, had he not just held me and my crew captive for hours and hours – so long in fact, that many of his armed guards had fallen asleep around us while Rawlings harangued us about the crimes of white colonisers for which were being held responsible that long night.

One of my earliest tasks on national television was to talk to the Libyan leader, Colonel Ghaddafi in his tent outside Tripoli, especially set up for media appearances, of course. I can remember watching his eyes roll into the back of his head as he laughed a disconcertingly mad laugh after I had asked him a question. It was a question about Libya’s position on something or other and I am absolutely sure I had not intended the question to be funny. Humour would certainly have been beyond me under the circumstances: we had been kept waiting in Libya for two weeks to get the interview. This was eating away at both our budget and our nerves. On one occasion, still waiting to meet the Colonel, my very professional and experienced sound recordist burst into tears. I think he had a feeling that our attempt to get the interview might end up being like the movie, *Groundhog Day* – that is, that every day someone would come to assure us that the Colonel would receive us soon but that the interview would in fact, never take place. His concerns were, I think, partly culinary since on the menu at each of the restaurants at which we ate breakfast, lunch and dinner was the finite list: “lum kebab, cheek-en kebab and rice pudding.”

The jangling of the nerves did not end there. After the interview, the colonel evidently decided that the next evening I should join him alone, in another location, this one I suspect, set up more for comfort than cameras. Actually, it took quite some effort to get out of Libya without taking fruit cocktails on the terrace with the Colonel. That effort included ignoring the pleas of a female assistant dispatched to the airport by Ghaddafi as we were about to fly out. She insisted that she would lose her job if she did not bring me back. I have not heard if she has been relegated to a desk job or if she redeemed herself by doing better with the next female journalist to visit the Colonel's tent.

And in yet another interesting spot, this time Tunis, I can remember the sound of film being ripped out of a camera, unfortunately our camera, after I had asked the Palestinian leader, Yasser Arafat questions he seemed not to like. As a point of interest, this was while Arafat was waiting to return to the Palestinian territories. I knew that just before our interview he had been having acrimonious talks with the group Hamas – at that stage a group not so well known, at least not to the Western media. My questions were largely about Hamas' challenge even then, to his authority and it was evidently those questions that were responsible for the ripping sound that my crew and I heard that day.

So on the basis of such an unnatural, you might say, and extended exposure to all sorts of people and situations I would like to be able to declare that I have all the answers about life – but I can't because I don't. What has happened instead, is that the way human beings conduct themselves, how they navigate their lives, what they value, and what they reject – all that has become more and more mysterious, intriguing and often unfathomable to me.

This is the reason I decided to write *A Matter of Principle*. In a number of the people I had met over the years, or observed at a distance, there was a particular quality or qualities that came through as they opened themselves up for public scrutiny. In other cases, where people were more reserved, I was interested in just how they protected the private zone which shielded the elements in their lives that mattered most to them and which they thought might be damaged if exposed. And I was always interested in the hierarchies of values, the principles that people set up to guide them in their public and presumably also in their private lives. In addition to that, I was fascinated by what these people did – in particular, I have to say, those working and living as artists. The processes by which a writer, a painter, a photographer or an architect work at their art or craft, how they derive inspiration is, for me, one of the most compelling human mysteries and one of the beauties of human existence.

Some of the people I have spoken to for *A Matter of Principle* you will know, others may be new to you. The only logic to their

inclusion in the book is that I personally found something in their makeup that was beguiling or surprising or admirable or all of the above. The book took me to, amongst other places, Paris, to talk with the intriguing actress Charlotte Rampling – mysterious, beautiful, renowned for her dramatic performances. I also spoke with the former US Deputy Secretary of State Richard Armitage who gave me a sense of where his principles lay after around 30 years in government in many roles including as deputy to his best friend Colin Powell in the administration of George W Bush.

I spoke with the Syrian Muslim rebel Wafa Sultan, a psychiatrist by training. You may have seen or heard of her astonishing appearance last year on the Al Jazeera network where she confronted a Muslim cleric in an absolutely electric encounter. On that occasion, speaking from her home in California, she explained why she had rejected Islam, the faith into which she was born. Her considered view is that there is no possibility of reforming Islam – that it is beyond cure. Its humiliation of women and its justification of murder for perceived crimes against the creed constitute, according to Sultan, a deep irreparable flaw. Having now lived in the United States for fifteen or so years, she says she is more American than Americans. She is tremendously grateful for the freedoms that the US has opened up for her. Sultan described to me with fierce passion the pleasure she derives from what we would regard as mundane experiences. Being able to have her morning cup of coffee at the local Starbucks with her male, next door neighbour without being called a whore is a privilege she tells me she could not enjoy in Syria.

Also in California, I tried to fathom how the mind of the man who is widely regarded as the greatest living architect, Frank Gehry, works. You may be familiar with the most famous of Gehry's buildings, the absolutely incredible Guggenheim Museum in Bilbao in Spain that has turned a tired industrial city into a magnet for tourists – one million of them every year. And I tried, in vain, to keep up with the mind of the hyper-energetic and brilliant renegade feminist and scholar Camille Paglia.

Paglia has a knack for inspiring large armies of adoring fans who love her for her outspoken contrariness and enraging equally large armies of enemies who see her as a traitor to feminism. She is certainly a bundle of contradictions: an atheist who respects religious faith, a feminist who reserves a great deal of admiration for men, an iconoclast with a reverence for tradition and history and a classical scholar who adores Madonna. I do not share her passion there but since Paglia has an opinion on absolutely everything and passes it on at record-breaking speed, there is plenty to talk about. She is also not immune, I discovered, to the pleasures of gossip. When I made an unflattering

observation about another high-profile feminist with whom she has a public rivalry, the 61 year-old giggled and squeaked like a girl.

Back in Australia, the great swimming champion Shane Gould gave me an insight into her values, reflecting on an extraordinary life. The statistics still make the mind boggle. Aside from her three gold medals, a silver and a bronze at the Olympic Games in Munich, Gould at one stage held every freestyle world record from 100 to 1500 metres – an achievement which remains unmatched by any swimmer anywhere, male or female to this day. She was a national hero at the age of 16 – named Australian of the Year and awarded all sorts of other prizes and honours. Yet Gould walked away from the sport that had made her stratospherically famous at sixteen and her life after that took some very dramatic turns. Her involvement in the swimming career of Ian Thorpe which, as we know, ended when Thorpe decided he had had enough of watching the black line at the bottom of the swimming pool revived Shane Gould's memories of her own retirement. When Ian Thorpe gave away the sport they had both loved something inside Shane Gould moved and she was very candid in her conversation with me about it.

The Federal Police Commissioner, Mick Keely revealed something of himself that I believe is not often on public display – the pressure of being held responsible for the security of Australians in the post 9/11 era. He spoke for the first time about how close he came to resignation during a crisis precipitated by remarks he made about the terrorist attack on commuter trains in Madrid three years ago. What he said brought down on his head the wrath of the Howard Government. As it turns out, the remarks he made were triggered by a question which I myself asked in an interview on the *Sunday* program. I could not guess then the impact that Sunday morning would have on Keely. It was profound and our conversation about it, three years on, was quite unexpectedly emotional.

Carla Del Ponte who for eight years has headed the International Criminal Tribunal for the former Yugoslavia is a feisty and focused prosecutor whom I met at the Tribunal's HQ in The Hague. With today's understandable focus on the threats and dangers of the post 9/11 world we have almost forgotten, I think, that the Balkan wars of the 1990s were the bloodiest conflict in Europe since the Second World War (with a death toll of 100,000 regarded as a very conservative estimate). At the time though, what we watched happening in the heart of Europe was a terrible echo of the barbarity of the Second World War – its concentration camps and genocide. Recalling the horrors of the Balkan wars has been Del Ponte's life since she was appointed to the position of Chief Prosecutor. She has prosecuted many of those responsible already – the most senior and headline-grabbing of course, being the former president of Yugoslavia

Slobodan Milosevic who, as you would be aware, died before the case could be completed – much to Del Ponte's frustration. The long struggle to bring to justice the two last big fish, Radovan Karadjic and the general Radko Mladic has, I think, worn Del Ponte down. She admitted to me that if they were not caught she would regard it as a personal failure and would never work as a prosecutor again. The two men remain at large and although her term has been extended slightly to the end of the year, she has announced that she will now abandon the law and represent her country as a diplomat.

There are also some exceptional artists – Bill Henson, the marvellous photographer, David Malouf, one of this country's greatest writers as well as Robert Hughes, the eminent and controversial art critic – who let me in to their creative world. And there are a number of other fascinating players on the world stage including the former German foreign minister, Joschka Fischer who gave me an insight into why they live the way they do, into the principles that drive their lives.

I have always regarded the access that I have had to important, interesting people as the great privilege of journalism. Talking to the people I spoke with for *A Matter of Principle* took that to another level. I did not try to impose any particular template on our conversations so that my interviewees could feel as free as possible to define themselves for me, to be honest about what really mattered to them. I tried to do as little talking as possible.

Someone who had fascinated me for years is the actress, Charlotte Rampling whom I mentioned earlier. For those of you who know Rampling, I am sure that the extraordinary, cat-like green eyes and the husky voice are lodged in your mind. Rampling was born in England, the daughter of a British colonel. She spent much of her childhood moving around with her family to various postings because of her father's work. For that reason, part of her education was in France where she has lived as an adult for 30 years. As a teenager in London, Rampling was spotted in the street and asked to try her hand as an actress. She moved rapidly on to the big screen and has been starring in movies for decades. She was favoured by European directors, such as Luchino Visconti for the extraordinary intensity that she brought to her performances.

When I arranged to meet Rampling in Paris, she suggested that we get together at a very fashionable cafe in St Germain. When she arrived heads turned. In an age when botoxed, surgically enhanced and grotesquely painted beauty is becoming the norm, it is a pleasure to see a woman, a movie star who is now over 60 who tells me that she does not want to be locked inside that kind of prison.

During our conversation over lunch, Rampling talked about the principle that underlies her attitude to her art. Freedom, according to her, is at the heart of a great performance. She likened the required

sense of abandon to that of a skilled trapeze artist, who having acquired the technique is confident enough to just let go. That, according to Rampling, is what it's all about. Being open to everything sets you free. When I suggested to her that attitude might also bring disaster, she was not very happy with me. I think I was ruining her party because the possibility of failure ran counter to her instincts.

When I watched Rampling onstage the night after our lunch I could certainly see what she meant by freedom. She charged around the set like a panther, leaping up onto furniture, taunting, haranguing and seducing – as an actress, risking everything. But at one point in the play as I am looking straight into Rampling's eyes from my balcony seat, there is a silence on stage. A silence, which stretches on and on. I realise that she has forgotten her lines – her complicated, tongue-twisting French lines – and the Paris audience begins to realise it too. She makes several painful attempts to pick up the dialogue then stops and says as the French do: “Oh la la la la!” The audience, which up until then has been deathly silent, breaks out into laughter – laughing with her. Rampling recovered and the play continued, ending to generous applause. But courtesy of the freedom that she had told me she lived by, Rampling had come close to professional freefall – a fact she acknowledged when she rang me the next morning, still shaken. “I was paralysed,” gasped the famous voice. I was sympathetic – but I confess, not too much – since for me this had been the perfect illustration of her credo. (On the upside, service at my hotel sharpened up after the call since the man at the front desk was hugely impressed when he recognised the breathy, unmistakable tones of “Madame Rampling” on the end of my phone line.)

I said earlier that my choice of subjects for the book was very much my personal choice because for one reason or another I had found these people fascinating – they had stuck in my mind over a long period. I have learned the hard way that not every interviewee does. Last year one of my former colleagues at Channel 9 asked me whether I had ever interviewed the great actor Peter Ustinov. I told him with absolute certainty that our paths had never crossed. The next day my workmate returned with a videotape under his arm, of my face-to-face interview with Ustinov. I was confronted with only two options: either I was losing my marbles or – and this is the option I prefer of course – Peter Ustinov was quite simply forgettable.

On the other hand, lesser characters can be quite unforgettable. I remember doing a story for *60 Minutes* on a group of elderly holiday makers who had paid out their hard-earned cash for a dream holiday – a bus ride through some of the most beautiful places in Europe. Unfortunately, the tour organisers were a group of questionable characters, all members of the same charming family, who careered through European beauty spots in a decrepit, disgusting rattling

green wreck of a bus. They treated their elderly passengers like prison inmates – rationing their food, abusing them and abusing me every time I attempted to question them. “Go suck a lemon,” they said sweetly as I asked them why they were refusing to heat the freezing bus for their paying and rapidly aging customers. In other exchanges they called me “a square-faced sexless hag” – a memorable expression, I am afraid. I had forgotten Peter Ustinov but I remember that.

I am pleased to say that none of the people with whom I had the privilege of speaking to for *A Matter of Principle* fall into the forgettable category. In fact talking with them reinforced in my own mind just how rich individual lives are, how much we all have to gain from listening to others’ accounts of how they make their way through life. Sometimes their course is fatefully tragic, sometimes charmed and graced with luck.

Mine, I have to say, has been in the latter category – charmed to have been given many chances including the one to write this book.

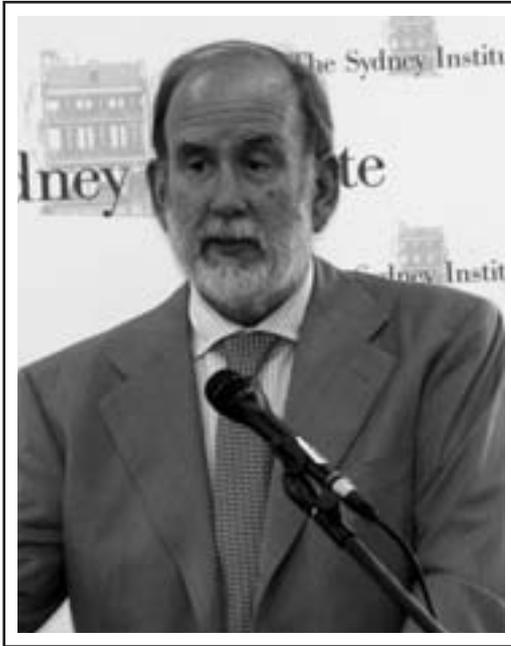


Photo – David Karonidis

Michael Ledeen

Michael Ledeen is Freedom Scholar at the American Enterprise Institute and the author of *The War against The Terror Masters*. An expert on US foreign policy, his research areas include state sponsors of terrorism, Iran, the Middle East, Europe (Italy), US-China relations, intelligence, and Africa (Mozambique, South Africa, and Zimbabwe). A former consultant to the NSC and to the US State and Defence Departments, he has also written on leadership and the use of power. On a visit to Sydney in 2007, Michael Ledeen addressed The Sydney Institute on Tuesday 27 November.

THE IRANIAN TIME-BOMB

MICHAEL LEDEEN

If you're worried about terrorism, and who isn't, Iran really is the centre of the universe because Iran is the biggest sponsor of terrorism in the world and has been for a very long time. Every year or two, the United States Department of State comes out with a list of state sponsors of terrorism and Iran always wins the competition; they're always in the number one position.

Iran has created some of the most efficient and lethal terrorist organisations in the world starting with Hezbollah, which is arguably the greatest killer in the world even counting Al Qaeda. They created Islamic Jihad; they've supported Al Qaeda at least since the mid-1990s. So when it comes to killing people the Iranians really have no peer. And their organisations are global. Hezbollah has killed from Beirut to Saudi Arabia to Buenos Aires and so forth. And, before 9/11, they had killed more Americans than any other terrorist organisation.

One of the most important ways to evaluate the behavior of a country is to look at the way it treats its own people. Iran is one of the nastiest countries in the world. The oppression of the Iranian people is right up there with the worst of the misogynistic Middle Eastern regimes. Women are evaluated officially as worth half of a man. If a woman pregnant with a male child gets killed in an automobile accident and an Islamic court judges the other driver to be at fault he has to pay one full fine to the family of the victims for the male fetus and half a share to the family for the woman. So the woman is officially, technically, legally, specifically worth half of a man, even an unborn man. Women have no property rights, women can't make any basic decisions about their lives without permission of a male relative and, as everybody knows by now, women can't walk down the street hand-in-hand with a man who is not a relative, nor technically is she supposed to walk down the street alone without some male relative accompanying her although that one is not really enforced as strictly as some of the other regulations.

Iran is a very nasty society and, as you undoubtedly know, women are compelled to cover their heads. Few people know the reason for that. Head covering is not part of Sharia law, and it's not an official requirement of Islam. The reason for covering the hair is because

the Iranian Shiite clerics have found that women's hair emits very dangerous sexual radiation and that if their hair is not covered this radiation, these emissions, are likely to corrupt otherwise virtuous and respectable men and drive them to do all kinds of dreadful things. So it is to protect the men, not from their own impulses but from the corrupting force that would otherwise come from women's hair, that women are required to cover their heads. So the question of how much to cover and how much hair is exposed becomes a very important one. Morals police tread the street looking at women to make sure that if any hair is showing at all it's a very small amount so that public virtue can be maintained.

Iran is a society in which women who commit adultery are stoned to death. Iran is the number two country in the world for executions on a per-capita annual basis; executions are frequently public and often spectacular. Hangings are carried out by cranes that drop the person being hanged and then lift the corpse into the air where it remains as a kind of public demonstration of what happens to people who go against the scriptures of the regime. The prison system is extensive; nobody knows its real population at all. We know that every year or so, Iran doesn't have enough prison space, even though they kill a lot of people in their prisons.



As a result of all this, repression goes on apace, and anyone who sticks his or her head out of a trench and criticises the regime is rounded up, put in prison, tortured and beaten. The Iranians have developed a technique of torture which, to me anyway, is one of the most awful. They will take a person, put him or her in prison, torture them and reduce them to a terrible condition and then release them briefly on furlough back to their family so that friends, relatives and neighbors see exactly what happens to a person who challenges the regime. The released prisoner becomes a living, or half dying, example of what would happen to anyone who chose to challenge this regime. After a while, the released prisoner will be rounded up and returned to prison and subjected to more torture for the duration of their term.

There is no appeal against the judgment of an Islamic court. This was one of the prime ingredients of Khomeini's revolution in 1979. He was enraged at the very idea that a criminal who was sentenced to some sort of punishment could appeal to some other court and other judges could express opinions about his sentence. Khomeini said henceforth there will no longer be civil courts in Iran but only Islamic courts and there's no appeal from an Islamic court, so justice will be swift and final. In the early days of the revolution it was even worse than it is now because they had zealots running the courts, of whom the most famous was Ayatollah Khalkhali. He was known as the cat killer because of his habit of killing cats whenever he had the chance. Khalkhali sentenced hundreds of people to death for seemingly random charges. Meanwhile, people who go to Iran to try and find out the details of this kind of regime are themselves subject to enormous danger. One famous story is of the female Canadian-Iranian journalist named Zara Khazemi who went to Iran a few years ago. She started to examine what had happened to some of the leaders of the student movement which had protested against the excesses of the regime. She was arrested, tortured and killed in prison and her family, thus far at least, has not even been permitted to dig up the body and bring it back to Canada for burial in her adopted country.

The Iranian regime is driven by what one can only call an absurd messianic vision of the times in which we live and what is about to happen. Iran is controlled by a radical messianic Shiite regime. Sunnis, or the vast majority of Islam, believe that civil society can be governed by either a secular person or a cleric, but the Shiites traditionally believe that no cleric should be involved in civil government until the Messiah comes. Until the twelfth Imam returns, the twelfth Imam being a nine or ten year old boy who is in a direct line of succession to Mohammad who vanished about 1300 years ago and is believed to have lived at the bottom of a well in Iran every since then. At the time of final judgment this boy will re-emerge into the world and lead the final glorious Jihad of Islam against infidels and crusaders, which is to say us. The current government of Iran has gone even further; not only do they publicly express their fealty to the twelfth Imam and their belief in his imminent return, but they have signed a contract with him. Ahmadinejad and the members of his cabinet have filled out a formal contract to agree to give certain things to encourage the return of the twelfth Imam. This contract was signed by every member of the cabinet and then dropped down the well so that the twelfth Imam himself should know that at long last he had a government that was loyal to him and was going to carry out his scriptures. This government thus believes that everything they can do to make the world bloodier, more violent and more chaotic and more dangerous will encourage the return of the twelfth Imam.

My background is in cultural history. I spent the first fifteen years of my professional career in fascist archives. It surprises me how much this revolutionary regime in Iran has in common with fascism. Like fascism, the Iranian regime is a regime of mass mobilisation; it's not a didactic oppressive regime as communist regimes typically are. It is instead one that tries to gather people in and get them to participate in big public spectacles, to march in the streets and dance, sing and chant and so forth. Iran is a country of 70 million people, with big public squares and a long tradition of public ceremony. In all this it is very similar to the fascist states with a single party dictatorship where only the faithful were permitted to participate.



There is no tolerance in the Iranian regime, whatsoever, for people who wish to challenge it, with rare exceptions, maybe two or three people. There have been Grand Ayatollahs who at one point were personally associated with Khomeini in the run up to the revolution, but who have, since 1979, challenged some of the basis on which this regime rests. They are now, by and large, under house arrest. Anything approaching a free press was stamped out in the last ten or 15 years. People who go online on the Internet are immediately suspect; people who travel abroad now are all labelled as potential traitors and are therefore interrogated and investigated as soon as they get back to the country. Iran is a very unpleasant place.

It is a regime which, given its messianic predilections, believes that it is destined to lead a global revolution and therefore to rule the world. Hardly a week goes by without some senior figure in this regime standing up and lecturing large numbers of Iranians and telling them that they must prepare themselves to rule the world. So it's not a regime that one should take lightly.

For all that, I have enormous respect for the talent of Iranians who after all are one of the oldest civilisations on the face of the earth. You can well argue that Persia was the first real modern civilisation going back some 4,000 years. And the country maintains, in many ways, a terrific culture – great food, great art, good scientists and a good military. There are lots of things that one can learn from the Iranians.

Unfortunately they have fallen into the hands of an extremely nasty regime and this regime really wants to do the West in. For almost 30 years they have waged war against the Western world after declaring war in February 1979 when Khomeini openly said that their intention was to destroy the West, to export their revolution everywhere and to subject the entire world to their rule.

What is striking about all this is the non-reaction of the entire Western world. In all these years nobody, not the United States, not Western Europe, not anybody, has really gone after this regime. Not even celebrated warmongers like George W Bush or Ronald Regan. With Iran, Western leaders have all done exactly the same thing. They have convinced themselves that somehow or other it is possible to make a grand bargain with the Iranian regime. The current Bush Administration has been negotiating with the Iranians almost non-stop, as every other American administration did.

Negotiations with Iran, which are frequently invoked as a kind of criticism of the Bush Administration, have continued. Just last September, Condoleeza Rice sent Felipe Gonzalez, the former Socialist Prime Minister of Spain, to Tehran to see if there wasn't some way the West could work out at least some of its differences with Iran. There was hope of some kind of co-operative relationship but Gonzalez came back and said there was no hope. About seven years earlier, the Clinton Administration had sent the same Felipe Gonzales to Tehran to talk to the Iranians to see if there wasn't some way we could work out our disagreements and have some kind of workable relationship short of violence. He had returned with exactly the same message. That's the Iranians; they're not interested in talking. They want to kill us or destroy us or dominate us. And that has been the pattern of their behaviour all along.

Of course nowadays what everybody thinks of when you talk about Iran is the bomb. Iran, famously, has a nuclear project which sensible people recognise to be a nuclear weapons product. In fact, we know exactly when they went on a real hard drive to get nuclear weapons – it was after the first Gulf War of 1991 when they saw what happened to Saddam. Iran believed that if Saddam had had nuclear weapons, the Americans would never have attacked him in Kuwait. At that point Iran wanted nuclear weapons. Ever since, they've been racing to develop a nuclear weapon.

Now the question remains, since these are very smart people – and they are very smart people who are also very wealthy thanks to the price of oil – how is it that in 16 years Iran has been unable to develop an atomic bomb, or so it seems. All the experts say Iran is five to ten years away from nuclear weapons. Back in the 1940s, the United States went from zero to having an atomic bomb in just four years at a time when nobody even knew whether an atomic bomb would

work. So how can the Iranians, in 16 years in a world where nuclear technology is all over the place, where nuclear physicists are for sale, not have realised their goal to have nuclear weapons? What I believe is that what they lack is a combination of nuclear bomb and a delivery system for it, in which they can have any real confidence it will hit its target.

The best way to remove regimes of this sort is not by dropping bombs on them or by invading them, but by doing for the Iranian people what we did for the Poles, the Czechs, the Russians. We have to encourage those people within that system who want to be free to become free and to provide them with a basic wherewithal they need to carry out a successful non-violent, democratic revolution. I served in the Reagan Administration in the 1980s. People asked us what we were about. And why would someone like me, a lifelong Democrat, go into a Republican administration? The answer we always gave was that it was time to go after the Soviet empire and bring it all down. People thought we were nuts. But it happened.

What regimes like Iran are best at doing is blocking information from their people, about their own country. Russians, Czechs, Poles, and so forth, all listened to Radio Free Europe, Radio Liberty, Voice of America, the BBC. What they heard on those broadcasts, about London, Paris, Washington, Rome and so forth, gave them perspective. People in Moscow had a hard time getting accurate, up-to-date information about what was going on in Leningrad, let alone Siberia. So we undertook, through the radio, to tell them what was going on all over the country.

The situation is much the same in Iran today. The people in Isfahan do not know quickly what is going on in Tehran, people in Tehran do not know about Shiraz and Tabriz. That information is much more difficult for them to get than what the *New York Times* says today. Or what is on CBS News Broadcasting or what is happening in the Democratic Party or with President Bush. We have to get them up to speed and make sure they're informed. And they need the tools of modern revolution which are communications instruments, laptops, servers, software to beat jamming systems and Internet filters of the same sort that one tries to get to the Chinese people who are in a similar circumstance. They need cell phones and satellite phones and phone cards and all these things so they can communicate.

Richard Fernandez is the Australian editor of a wonderful blog which I contribute to called Pajamas Media. All over the world, whenever something happens there's not always a correspondent from a major network or publication, but there's always someone with a digital camera and Internet access. It's these people who take pictures or videos of what is going on, then upload it and send it all over the world. It's a blog that is important for people in countries like Iran.

With access to the blog they learn from it and can see what's going on. In this way, we can do for Iranian workers what we did for Solidarity and workers under the Soviet system. We can build them a strike fund – something that will help them advance their own rights. Without a strike fund, if they walk off the job, their family is likely to starve to death given current economic conditions in Iran.

From where I stand, I see no US administration keen on invasion or military action against Iran. This administration certainly feels no sense of urgency about such action. They have been told by the US intelligence community that Iran is years away from a bomb so there's plenty of time to try negotiations, sanctions and so on. So, despite all the rhetoric from this administration about spreading democracy and spreading freedom, at this point, they do not believe the Iranian people want to carry out a revolution. So don't hold your breath waiting for a new outbreak of war in the Middle East aimed against Iran. It's not going to happen.

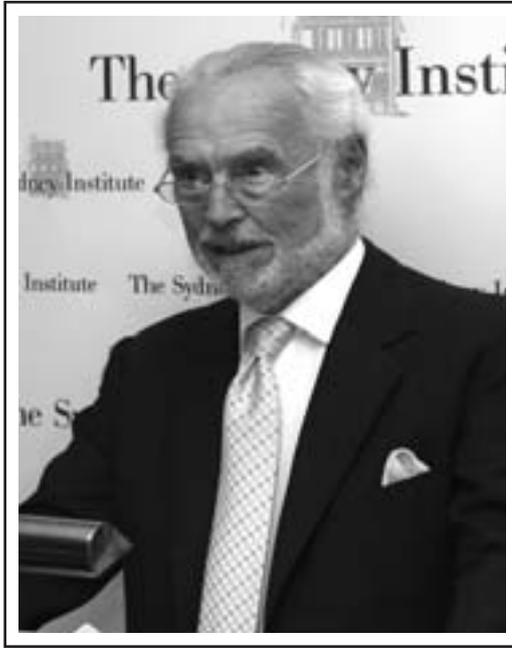


Photo – David Karonidis

Harry Gelber

In *The Dragon and The Foreign Devils*, Professor Harry Gelber calls China “the most exciting rising power in the world today”, and analyses the relatively sudden and dramatic change from its situation a half century ago, a change he tells us that is deeply rooted in history. Gelber sees recurring cycles in Chinese history driven by three major problems – “population growth, overly personalised central administration and volatile borders”. Professor Harry Gelber, a scholar of history and political science addressed the Sydney Institute on Monday 3 December 2007 to give an overview of China today.

CHINA POWER,

CHALLENGES AND FOREIGN RELATIONS

HARRY GELBER

In the last few years China has become the focus of world-wide fascination. It has much the largest population in the world and is, for many, only a few steps from becoming the foremost power. Its economic record is scintillating: some ten per cent per annum growth for some three decades or more, about to become the third largest economy in the world, its exports as well as its demands for energy and resources critical to the development of world trade. At the same time, the growth and brilliance of its new or rebuilt cities dazzle visitors and will do so even more during the giant televisual spectacle of the 2008 Olympics. That is the general opinion, not least here in Australia.

But things are not simple and there is another side to the picture. China has massive and difficult problems, as no one recognises more clearly than its leaders, problems that put question marks against many aspects of that growth and brilliance. I want to mention some of that and to suggest ways in which this might affect China's relations with the outside world.

The first of these problems is demographic. Let's put that into historical perspective. The last two imperial dynasties were the Ming and the Qing. In the two centuries of the Ming period China's population doubled, roughly to 160 millions. In the two centuries of the Qing ascendancy, from 1650 to the start of the devastating Taiping rebellion in 1850, the population doubled again to roughly 320/330 millions. Fast forward to 1945/49



*Dowager empress Cixi,
the last Qing ruler (1835-1900)*



Ming emperor Xiao Zong (1488–1505)

and the beginning of Communist rule. Likely population estimates for 1945/49 are around 450-500 million while the 1953 census speaks of 600 million. Since China's current population is around 1.3/1.4 billion that means its population has tripled – not in two centuries but half a century.

Two thoughts suggest themselves. Never in all of human history has anyone tried to govern such numbers from a single centre and it is not clear how that might really be done. Nor has any state of anything like China's size experienced such explosive population growth without severe social stress. The government has spoken of a need to house 400 million people in yet-to-be-built

cities. New population limitation rules have created other stresses. For example, given the traditional strong preference of China's parents for boys there are now sharp sex disparities among adults. There are estimates that possibly 30 or even 100 million Chinese men can never hope to have wives – surely a prescription for unrest. And given better health care, there are larger numbers of old people but relatively fewer young workers to take care of them.

Population growth has aggravated other difficulties, including water shortages and pollution of water, soil and air. In Northern China, which has some 500 million people, agriculture has for many years had to rely to 75 per cent on underground water from aquifers, some of which will start to dry up by 2020. Beijing itself relies on aquifers for 80 per cent of its water (though much more will be piped in from other provinces during the Olympics). Both in the Beijing region and around Shanghai the use of underground water has already begun to cause serious subsidence of the land surface. The government has said that climate change may, by 2050, bring 30 per cent less rain in parts of China and so there will be a 40 per cent less cereal yield. Industrialisation, dam building and official corruption make some of these problems worse.

Remedies begin with the obvious: reduce waste of water and the release of raw sewage into streams and rivers. More efficient capture and storage of rain. Possibly greater use of the Tibetan ice sheet –

though Tibet also feeds streams and rivers in South and Southeast Asia where Chinese water diversion is already resented.

General pollution already costs China some 10 per cent of annual GDP, says the World Bank. The Chinese say that ten per cent of the Yellow River is simply sewage and the same is true of many streams and lakes. China's air pollution is notorious and the great majority of the world's large cities with the worst air pollution are in China. Nor is China alone affected. Korea and Japan suffer from Chinese air pollution. Los Angeles claims that a quarter of its smog often comes from across the Pacific.

The problem here is that China's entire social and political stability depends critically on economic growth which depends in turn on energy use, 70 per cent of which comes from coal. Premier Wen Jibao understands the problem and has spoken of a 20 per cent reduction in energy use by 2020. But that will be hard to achieve without damaging the economy, even though there is room for major savings: China uses from 3-10 times as much energy per unit of output as, say, Western Europe. It is true that China is building many more nuclear power stations but they cannot come on stream quickly. In the meantime, urban construction as well as motor and air traffic are growing by leaps and bounds. China's domestic air traffic alone is estimated to be growing by some 40 per cent per annum and Boeing and Air Bus between them plan to sell between 5,500 and 7,200 commercial aircraft in East Asia (including China) by 2020.

Finally there is the old story of China's shortage of land, especially good farming land. In gross terms China, with roughly 23 per cent of the world's population, has some seven per cent of its arable land, and land shortage is made worse by urban and industrial growth, dam projects like the three gorges dam, and so forth.

It goes without saying that China's leaders are aware of all this. At the 17th Party Congress in late 2007, President Hu Jintao himself spoke of the need to develop China as an "ecological civilisation"; and there has been much talk of new forms of energy, the re-use of waste water and so forth. The trouble is that there is a very long way to go before China can hope to achieve significant progress in such directions without quite serious damage to growth.

That touches directly on a central problem not just of China's economy, but of its political stability and civil peace. For it is quite clear that Maoism and Maoist enthusiasm have evaporated, whether as a social cement or a mobilising force in Chinese society. The effort to replace it is in three parts. First, there has been since the late Deng Xiaoping towards the end of the 1970s the promise of a vastly improved standard of living for everyone. Second, there is – not for the first time in China's modern history – the tendency to blame foreigners or foreign influences for real or alleged oppression and exploitation

in the past, political and economic constraints, even damage, in the present, and possible dangers in the future. Nothing so rallies a population as the impression that foreigners “are trying to do us down”.

Third, there is the role of the Chinese Communist Party. It is, of course, a body quite unlike political parties in the US, Western Europe and Australia. For

one thing, it currently has around 75 million Party members. For another, it is, and remains determined to go on being, the sole political organisation and social cement of Chinese society. On no point is it more fiercely determined than the need never to allow any sign of an alternative political force to arise.

From that stem three interrelated problems. First, there cannot be a legal and judicial system independent of Party control, able to deal even with Party members in accordance with some genuinely independent rules and codes. Second, members of a Party without external accountability, and from whose decisions there can be no appeal, are all too liable to become corrupt as, indeed, much of the mandarin class did in imperial days. Party leaders keep complaining about the evils of corruption. Third, there is a profound contradiction between two governing drives of contemporary China. On the one hand there is a need for enterprise and innovation at all levels, to fuel the economic and political rise of China. On the other, there is the imperative need not to allow enterprise and new ideas to spill over into politics and social affairs. Hence the massive surveillance effort in all Chinese cities, not to mention on the use of the internet. By 2010 China is expected to be importing some US\$43 billion worth of surveillance equipment each year including, for example, face recognition software.

The economy also has its problems. No one disputes that China's manufacturing and trading efforts in recent times have been stellar, or that Chinese products have hugely benefited Western consumers. But serious skill shortages have now appeared. By late 2007 inflation had risen to some 6.5 per cent. The banking system, seriously under government control, is awash with non-performing loans. Consumer spending is only around 36 per cent of GDP, compared with around 70 per cent in advanced Western economies. There are estimates that the average return on investment in China is only about one third



Chairman Mao and Stalin, 1949

of that in India, and far less than investment in the US and Europe. By common consent, there is much superfluous infrastructure investment. At the same time, the Chinese stock market has soared. Only a few weeks ago Alan Greenspan, the former Chairman of the US Federal Reserve, remarked of the Shanghai stock exchange: "If you ever wanted to get a definition of a bubble in the works, that's it."

What do these and many other indicators suggest about China's approach to foreign and strategic relations? Perhaps the first point to make is that Chinese officials seem very likely to be right when they insist that 95 per cent of the time of China's top leadership is devoted to domestic and economic problems and not to foreign relations. It seems equally plausible that these leaders are genuine when they speak of China's need for "peaceful borders" and their desire for a "peaceful rise".

But that does not amount to a statement of objectives. And these objectives undoubtedly include an insistence on maintaining China's unity, including not just the Republic of China on Taiwan but more recently acquired regions like Tibet and Xinjiang in the West and Northwest, regions whose inhabitants have much to complain of in their subordination to Beijing. We have moved very far from the days, back in the early 1930s, when Mao Zedong was saying grandly that, as a matter of course, the "minority nationalities" would in future be given a free choice between independence, or the option of joining the Soviet Union, or that of joining the new socialist China.

Beyond that China wants, as a matter of course, to regain the regional ascendancy and "seat at the top table" of world affairs to which, Chinese quite viscerally believe, they are entitled by virtue of their history, the size and attractiveness of their population, the grandeur of their civilisation and so on; a grandeur only temporarily obscured by the "oppression" China believes it has suffered at the hands of the West for a couple of centuries past.

In pursuing these aims China has adapted, with great pain but skillfully, to the usages of the modern world. We need to remember that only about 150 years ago China fought and lost two wars with Britain, essentially over the issue of the equality of sovereign states. It was China that still saw the emperor, the "son of heaven" as the central personage in human civilisation, to whom all Chinese and others should pay reverence; and it was Britain that insisted on state equality and the respect due to its flag and its queen. For China, the intervening decades have been painful indeed. Not until 1949/50 did China start to resume its international position, not as an empire but as one sovereign nation-state among other such states.

That nation-state can see, as the old empire refused to do, that economic, technological and even cultural success provide the sinews of power in this new world. The soft power of China – its artistic

reputation, its films, the prowess in sports and athletics it will display in the Olympics next year – will be worth, as Stalin might have said, many divisions of troops.

In that context, armed forces may play a somewhat secondary role. It goes without saying that China has to have significant and effective armed forces to deal with, or avert, the many problems on or near its borders and to fend off potential dangers from a variety of foreign military bases, not to mention possible domestic problems. It is no surprise that China has spent heavily on defence in recent times or that spending is rising rapidly.

But it was only the 1991 Gulf War that startled the Chinese leadership with its display of American and Western defence technologies into a realisation of how out of date were all segments – sea, air and land – of the People's Liberation Army. Even then, it was not until 1997/98 that thorough going defence reform began to affect every segment of the defence structure. What seems to have emerged is not only a more modern and better equipped army, but emphasis on reform and improvement in areas like sea denial, air defence, electronic warfare, training, logistics and, of course, command, control and intelligence.

One of the most interesting areas of Chinese defence developments is that of electronic warfare and the capacity to attack and disrupt not just an enemy's military and naval command and control systems but his entire national infrastructure. That capability is constantly refined by the continuing efforts by China, and especially the PLA, to break into the data bases of Western government ministries and hi-tech companies. The British security service MI5 has recently warned 300 leading British firms about Chinese computer hacking; and the US Air Force is said to have 40,000 people deployed to combat Chinese and other computer probing.

But there is much else. China's short, medium and long-range missiles have been improved. Highly modern and silent-running submarines have appeared. So have new frigates, sophisticated anti-ship missiles and there are possible moves towards carrier-borne air capabilities. Of course, China has not had a significant high-seas capability since AD 1430 or so and it takes a very long time to construct the intricate capacities of a truly modern navy or air force. But the defence of China's coasts and the denial of coastal waters to a potential enemy are realistic near-term aims. The air force has also been significantly improved, mostly with modern fighter and ground-attack aircraft acquired from Russia, though China's own aircraft design and production capacities are also much improved.

Against that background of strengths and weaknesses, what else can be said about China's relations with the outside world? Its leaders are acutely aware that, while China may be an apprentice great power,

it has no significant and reliable allies anywhere. (Even North Korea and Burma are neither significant nor reliable). Not only that but vulnerability is compounded by the semi-circle around its borders of US facilities, bases and economic relationships from Northern Japan via Southeast and South Asia into parts of Central Asia. Relations with Russia are amicable and China continues to buy Russian military equipment and technologies. But no Russian leader is likely to forget the marked population disparities between the Chinese parts of the Far East and the resource-rich Russian areas; not to mention the possibility that at some time in the future the Chinese might claim that the 1859/60 treaties by which Russia acquired hundreds of square miles of territory along the Pacific coast were “unequal” and need revision.

It is also no secret that many countries in Southeast Asia are uneasy about China’s rise and remember Beijing’s historic imperial habits. China has been wise to encourage mutually fruitful economic links in the region and local acceptance of China’s good intentions. As Singapore’s grand old man, Lee Kuan Yew, put it with his usual bluntness: “The Chinese will be here in two thousand years. The Americans might go away.”

Beyond that, China naturally seeks closer relations with the oil and commodities rich regions of the Middle East and Africa, whose resources will be essential to China’s growth and therefore also social



Modern Shanghai, 2000

stability. But there is little doubt that the single most important relationship China has is that with the United States – if only because there is almost no significant foreign problem for China in the Pacific or South East Asia or the Middle East which can be guaranteed not to draw in the interest or involvement of the USA.

The warp and woof of that relationship is a fascinating mix of wariness, even fear, and interdependence. For China, the US is an essential source of investment, technology and the training of Chinese students and the largest and safest market in which to park vast quantities of Chinese savings. It is also an essential keeper of the peace in the Pacific and the Middle East and the most powerful and credible policeman of the sea-lanes on which China (and Japan) rely for the flow of Middle East and African oil and other resources. The American presence can also help to reconcile South and Southeast Asians to China's rise. At the same time China naturally tries to relieve the sense of "encirclement" by extending its presence and perhaps facilities Westwards, both in Asia itself and on the path to the Middle East and potential Moslem allies. The possibility of future Chinese naval facilities on the Burma coast is a case in point.

For the Americans, on the other hand – who have since the nineteenth century had a soft spot for China – China's rise is, over time, inevitable and will have its main focus at home rather than on foreign adventures. Moreover, the rise is likely to be limited, if only for demographic reasons: as they say on Wall Street, China will get old before it gets rich. It is very much in everyone's interests, not only that of the Chinese themselves, that China's rise and growth should happen without undue external friction, let alone any kind of domestic collapse. It would certainly be highly desirable to avoid any kind of open Chinese challenge to the US or the Pacific order. That being so, American help to China, whether by way of investment, technology or a steadying political hand, can only be helpful not only to the US itself, but to American allies like Japan and South Korea. America may even be of critical help in preventing some provocative move by Taiwan to which China would feel compelled to react.

None of that is to deny the obvious. The international order will continue to change, as it always does, and there will be frictions and disputes around China's periphery and beyond. It is true that there is no alternative for the time being to the role of the US as the chief organiser – insofar as there can be an organiser – of a volatile Pacific and global order. In that context China will of course move gradually to extend its influence, its assets and its grip. In doing that its leaders will be skilful, focussed, patient – and utterly unsentimental. But for as far ahead as one can see their chief concerns will probably remain domestic.

It may be that the most important question marks about the stability of the Pacific order do not have to do with China at all, but rather with the US. When the international role of a great and dominant power changes, it is usually more the result of domestic shifts than external problems. And it is not, or not yet, evident that in the aftermath of America's painful involvement in Iraq and Afghanistan and, however good the eventual outcomes might be, there will be great appetite in the US for continuing to play the global role that America has played since 1945 (or perhaps 1941). It is not that the direct costs of such engagements are vast. It is rather that the way in which the whole uncontrollable paraphernalia of modern communications can make every detail of modern war instantly visible, makes it necessary to conduct foreign conflicts in the language, and by the rules and preferences, of domestic politics.

Whether that is true or not, it seems most unlikely that, if or when the American ascendancy ends, it will be because of some serious Chinese challenge, whether economic or military. Nor will it be, as many "progressives" dream, because international organisations like the UN develop a capacity for governance. It is much more likely that the American ascendancy may come to be complemented and in time replaced by the kind of constellation of global powers – America, China, Japan, Russia, India, maybe the EU – that Richard Nixon forecast 40 years ago and for which there are several partial precedents. Of course, whether those powers, those states, will continue to be what we think of as "nation-states" is a very different question. But that is a subject for another evening.



Photo – David Karonidis

Glenn Stevens

Glenn Stevens, Governor of the Reserve Bank of Australia, is committed to the style of operation of the Reserve established under former governor, Ian Macfarlane – the independence of the Reserve, the 2-3 per cent inflation target over the course of the economic cycle and the accountability of the Reserve Bank when a decision is made to change interest rates. Glenn Stevens addressed The Sydney Institute on Tuesday 11 December 2007.

CENTRAL BANK

COMMUNICATION

Glenn Stevens

This evening I would like to talk about central bank communication. There are plenty of people who probably think that “central bank” and “communication” are not expressions that are normally thought of as belonging together. Yet communication has become steadily more open, and more important, in the central banking world over the years. At one time, overnight interest rates used to be adjusted without announcement or explanation – “snugging” was a popular term of the late 1980s. The market would generally take a few days, and the general public considerably longer, to work out what was happening when monetary policy was changing. They usually had to wait longer again for an explanation of why it was changing.

That is no longer the case. These days, central banks say they are moving the interest rate, and say why, very openly. This particular form of transparency was adopted quite early at the RBA, back in 1990, under Bernie Fraser. Not only do they announce policy changes in a forthright fashion, most central banks set out their detailed assessment of economic conditions in published material. In a number of cases, they publish minutes of their policy discussions. Governors and others give speeches, appear before parliamentary committees and are frequently quoted by various commentators in the media.

For central banks, historically quite discreet organisations, this is quite a change. I want to examine the reasons behind that change, and the case for openness. I want also to talk about the limits of openness. Finally, I will elaborate a little on our own recently announced changes in this area.

Why communicate?

To begin with, it is worth asking the question: why do central banks communicate?

There are at least two reasons. The first arises from the principle of accountability in an open and democratic society. The central bank is charged with some important responsibilities – maintaining

the purchasing power of the nation's currency, pursuing "full employment" and fostering stable and reliable financial and payments systems, among others. It is endowed with substantial powers – in the RBA's case, to buy and sell financial assets, commodities, real property, to lend money and to make certain regulations – in fact, to do anything that could be thought to come within the remit of "central banking business".

It stands to reason that the central bank should expect to account for the way in which it has used its powers to pursue its statutory goals. The framers of the *Reserve Bank Act 1959* nearly 50 years ago very wisely placed the parliament squarely in the centre of accountability arrangements. In recent times, the *Commonwealth Authorities and Companies Act 1997* has required annual reporting of the relevant agencies, of which the Reserve Bank is one, but from the very beginning the RBA was required to issue an annual report to parliament.

Yet the requirements for more frequent communication have grown over the years. In part this reflects the increased development of capital markets and the speed and force with which they respond to economic developments. Markets crave information, and the central bank's assessment of the state of the economy is one part of the information set.

In part, the demand for communication accompanies increased operational independence for central banks. When the central bank is making an important policy decision under an authority delegated by the parliament, as opposed to implementing a decision made by a minister – and that is what we are doing in the case of monetary policy – there will naturally be an expectation for accountability. It also reflects the general development of the community's expectation to be more informed about important matters. That is a natural concomitant of a more affluent, educated and mature society. As such, it is something to be welcomed.

There is also the role of the media. Our political leaders are expected to answer questions from the media much more frequently, and across a much broader range of issues, than once was the case. Some of this spills over onto other institutions, including corporations and central banks. The media is responding to market demand for information here, but as in any other competitive industry, media organisations are also seeking to create new markets by supplying more intensive, more frequent coverage of more issues, including economic policy.

The second rationale for more communication is the desire for more effective policy. Some policy actions have as much effect through conditioning expectations as by constraining current behaviour. This is very much true in the case of monetary policy. A change in the cash

rate of modest size has only a pretty small impact on the economy. But expectations about a sequence of possible future interest rate changes can often be more powerful. What a central bank says, as much as what it does, affects those expectations.

Even more important are expectations of future inflation. When people expect prices to rise rapidly, they bring forward purchases, put up their own prices, demand higher wages and so on. That helps to create the very inflation they expect. On the other hand, if people are convinced that inflation will be contained – perhaps because they believe that the central bank will do whatever is required to achieve that – they behave accordingly. In that case, their price-setting, wage and purchasing behaviour helps keep inflation controlled.

Expectations are more likely to be helpful in fostering economic stability when the public has a clear understanding of what the central bank's goals are, how the central bank thinks the economy works and how in general terms it is likely to respond to various events, particularly pressure on inflation. That is why most central banks spend a good deal of time talking about their objectives and their policy framework. It is why they publish exhaustive analyses of economic conditions and offer such assessments as they can about likely future developments.

Of course the world is highly uncertain, so central banks cannot spell out exactly what they would do in response to every conceivable scenario. There will always be the potential for some surprises. But if people understand the framework and the goals of policy, then their own response to that knowledge will usually be helpful in achieving the policy goal. Hence, communication is an important part of the policy process.

How to communicate? And how much?

So much for the rationale for communication. What are the channels central banks use? There are several.

Most central banks have a program of publications. Australia's central bank has been publishing the *Bulletin* every month since 1937. In most cases central banks publish the results of research of their staff. The views in these papers are those of the authors alone, but much of the research is part of the knowledge base available to the policy-makers and hence is usually of interest to those seeking an understanding of policy issues. The RBA has been publishing Research Discussion Papers since the late 1960s.

Over the past 15 years or so, many central banks have upgraded their regular economic reporting, giving a more in-depth account of economic conditions with a more analytical flavour. In some countries with formal inflation targets, these are called "inflation reports", though they are about much more than inflation. These documents set

out the factual background in a way which shows how policy-makers account for economic and financial conditions in their decisions. In the process they usually reveal a good deal about how the central bank thinks the economy works – its “model”, if you will.

In many, probably most, cases, these documents contain forward-looking material. Forecasts for inflation (and often for other key macroeconomic variables), the assumptions on which the forecasts are based and the extent of uncertainty surrounding the forecasts are, to varying degrees, spelled out. A few central banks even publish a future interest rate path – albeit one heavily conditioned by assumptions which are almost certain not to be realised, for one reason or another.

The RBA has progressively upgraded its own regular report. The *Statement on Monetary Policy* appears in the mid month of each quarter. This is a very comprehensive treatment of the local and global economies, financial markets and considerations for monetary policy. It contains the Bank’s inflation forecast, a sense of the risks surrounding the forecast, and a discussion of the forces conditioning the outlook for the economy. It also offers an account of the policy decisions the Board has made in the preceding period.

Central bankers give public speeches on issues of the day. In our case, we typically will take questions from the floor on such occasions as well. Sometimes the questions are even about the topic of the speech! The speeches, and the answers to questions, are routinely sifted by economists, the media and others for hints about the central bank’s intentions. That is not surprising, though sometimes readers are remarkably inventive in their efforts to read between the lines. I have certainly marvelled at some accounts of what I am supposed to have said. Nonetheless, these occasions do give the central bank the opportunity to talk about the issues it thinks are important, and to signal, if necessary, any changes to its view that might occur between the formal assessments of the economy appearing on the regular timetable.

Central bankers make appearances in front of parliamentary committees. As you may know, in our case, the Governor has been appearing twice yearly in front of the House of Representatives Economics Committee for about a decade now. Other officials of the Bank appear in front of various other committees as appropriate. These hearings give elected representatives the chance to ask questions at length. They are a key part of accountability and offer a useful opportunity for communication. They can also play, if used well, an educative role, developing a better understanding of policy issues than would be achievable in many other fora. Of course, there is always the risk that in such sessions the questioning can tend to aim more at political point-scoring.

Public communication is, however, a two-edged sword. For every occasion when there is something important to say, there is another at which a central banker finds him or herself giving a speech, or releasing a formal document, which has little new to say on the economy, in an environment in which markets and observers already have a good understanding of the central bank's assessment. On those occasions there is always the risk that further communication will inadvertently dislodge perfectly sensible expectations – which is one reason why speeches and documents are often, quite deliberately, a little on the unexciting side. Colour and movement are not necessarily useful in the central banker's case.

It is for this reason that the RBA was, for a long time, somewhat ambivalent about the practice adopted by some other central banks of making a statement of reasons for the policy decision even when the decision is to leave rates unchanged. While a decision to change rates has for many years been accompanied by a pretty detailed explanation in our case, a decision not to change rates often meant that we had little new information to impart. We adhered to the old adage “when you have nothing to say, keep your mouth shut”.

These reservations were valid. But an increasing number of other central banks have managed to construct these statements and issue them regularly, without apparently doing much harm. More importantly, while there are plenty of occasions in which no change in interest rates is widely expected, and hence perhaps needs little explanation, there are others in which a no-change decision does require careful explanation.

Having reflected on this for some time this year, the Reserve Bank Board came to the judgment that the downside risks of such statements no longer outweigh the likely benefits. Accordingly, we have adopted the practice of issuing a short statement after every meeting, explaining the policy decision, whether or not the cash rate is to change. The first “no-change” statement was issued last week.

Last week's decision was a good example, in fact, of one where no change to the cash rate needed explanation. The statement noted the concern the Board had about the outlook for inflation, given the recent price data and the apparent strength in demand. It also noted that the outlook for the world economy looked a little weaker, and that trends in financial market pricing, over the preceding month, were likely to result in a rise in borrowing rates for Australians. In other words, financial conditions were shifting in the right direction for containing inflation, even without a further adjustment in the cash rate. Hence the Board decided to leave the cash rate unchanged, for the time being.

In a further change to communication arrangements, commencing at the February 2008 meeting, our statement will be made on the day

of the meeting, at 2.30 pm, rather than the next morning. Any change in the cash rate will still take effect the following day. This schedule will inform the markets during the Australian day, but will limit the time period between the decision being taken and it being publicly announced. The previous practice of delaying the announcement until 9.30 am the following day was originally adopted for logistical reasons, but they have long since disappeared. It is much better practice, and less risky, to announce the decision as promptly as possible once it has been made.

Minutes and the limits to transparency

That brings me to the one remaining area of central bank accountability and communication that I would like to talk about, which is the treatment of the minutes of policy-making meetings.

Practices vary in this area. The United States Federal Open Market Committee has been publishing minutes for many years. It was prompted initially by Congressional pressure for more openness, but before long moved beyond minimum requirements to a fairly full set of minutes including voting records of individual members. The Bank of England's Monetary Policy Committee (MPC) is required by statute to publish its minutes. The MPC's culture is expressly, by intention of its creators, one of individual accountability. Hence the minutes include voting records of the members, and it is not uncommon for a significant proportion of members to differ from the majority – including two cases where the Governor was in the minority. MPC members hold a second meeting, subsequent to the policy meeting at which the interest rate decision is taken, for the purpose of approving the minutes, which are then released prior to the next policy meeting.

The European Central Bank, in contrast, does not publish minutes. One of the key reasons is that the presidents/governors of national central banks sit on the Governing Council of the ECB but are required to make decisions for the euro area as a whole, as opposed to decisions that might suit the particular circumstances of their own countries. It is argued, not unreasonably, that publication of minutes and voting might prejudice the capacity of the national governors to take a euro area, rather than national, perspective. The ECB does make additional efforts at communication of other kinds, including a regular press conference.

Clearly there are views on both sides of this question, which reflect the different institutional arrangements across countries. This is why we have argued over time that, in the pursuit of the optimal degree of transparency, it would not make sense to “cherry pick” the high transparency aspects of every other system and assume that they should simply be grafted onto the Australian system. The nature of

the Reserve Bank Board – a majority of whom are part-time members, drawn from various parts of the Australian community, but seeking to make decisions in the national interest as opposed to any industry, geographical or sectional interest – needs to be considered when thinking about disclosure practices.

It is also important, I think, to articulate the point that there are reasonable limits to transparency in any system. It is not the case that releasing more material is always, by definition, going to lead to better-informed public debate or better policy decisions.

In contemplating the release of minutes of meetings in particular, and the form any such release might take, we need to balance a legitimate desire for information and accountability against the need to maintain a frank, open discussion at the meeting. At many meetings I have taken part in over the years, people have considered various arguments that ultimately were found to be unconvincing, but which did need to be examined in the interests of reaching a balanced decision. People also change their minds in the course of a meeting – and one would hope that that happens occasionally, since one of the key benefits of having a meeting is to learn from and respond to the views of the other participants. It is unlikely that these dynamics of a meeting could be sustained if every utterance were disclosed. The incentive could easily arise for people to be much more cautious in what they said, and to come to the meeting with a pre-written statement, rather than to engage in a genuinely interactive discussion. That would reduce the quality of the discussion and, ultimately, of the decision. And it is the quality of the decision, after all, which we should be seeking to maximise.

What all of this means is that a decision to release minutes should not be taken lightly. Such documents have to be written carefully, taking into account the institutional structure, including the nature of the Board, and the need to preserve an environment of candid discussion.

RBA minutes

That said, there is no reason why, with careful drafting, a set of minutes that strikes the right balance cannot be compiled. Indeed, for a while now, we have been writing the minutes in just that way. After discussion among the Board members, we recently decided that there is no longer a strong case for not being prepared to release minutes of the monetary policy discussion. Accordingly, as announced last week, we will in future release the minutes of the monetary policy meetings with a lag of two weeks. The minutes from the November meeting were released last Wednesday. The minutes from the meeting held last week will be released on 18 December. In addition, with the agreement of the Board, I am releasing at this time on the website

the minutes from all meetings since I have been the chairman of the Board (that is, commencing with the October 2006 meeting)

Those who are interested to read these documents – which will, outside the media and economic and financial professionals, be relatively few, I expect – will find the following features.

First, there is an account of the main factual material available to the Board and the issues arising from that material that came up during their discussion. There is nothing particularly startling there – the information available to the Bank is pretty much known by everyone else. The material does not cover every single indicator the Bank tracks – there are too many. So if your favourite statistic is not mentioned, that doesn't mean we are ignoring it. Equally, those statistics that have been prominent in recent sets of minutes should not necessarily be seen as all-important for future decisions. The Board will always strive to form a comprehensive picture of the whole economy in assessing the economic outlook and the prospects for achieving the inflation objective, and in coming to its decision.

Second, there is an account of the policy discussion that occurs towards the end of the meeting, which outlines the key considerations involved in the decision. Sometimes these considerations are quite straightforward. On other occasions, they may point in different directions in terms of their implications for interest rates, in which case the Board has to make an “on balance decision”. The minutes will set out as clearly as we can the logic behind the decision.

Third, there is a record of what the decision was – that is, what target cash rate the Bank is to maintain in the period until the next meeting.

Readers will note that comments are not attributed to individuals. The material is not a transcript – indeed we do not keep a transcript – and it is not an edited version of some other set of more detailed minutes. No other record of the monetary policy discussion exists. The minutes do not attempt to provide a “blow-by-blow” description of every comment made. But nor do the minutes released by other central banks, and it would not be sensible to do so, for the reasons I articulated a few moments ago.

Readers will also observe that the pattern of votes of individuals is not recorded, only the outcome. That is a point of difference with other central banks which publish minutes. But in those cases the decision-makers are full-time appointees, in some cases in systems with expressly individual, as opposed to collective, responsibility for their decisions. That is not the system Australia operates, and our pattern of disclosure reflects the institutional arrangements.

In the interests of clarity, let me also state that these minutes do not cover issues other than monetary policy. Other matters that the Board considers from time to time – such as the Bank's accounts,

audit processes, issues concerning subsidiaries and other governance questions – are not recorded in these published minutes, because there is no public policy case to do so. There is proper disclosure on these matters, but through the appropriate vehicle, which is mainly the annual report. This is in line with practice in other central banks, and with common sense.

Our view is that minutes of the type we are now releasing, in combination with the regular statement after each meeting, and the large volume of other material released by the Bank, meets the legitimate claim of observers to know the basis of the Board's policy decisions. It is consistent with arrangements that prevail in the countries to which we would look for examples of good practice. At the same time, this approach should preserve the candour of discussion at the meeting and recognises and respects the basis on which the non-executive members of the Board serve. As such, it strikes the right balance.

Conclusion

Communication has become a more important part of the central banker's tool kit. While we will rarely be found courting publicity, neither will we shirk the responsibility to explain what we are doing and why. That is a requirement of good governance, but also it will usually make policy decisions more effective.

There are limits to transparency. More is not always better, and because the decision to disclose additional information is hard to reverse once made, it should be made with care. Nonetheless, after reflecting on our own experience and evaluating experience around the world, we recently judged that the time had come to move Australia's arrangements to conform with normal practice elsewhere. I was very pleased to learn when I met the new Treasurer a couple of weeks ago that he supported the changes.

This material will not compete too well with the best-seller lists, and almost everyone will (I hope) have better things to read while on the beach over the summer than the Reserve Bank Board's minutes. But for the professionals, this will hopefully make a modest further contribution to their understanding of the Board's decisions.



Photo – David Karonidis

David Morgan

To mark his retirement as Westpac Banking Corporation Chief Executive Officer since 1999, Dr David Morgan addressed The Sydney Institute on 22 January 2008 and reflected on a distinguished career in finance. David Morgan has a unique understanding of the economic reform process in Australia over a quarter of a century, having worked on the Task Force of the Campbell Inquiry into the Australian financial system (initiated by John Howard in the Fraser Government) and held senior positions in the Treasury Department in the early years of the Hawke Government, working directly with Paul Keating.

REFLECTIONS ON A

LIFE IN THE ECONOMIC FAST LANE

DAVID MORGAN

I am at the end of eighteen years and I have to confess that I have a credibility problem – it does not seem credible to me that I am leaving, that my time is up, I’m out the door. It seems just the other day that I joined the company. But for that matter, it seems just the other day that I took my last money box to the Malvern branch of the Bank of NSW. You keep your head down and do your best, and when you look up – well, it’s time to go. I will say that much about myself – I’ve kept my head down. I’ve given it everything I could.

The trouble was I had this thing about succeeding. People talk about the devil driving – well, that’s what I had, a sort of demon. I didn’t exorcise it, but then I didn’t especially want to. It’s like that of course. I decided to give in to him and do what came naturally. Who knows, I thought – I’ll just keep trying for the next level. I started working hard one day and I’ve never really stopped. I don’t know how I’m going to stop now.

I’ve been very lucky. I’ve always known that. Being born in this country and growing up in the 1950s and 1960s was the first great stroke of luck. Being raised in modest circumstances I count as a second stroke: it nourished my competitive instincts and thus fitted me for the new economy. Going to a new university with a meritocratic ethos and a couple of brilliant teachers – that was the third part of my luck. Economics was the fourth part – I fell in love with the subject. There is no luckier person than the one with a vocation. Economics became mine and it has sustained me all my life.

I’ll jump over all the other bits of luck I had on the way to joining Westpac – except for one, because in a way that I sometimes find uncanny, it became part of the same story.

The luck was to join the Federal Treasury at the beginning of a great era of reform. I joined in the early 1980s, around the time the Campbell Report recommended deregulating the Australian financial system. I was put in charge of the Task Force to consider that Report’s recommendations, and then I struck a government with the courage and zeal to implement them.

I think about it sometimes: had I joined the Treasury at any other time in the past century, the chances were I could have slept through much of my time there. But I struck a decade of exhilarating reform and dedicated reformers. It was a time when we felt as if we were remaking the country – and in fact we were. I also struck great talent and great characters, both in the department and in the Cabinet: people who shared my passion for work and economics, and it is not too much to say, for Australia. That’s how I was lucky: it’s always lucky to be there at the creation. Or the resurrection. Which brings me to Westpac.

When I joined Westpac in 1990, the bank was falling to its knees and shortly thereafter Kerry Packer and Al Dunlap were waiting to deliver the coup de grace. The oldest company in Australia, the company that has been such a vital part of Australia for all but 29 years of the nation’s history, almost fell into the hands of Al Dunlap! It’s what happens when you think you know all there is to know. It’s what hubris can do to you.

Westpac got deregulation wrong. It got it wrong because many of the people running Westpac weren’t equipped for it – the wrong ideas, the wrong reading of the times and the wrong ethos. They thought deregulation meant a free for all, where a bank could choose to play any games in any field it chose – regardless of comparative advantage. They thought nearly 170 years of success guaranteed ongoing success.

But the fundamental point about deregulation was the opposite of this: the point was that past protections were gone and you had to get better – much better – at your core business. But it was the core business that Westpac abandoned prematurely.

The new Australian economy demanded profound changes in the previously heavily regulated banking industry. The story of Westpac’s recovery and growth is primarily a story of these changes – the demanding and sometimes fraught circumstances of their conception, their painful birth, their often laborious implementation.

Things were happening in the new economy that provided opportunities for banks with eyes to see – and they were happening in core business areas. For example, there was an unmistakable sign that the future of household savings no longer lay primarily with bank deposits, but rather with superannuation and a whole new wealth building industry.

The other thing demanded by the deregulated economy was that merit be recognised – fully recognised. The irony of deregulation was that seven or eight years in, government was still leading and business was still lagging behind. It was still trapped in the habits and certainties of the pre-regulated world. Not to put too fine a point on it, it was being strangled by the old school tie and the received wisdom of that ancient hegemony.

As it happened I'd had to hand in my old school tie as a ten year old, when my father went broke and the bank sold the house out from under us. So I suppose I was well suited to the deregulatory environment: I had the personal incentive and the right work habits.

And work we did. In the early 1990's the company was in crisis. In the space of six months, the Chief Executive, the Chief Operating Officer, the Chairman and four other Board members had resigned or been sacked as the price for a badly botched response to the deregulated financial system was brought to account. In these necessitous circumstances, I was put in charge of a team with responsibility for about two thirds of the bank, and we set out on an urgent recovery program. The team voluntarily cancelled all their Christmas leave and we ramped up our performance targets. We worked day and night seven days a week.

I don't know if our efforts saved the bank. A number of people were kind enough to say they did. I don't know if that was true, but I know for sure that we proved what the right people with the right motivation can do in business. I had seen it in the public sector, and now I saw it in the private. I've no doubt that everyone who was in that team took from it a new or renewed faith in what deeply committed teams can do. If I was to nominate a business value to come out of that experience, it was a belief in people and the imperative to invest in them.

When I went to head the Institutional Banking Group in the second half of the 1990s, I took this belief with me, and the team we assembled then became the team that led the bank as a whole when I became Chief Executive in 1999. In that year Bob Joss, to his immense credit, announced a record profit for Westpac. The bank had very plainly survived. But we had survived at a fearsome cost. Our shareholders were tolerably content, but our staff had paid a price in sweat and tears. Thousands had been laid off. Too many of the thousands that remained were demoralised, disenfranchised and alienated: though perhaps not quite as alienated as our customers.

Our customers thought we – along with the rest of the major banks – were greedy, arrogant, contemptuous and ignorant of their needs. Communities felt the same way: as they saw it, banks had taken de-regulation to mean that their only responsibility was towards their shareholders. Politicians were objects of love and devotion compared to the big banks. In short, we had lost the trust and confidence of most of our key stakeholders. What's more, a second look at the financial results showed they were based not on expansion but shrinkage of our market share.

In the prolonged effort to recover from near extinction and to meet the challenges of the newly deregulated environment, the burgeoning global economy, the unprecedented levels of competition,

the new technologies – just surviving had become an end in itself. It had become a culture of survival. The oldest company in Australia had survived, but had few plans for its future. It had become a bit like the dog that chased the bus. It caught the bus, but what to do with it? Unlike the dog, we couldn't retire panting to our front yard. This was the deregulated world – our old front yard was everybody else's as well.

I began by talking about my good luck. There have been 23 CEOs of Westpac in 190 years. That's an average of about eight years for each one. The odds are stacked against being in the right place at the right time to get the job. But I got it. I had one big thing going for me – I knew the bank and all its operations very well, having run each of them over the previous nine years. I'd seen it at the bottom and been there through the recovery. For me, that May 1999 result was proof of the need to set a new course. Those financials could not be sustained into the future unless we restored the basic ingredients of a decent business.

There were two great tasks to be undertaken in 1999. We needed to define a real future for the bank, and we needed to rebuild the faith of our staff, customers and the community. The first task meant building Westpac's share in the burgeoning wealth sector and capturing the enormous opportunity presented by compulsory private superannuation. It meant a departure from the strategies that had led the bank into perilous difficulties; into risk-prone businesses and markets that were not well understood.

The steps we took instead – acquiring and rejuvenating BT, Rothschild and Hastings, calling out the shift in household savings, setting bold goals for the company in the superannuation revolution – were the most important strategic steps the company has taken in its recent history. The second task was to restore trust and respect. The banks had been regarded as pillars of the community – they were now pariahs. When I say pillars I don't mean they were loved, or regarded as much better than niggardly. But they were generally trusted and grudgingly respected.

The erosion of faith in the banks was particularly startling in a company that had lasted for the best part of two centuries. Westpac evolved in parallel with the country's society and economy. It survived depressions, recessions, wars and attempts at nationalisation. But deregulation had nearly killed it and in the space of half a decade or so two centuries of goodwill had gone down the drain. If we wanted the bank to last for another two decades, let alone two centuries, we needed to restore the good will. Without it we were not sustainable.

The community was right. "Shareholder value" had become the mantra of big business: business should look after the shareholders and the government should look after the people. This was a big

mistake, and a particularly glaring one in the case of a bank – not just a bank, but Australia’s oldest company. As we laid the basis of a new culture at Westpac, we were also re-laying some of the traditional foundations. We were recognising that we were a bank, not a clothing company or a factory: and whether they put their savings in them, or finance their businesses through them, or work for them, or live with them in the community, people expect banks to behave like banks and act in their interests.

Restoring trust began with the people who worked for Westpac. Where else could it begin? The history of Westpac’s last 30 years is the history of a very old company in a very old sector of the economy coming to terms with, not just the deregulated Australian economy, but an economic and technological revolution without precedent in scope and speed of change. The task of rebuilding the faith of our employees and our customers was made that much harder by those two intertwined revolutions: it had to be done in the face of momentous and unceasing change that even as it created prosperity, also created deep uncertainty and put unprecedented pressure on the lives of working people.

I know I’m not the only person in business to discover that, just as you couldn’t make the changes the company needed to make without the company’s people, you can’t tell the story of success without acknowledging their trust. I mean trust that you care about them; that you will listen to them; that it is safe to speak up; that you care about what they think and value and believe. Engendering a direct, high trust relationship with our people – with enthusiasm, loyalty and self-belief where they had been none of these things – has been, I think perhaps the company’s most significant, and valuable, achievement.

Valuable because such employees are more efficient and productive; from them you draw more discretionary effort. Employees who enjoy coming to work, work more effectively than employees who don’t. If they like their work; if they’re rewarded on merit regardless of gender, race or ethnicity; if the company’s values align with their own; and if they’re proud of the company they work for; they will work harder, they will essentially manage themselves and stay longer with the company – and for the company these are huge advantages.

In recent years we have worked hard to establish a much more open culture in which people are free to speak their minds and challenge the way things are done. We’ve worked particularly hard at leadership and teamwork. I have spent a lot more time than I ever imagined talking and listening – frequently and directly – to the 2000 leaders of our 28,000 strong staff. The success of Westpac in recent years has been built on this kind of cultural change. These were the “analytical foundations of business” that for more than a decade Westpac – and indeed business in general – had needed to discover.

We set about building a trustworthy, responsible and ethical organisation – values that simultaneously met the needs of our organisation and of the people that we wished to attract and retain. This objective was at the heart of our corporate responsibility and sustainability program – which, I have to tell you, has become not just a source of great pride within the company, but an essential part of the bank’s culture, brand and strategy.

In fact the most recent chapter in Westpac’s history might well be called “The Road to Sustainability”. If you ask what I learned from the last fifteen years, it was much as I learned in the decade before that – that given clear and worthwhile goals, respect, a voice, aligned values and proper rewards, people can and will do remarkable things.

For people used to the language of business and economics, these are soft-sounding words: just as improving childcare and maternity and paternity leave, and sustainable business practices, are soft-sounding initiatives. But I think we have demonstrated beyond question that these things build shareholder value.

I would say the same thing about the work we have put into making merit a core principle in the company. And the directly related fact that we have raised the number of women in management positions from 25 per cent in 1999 to 43 per cent now.

Similarly, we’ve lifted the number of mature age workers and the proportion of our workforce born outside Australia. And we’re working at building skills in indigenous communities and employment opportunities for the disabled. We’ve surveyed the attitudes of our employees – and for us it makes for satisfying reading. In short, more of our employees are more committed to the company than at any time in the last decade. And the figures that show these are the highest of any large company in Australia.

There is of course another great benefit in all this. In our business, employees are literally inseparable from customers. To our customers, our employees are the bank.

Because customers don’t trust companies; they trust people. The underpinnings of a successful brand in our business is most often a matter of human connection. Only humans have passion, only humans have integrity – our customers will judge the credibility of our brand in large part by the values of our people.

There is a direct correlation, if you like, between loyal employees and loyal customers. And it’s in that correlation that shareholder value substantially lies. As I said, we realised that to succeed in the modern rapidly changing world, we had to look to our past. We had to become a bank again. And I think we have. We became a preferred employer. We became the number one bank in the world, and one of the foremost companies in Australia, for sustainable practices. We became a good citizen.

We managed broad and we managed long. We did this because it is good business to do it. It's good for shareholder value. It's good – in fact it's essential – for the long term interests of the bank and banking. The results of all of the foregoing are plain to see:

- The highest employee commitment and engagement of any large company in Australia;
- Record levels of customer satisfaction;
- Ranked as the leading bank in the world or equal leader for sustainability for the past six years; and
- A sector leading combination of growth and returns, sustained for most of the past decade.

But what is more significant than these figures is a permanent, sustainable transformation of the company. Deregulation brought new responsibilities with the new freedom. The old dictum that business only has to manage business and government manages the rest, no longer applies. Over the past 35 years or so, power has shifted quite dramatically from the public to the private sectors; but if we in the private sector do not exercise it conscientiously our licence to operate will be at risk. In a democracy it does not pay to take the people for granted. What can be de-regulated can be re-regulated – all it takes is a wave of popular discontent.

They say that opportunity springs from adversity. No doubt that is true enough, but I wouldn't want to rely on it. What I think may be said more reliably is that adversity very often contains lessons, and there are rewards for those who are willing – and last long enough – to learn them. The truth is some things can only be learned from experience. So long as they're the right things – and not the only things that you know or care to believe.

It's clear to me now that the troubles Westpac went through had the ultimate benefit of driving management to reach the depth of understanding and dedication to remake the company as thoroughly it had to be remade. I'm also aware that Westpac's struggle to survive served my own career at the bank. I learned more than I would have otherwise, and I believe that I achieved more because of what I learned. I think all of us who went through those times and survived into the new century were wiser and stronger for the experience. Above all, I think we learned not to trust fashionable mantras, especially those that originate in hierarchies.

But, in conclusion, here a few mantras of my own. Nothing fails like success. As inflation is to an economy, hubris is to management. Beware the cancer of arrogance.

That's why the culture of a company matters more than we ever thought a decade or so ago. Working on the culture of the place, questioning the way it works and the way it thinks, and especially what

is taken for granted, is the only cure for hubris. It is thus a defence against calamity as well as a major source of comparative advantage.

And one more mantra of mine. The four pillars cannot stand forever. Indeed they can't stand for much longer. To believe that they can or that they should is like believing that centaurs can and do exist – a lovely idea, but impractical in the modern world. Much that I have learned – that Westpac has learned – mirrors the experience of business everywhere. We have been fortunate enough to live, not just in a long boom, but a period of prolonged change – some of it brought about by courageous governments, some beyond all our abilities to control.

To have been near or at the centre of all this has made my life a profoundly privileged one. It feels as if I picked up a thread the first time I walked into an Economics lecture with Professor Donald Whitehead at La Trobe University in 1967 and I have followed the thread ever since – from Maynard Keynes to Milton Friedman to John Stone and Chris Higgins and Bernie Fraser and Ted Evans and Paul Keating – to Westpac and Bob Joss, John Uhrig, Leon Davis and Ted Evans again, all the great people of the board and with whom it has been my privilege to work at the bank these past eighteen years. Good boards, good chairmen and good colleagues are priceless and indispensable and can never be taken for granted. I sincerely hope that I never did or never seemed to.

This story I have tried to tell tonight is a story of business, economics and, to some extent, politics; but it turns out to be principally a story of people – people of ability, perseverance, vision and good will. And of course there's lesson in that for business – and for economists, and for politicians. Bob Joss who was my predecessor in this job said to me last year that what impresses him most about Westpac in 2007 is the respect in which it is held. It's true. Westpac today is a company conscious of its past and proud of it. It is also conscious of its future and confident about it. But above all, I hope and believe it's a company in tune with the needs and the spirit of the present age.

For nearly two centuries Westpac's story has weaved in and out of Australia's story. The two are inseparable. It is true of the bank's first thirty years, and profoundly true of the last thirty. To have been part of that, to have participated in the drama of it, I count as one of the great privileges of my privileged life.

It's a good story and I've had a good time telling it, Bill Clinton writes at the end of his autobiography. Well, this is my story and I've had a wonderful time in the thick of it.



*Reserve Bank Governor Glenn Stevens addresses The Sydney Institute
Photo: David Karonidis*



Photo – David Karonidis

Mick Keelty

As the chief source of advice to the Australian Government on policing issues, the Australian Federal Police Commissioner Mick Keelty is Australia's international law enforcement and policing representative. Since his appointment, Commissioner Keelty has led the expansion and transformation of the AFP to take on major new responsibilities in the areas of counter terrorism, protective security, airport security and peacekeeping. Commissioner Mick Keelty addressed The Sydney Institute on Tuesday 29 January 2008.

TERRORISM: POLICING'S

NEW PARADIGM

MICK KEELTY

Thank you very much Gerard, and thank you for the opportunity to come and address you. At the outset I'd like to begin by acknowledging the traditional owners of this land on which we're having this address and also acknowledge their elders and their connection with this land.

I want to talk today about policing and terrorism. It's a new paradigm for us, particularly here in Australia, because we are yet to have a terrorist attack on our soil. If I talk more broadly about law enforcement, it's occurring in a constantly changing environment. It was not so long ago that police were primarily focused on the investigation of crimes after they were committed. Modern policing today is more focused on crime prevention. As it should be. And I dare to express that there are high levels of expectation on our police and, rightly so, to focus on the prevention of crime rather than to respond to crime after it's been committed. It's a reasonable expectation to hold.

To be successful in this endeavour, it is important that we minimise distractions and focus on the job at hand. This is not always an easy task, but as an organisation the AFP remains open to change; open to new ways of doing things; and open to opportunities to learn. We do not know for certain what the future holds, but it is vital that we attempt to plan rather than being overwhelmed by it.

In fact, in November last year we hosted the *International Policing Toward 2020* conference in Canberra. That conference brought together international and domestic delegates from law enforcement, government, business, academia and the community to discuss what it might bring for law enforcement. We analysed how that might affect global societies seeking to maintain law and order, prevent and deter crime, and enforce laws in a new world order.

At the conference we heard from a diverse field of experts, such as futurists, political scientists, environmentalists, social researchers, academics, international experts, and demographers. We discussed the future direction of law enforcement and it's acutely clear to me that

the demands of the next decade will be significantly different from the demands of the last decade.

2020 is only 12 years away – 12 years that I am sure will pass with the blink of an eye – and that demands of us that we position ourselves to provide government with sound advice as to the likely policy and crime challenges as we understand them to be. For us now to keep responding after issues emerge with governments left “on the back-foot as it were”. For example, at the AFP we created the International Deployment Group. It was a proactive step to overcome the impact upon, not only the AFP, but also upon the State and Territory Police when required to provide police for “ad hoc” International Interventions such as East Timor, the Sudan, Afghanistan and the Solomon Islands.

Today, we are still the only police organisation in the world to have created such a standing capacity to respond at the request of our government to such interventions. However, while it is incumbent upon us to think and act in this way, we need to remember that criminals will never cease devoting time and effort to reviewing the methods they use to commit crime. Criminals will continue to look for new markets where they can commit crime and they will continue to study our methodologies as they are, quite properly, scrutinised by the courts.

The *International Policing Toward 2020* conference provided a valuable forum for us to analyse our own strengths and weaknesses and, just as importantly, to listen to other perspectives about the future of law enforcement. The opening words of Abraham Lincoln’s famous ‘House Divided’ speech of 1858 encapsulates this sentiment: “If we could first know where we are, and whither we are tending, we could better judge what to do, and how to do it.”

AFP and counter terrorism investigations

Last year, some commentators used the media to criticise the AFP’s perceived lack of “street smarts” when it comes to interviewing terrorist suspects because, it was suggested, we’ve all been too busy in the AFP earning degrees to have gained “the street smarts” appropriate to be able to have the “hands on” experience to conduct such investigations. I make no apology for the recruitment of and further development of our police. Education is the cornerstone of a robust, modern and adaptable police force. We take every opportunity in the AFP to encourage our members to further their own education – whether it be for personal development and achievement or whether it be for career development.

It is sometimes suggested that in the AFP all we do is drug, tax and fraud investigations. If that were true I might have a fewer grey hairs emerging, but those sorts of comments reveal a considerable

lack of insight and knowledge about the roles, functions and responsibilities of the AFP.

The AFP currently has more than 6,500 members who work in a diverse array of fields. Combined with our homeland duties, we have officers working overseas in liaison, peacekeeping and capacity building roles. In fact, peacekeeping and regional assistance missions have evolved into one of our core business areas, and they remain an important way of strengthening links with the international law enforcement community.

An integral aspect and long-term benefit of peacekeeping activities is that by helping our neighbours in the region to stabilise and establish law and order in their own region, those police forces will become much stronger partners in preserving the peace, stability and good government of the region. This in turn, should improve the environment for other “whole of government” agencies such as Health and Education to provide their expertise and assistance.

Whilst the AFP does undertake drug, tax and fraud investigations – and, I might add, with some degree of success – we also police Australia’s major airports; we investigate high-tech crimes through the Australian High Tech Crime Centre; we provide protective security services to the Commonwealth, including Commonwealth assets, critical infrastructure, diplomatic missions and high office holders; we investigate transnational crimes like narcotics and people trafficking, we fight crime offshore through the AFP’s International Network; and we provide a community policing service to the people of the Australian Capital Territory.

The AFP has earned a strong reputation for innovation and excellence, traversing new terrain in countering crime growth areas such as high-tech and transnational crime. In fact, our experience and expertise in areas such as forensics and technical investigations are on demand throughout the world.

The demand for our services was a direct result to responses to natural disasters such as the Indian Ocean Tsunami in 2003 and the terrorist bombings in Indonesia. But, interestingly enough, it’s our counter terrorism role at home that has caused the most controversy. There has been some debate recently about the tension, whether real or perceived, between the right to silence and a fair trial and the right of the community to access information.

In a liberal democracy like Australia’s, that tension is not resolved by denying one or the other of these rights. Instead, we resolve it by delaying the enjoyment of our right to free expression until after a person who has been charged with a crime has fully exercised the right to a fair trial and the presumption of innocence has run its appropriate course.

In the United Kingdom, to provide a contrast with Australia, contempt of court laws prevent journalists from reporting proceedings

in open court. In fact, even reporting information that has previously been in the public domain might also not be exempt from contempt of court laws. Although in the UK there is debate around when exactly proceedings become active, it is understood to be at the time a person is arrested; a warrant is issued for the arrest of a person or a person is charged with a crime. This media “blackout” remains in place until after the case is disposed of, abandoned, discontinued or withdrawn.

I am *not* saying that correct processes and procedures should be cast aside, nor should public institutions be immune from public accountability in the discharge of their public service, but I *am* saying that a public discussion about them should be delayed, in deference to judicial process. Not subjugated, not quashed, not silenced; just delayed, until the full gamut of judicial process has been exhausted.

If charges are laid, the right of the alleged offender to the presumption of innocence should take precedence over the public interest in knowing how the investigation was conducted and a person’s right to freely discuss elements of the crime and its investigation. Information about the investigation and wider discussion about elements of the crime become available as part of the open court processes or after the legal process has been completely exhausted.

Before I am accused of being a hypocrite, let me point out that in Operation Pendennis – where we’ve charged a number of people in Victoria and NSW with terrorism offences – we took the time to distance ourselves from the media attention and instead pointed out that unless handled sensitively, we could damage our relationships with the community.

I understand that it can be difficult to wait for the chance to freely express ourselves. But I do believe that to best serve the public interest and to attain the full enjoyment of all our rights, we must sometimes delay that expression.

It’s a tough choice and I understand that. But ask yourself this: if *you* were charged with a crime, wouldn’t you want to exercise your right to the presumption of innocence? Wouldn’t you expect to receive a fair trial? Would *you* want objective, untainted and dispassionate arbiters of *your* guilt or innocence in *your* jury of peers? I think this is a right each and every one of us would demand under such circumstances.

One of the biggest challenges we face is the acute need to manage risk. In policing, in the AFP and also in the state and territory police that work with us on terrorism matters, we must balance the needs of preventing an incident from occurring against the need to have gathered as much evidence as possible to ensure successful prosecution.

As a result, we intervene in a terrorist matter earlier than we normally would in other criminal investigations. This sometimes

means the subsequent prosecutions can be difficult and protracted because we are dealing with the elements of conspiracy, which often relies on circumstantial evidence.

I should add, terrorism is not the only crime in which we intervene prematurely to prevent people from becoming victims. For example, in child sex and sex slavery matters we also give primacy to the welfare of the victim over a successful prosecution. But, where we are publicly accused of a wrong doing or perceived inefficiency, it is appropriate to correct the record in order to maintain the confidence of the community and the government.

There has been a disturbing trend developing where we have to apportion “blame” to somebody when things seemingly don’t go the way some commentators think they ought to go.

I would argue that the AFP is able to “move with the times” *because* of the culture of our people and the calibre of our people. Over the years, each new generation of AFP members has demonstrated a strong commitment to the organisation’s crime-fighting objectives and an ability to adapt to changing needs. In fact, it is our strength.

I’d also argue that the best person to interview a terrorist suspect is someone with a combination of skills – someone with street smarts, but also a formal education and appropriate experience.

As I’ve said, counter terrorism investigations are complex. They require multi-faceted, multi-jurisdictional, multi-agency approaches. These are terms that almost too easily roll off the top of the tongue. It takes time and effort to balance everyone’s expectations, whether they be another government, another agency or the community.

I’ll give you a timely example of what I mean. At the AFP we are working hard to improve our members’ understanding of, and interaction with, the Muslim community. We run Islamic awareness courses across Australia which cover diverse topics, such as the history of Islam, cultural sensitivities and radicalisation influences.

As well, the course also includes visits to local mosques and meetings with members of the Muslim community. In fact, I regularly meet with members of the Muslim community in every state of Australia and I come here to Sydney to speak on Muslim radio programs and talkback.

Australia is at a crossroads right now. One of the tragedies of our modern world is that some members of our community regard each other with heightened suspicion. Some young Muslims have felt marginalised from the wider community.

We have a choice: we can marginalise the Muslim community by making adverse public comments – and I’m obviously not talking about the radicals here – or we can make a concerted effort to work together.

There is no doubting that world events can challenge our ability to work together in a very fundamental way, but despite that, it is

important that we come together to help strengthen relations between Muslims and non-Muslims.

In the AFP we have formed the Islamic Liaison Team. It's an initiative that hosts events with the local Muslim communities in an effort to reduce the mistrust and misconceptions between the AFP and Muslims. In fact, the AFP, during the recent fasting month of Ramadan, hosted an Iftar – which is the breaking of the fast – in Melbourne, which was well attended by more than 300 people from the Muslim community and youth groups.

Feelings of social isolation and difficulties integrating with the community can contribute to making individuals susceptible to radicalisation. The Islamic Liaison Team is working hard to improve social cohesion with the Australian community. We are not alone in this endeavour; other Australian police organisations are putting significant effort into this type of program. We are particularly keen to see the AFP expand our multicultural activities through recruitment strategies and increase the number of Middle Easterners in the AFP. This would not only reflect the broader Australian community but necessarily break down existing communication barriers.

But it does not stop here. To be a successful police force, our police force must be representative of the community it serves and I am the first to admit that we in the AFP have struggled in the area of Indigenous recruitment and retention, but we still continue to work hard to overcome that. I am confident that after decades of serving offshore, whether as liaison officers in any of the 30 countries in which we serve, or through that International Deployment Group I mentioned earlier, we have created in the AFP a critical mass of foreign speaking and culturally experienced police.

The AFP and the media

Despite our best efforts, I long ago came to accept that some people will criticise you, no matter what you do and no matter how you do it. In fact The Sydney Institute's last guest of 2007, Reserve Bank Governor Glenn Stevens, lamented during his entertaining address that some media accounts of his public statements were not always in accord with his spoken words and that some journalists have perfected the art of "reading between the lines".

I sympathise with the Governor. In fact, I was fortunate enough to have lunch with the Board after its last meeting for 2007. For most people, their sole source of knowledge regarding the AFP's counter terrorism investigations is the mass media. As such, it would be perfectly understandable if they – mistakenly – held the belief that the AFP has failed the community.

These are the facts. Thirty people have been charged with terrorism related offences in Australia. So far, two people have been

convicted and sentenced. Next month, the trials of 22 people charged with a range of terrorism offences – including directing the activities of a terrorist organisation, recruiting for a terrorist organisation, providing funds or support to a terrorist organisation and doing an act in preparation for a terrorist attack – will commence in Sydney and Melbourne.

I am not going to comment further on those cases, because I do not want to prejudice in any way those defendants' rights to a fair trial. Australians will be able to learn more about the details of the case, as the evidence is tested which is the most appropriate way to find out.

The statistics on terrorism arrests do not include overseas successes in which the AFP participated in an integral way, and these include arrest of people in Indonesia and the Philippines.

Last October I delivered the inaugural Ray Whitrod Oration in Adelaide and in my speech I mentioned a number of potential security issues being studied by the AFP as part of our ongoing process of planning for the future. One of the issues I raised was climate change and how it could potentially pose the greatest threat to border security we have ever seen, if – and, I repeat, if – some of the predicted impacts of climate change were to eventuate.

But, if some of the media stories following my speech were to be believed, you could be forgiven for thinking I had predicted some apocalyptic annihilation of humankind. As I stated earlier, despite the criticisms of the media I still think it is important to think and plan for the future.

Climate change, like many other potential issues to threaten our security, is something I believe the Australian community expects the AFP to look at. The reporting on terrorism matters has produced an interesting mix with police rounds persons reporting on political events and political reporters reporting on police methodology which hitherto has not been their area of interest.

The mass media has a legitimate and valuable role to perform in Australia – that of informing the public. Routine matters are being misrepresented such as the difference between a Bail application, a Committal hearing and a trial. There is also a significant difference between being found 'not guilty' and an application for a "Nolle Prosequi".

This is not to mention the plethora of opinion writing where opinion writers' knowledge of the subject matter is restricted to the new found position of reporting from behind "the Safety Fence of responsibility". Unfortunately, these opinion writers write as if they are still within the inner sanctum and understood all the details. I am reminded here of John Doyle's "Andrew Olle" media address in 2005 where he said, and I paraphrase, "suddenly the world is awash with opinion... any half baked idiot who can string a few sentences together is given a go, particularly if the opinion is inflammatory or somehow

ratchets up the climate of fear or loathing – simply and obviously because it sells more newspapers.

In some ways it is understandable. There has been a discernable shift towards campaigns being run in the media to engender support for accused persons or persons under investigation. I'm not only talking about terrorism matters here. There have been some notable cases in the past five years and as one editor of a recently demised publication unashamedly put it to me – if he sells more magazines by having on the front page an accused person, what's my problem with the story being run in the media? What's my problem with the defence being run in the media?

We've now seen Freedom of Information material being used to advance cases in the "Court of Public Opinion". If this is what the community wants and expects of its criminal justice system, then we should simply move on. But I wonder whether it has been a conscious decision by the wider community to abandon our criminal justice system in this way. Police forces introduced video and audio records of interviews with suspects to ensure greater transparency and accountability. Consequently there has been a significant decline, almost elimination, of allegations of "verballing". There has also been a great reduction in the length of trials.

But we are now witnessing these records of interviews being given to the media to add weight to the public campaigns being run. Whatever you think of this practice it defeats the purpose for which video and audio records of interview were introduced and it begs the question as to who decides what should or should not be leaked to the media and to whom does that decision become accountable?

When a "Record of Interview" is given to the media with accompanying commentary, we run the risk of jeopardising the accused's ability to receive a fair trial when the matter reaches court. It is also only one part of a greater body of evidence, and when considered in isolation it may serve as a public relations tool in the short term, but it has the potential to severely harm a case in the longer term.

Call me old fashioned but I don't believe anyone accused of, or charged with, a crime can receive a fair trial if the matter is tested first in the "court of public opinion". The element of secrecy is characteristic of the environment in which terrorism investigations are conducted. In almost every terrorism investigation there will be international linkages or involvement – whether direct or indirect. It's simply the nature of that crime.

Often, some of the material we access during the course of an investigation belongs to foreign countries and it is made available to us with strict caveats preventing its public release in Australia. We can sometimes forget that the whole of the Australian community derives a benefit from not only close international police co-operation, but also

co-operation between intelligence agencies. There are often dividends to these relationships that are overlooked in the commentaries.

Ironically, many of the issues I have raised are only available for public debate because of the transparency and accountability that exists in our Australian community. It does not exist everywhere in the world and this is the real conundrum of this environment, balancing rights and powers.

It will always be a challenge to get the equilibrium right, but let's not forget that it is these freedoms that we want to enjoy and protect for the whole community. In times where I find myself not in complete agreement with the conclusions reached by some members of the press, I try to remember the words of Ralph Waldo Emerson, who said, "Let me never fall into the vulgar mistake of dreaming that I am persecuted whenever I am contradicted."

The now familiar chorus of calling for people to be sacked every time there is a difference of view has two long term impacts. The first is that good people who would otherwise do an outstanding job for the community may be deterred from taking up positions of responsibility and the second is that we risk permanent damage to public institutions where we actually need strong public confidence in those institutions.

Unfortunately, we are sometimes forced into the public domain at times we would prefer not to be, such as during an ongoing investigation where false or misleading information finds its way into the media. On the one hand, we do not comment during ongoing investigations to avoid jeopardising the integrity of the investigation, but on the other hand, by not responding, we risk the erosion of confidence from the community in governments, police and intelligence agencies. There are significant consequences from such erosions that are not always apparent.

This erosion of trust is exacerbated where there are existing tensions in the community. People who oppose the government's terrorism policies can be used as a resource to erode confidence in the government, the police and intelligence agencies. In fact, I can tell you with some degree of confidence that for every positive or factual statement I make, the usual suspects will be trotted out to voice their opposition. And I can almost tell you what they will say.

The best example I can give you of this is the recent launch here in Sydney of the joint AFP / NSW Police Counter Terrorism team. Only three journalists attended the launch. One reporter didn't file a story at all and the headlines for the other two reporters were "Keely Attacked for Court Testing" and "Police reveal fresh terrorism threats" came from the other reporter. You can never imagine that the two journalists were at the same media event, which in every respect should have been a positive event. As a consequence, a perception begins to build about the lack of independence between government, police, prosecutors and the courts. And we can't afford to have that.

When the community begins to perceive that tensions exist between police, the courts and intelligence agencies, it is counter-productive to our true aims. The erosion of trust and loss of support for our institutional governance and courts is precisely what our adversaries want. If the situation becomes intractable, there are no obvious circuit breakers.

One suggestion I can offer is to establish a "Society of Editors" or a similar body which can be addressed by the heads of institutions in a "not for publication" forum. I read with interest such an address given by the Head of MI5 in the UK, Jonathan Evans, to the UK Society of Editors in November 2007. And, interestingly enough, he spoke at a conference where the topic was "A Matter of Trust".

The proliferation of the internet as a communications tool has resulted in a situation where almost everyone can post information online – fact or fiction. Most newspapers in Australia and indeed around the world have an online presence today and, in the race to be the first media outlet to break a story, journalists compete to post breaking news online. Nothing wrong with that. As such, a story is posted to their websites as quickly as possible with minimal content, and therefore sometimes with minimal fact checking, which is then built upon and expanded online over time as the story unfolds. The advent of sites such as *Wikipedia* creates new opportunities for publication with seemingly little accountability. And again here I am reminded of the same speech by John Doyle that "the internet allows anyone anywhere to access information that might be true, might be false, but you can find whatever information you need to prosecute any argument you want. Conspiracy theories abound".

Most of the time, this is not a problem. But once false or misleading stories are posted online, it becomes increasingly difficult to have them removed or corrected. In fact, I addressed over 100 Supreme Court and Federal Court judges here in Sydney last week and I think it was a revelation that some of the corrections that they make to their online findings, unless corrected to the original finding, remain uncorrected ad infinitum. And this difficulty is compounded when so-called "bloggers" post online what they purport to be news. The issue is exacerbated when false or misleading reporting online is then referenced elsewhere.

And I wonder about, and speak to journalists about, whether they see this as an erosion of their own principles, professional ideals and ethics. In fact, I think it will be interesting to look back upon this period ten years from now to understand its impact.

Conclusion

In conclusion, the AFP is committed to protecting the Australian community in accordance with our Ministerial Direction and we will

try to maintain the integrity of what we do and how we do it, because in the AFP, as with any police force, without our integrity intact we will simply lose the confidence of the community, the government, the Courts and in fact the media. It is for this reason that we treat our information very carefully. Interestingly, we are one of the few police forces in the world that has criminal sanctions for the unlawful release of information.

Unlike many of our critics, we welcome our levels of accountability and also unlike many of our critics who face no sanctions for getting it wrong, we will seek to correct the record when the need arises.

The Rudd Government has announced a judicial inquiry into the Haneef matter. For the record, we absolutely welcome such an inquiry and, in fact, have initiated our own inquiry headed by former Justice Lawrence Street, into issues raised by Justice Adams during the “Voir Dire” in a recent trial resulting in an application by the Commonwealth DPP to “Nolle” the matter.

Today, policing is very much about building networks – particularly with our international colleagues – and traversing the nuances of international, and also domestic, diplomacy. It has become immensely important to understand the complexities of the broader political, social and economic environments in which we operate. Despite the continually changing and evolving nature of policing, there is something that will always remain a constant. The AFP will always strive for transparency to government and to the community. We will continue to adapt to new roles and responsibilities and we will continue to achieve it while remaining apolitical.

Endnotes

- 1 The House Divided Speech was delivered by Abraham Lincoln on 16 June, 1858, in Springfield, Illinois, upon accepting the Illinois Republican Party’s nomination for that state’s US senatorship. Accessed at <http://usinfo.state.gov/infousa/government/overview/22.html>
- 2 John Doyle Andrew Olle Media Lecture 7/10/2005
- 3 *Australian* 17/12/2007
- 4 *Sydney Morning Herald* 17/12/2007



Arthur Sinodinos



Annabel Crabb



Photo – David Karamidis

George Megalogenis

The 2007 federal election saw one of the strongest swings against a government in decades. What caused this and why Prime Minister John Howard's successful years ended so dramatically was a topic for analysis at The Sydney Institute on Tuesday 5 February 2008 as the newly elected Rudd Labor government was barely in office. To lead the discussion, Arthur Sinodinos, Prime Minister John Howard's former chief of staff, Annabel Crabb, author and journalist with *The Sydney Morning Herald* and George Megalogenis, author of *The Longest Decade* and journalist with *The Australian* addressed The Sydney Institute.

POLITICS – POST THE

HOWARD GOVERNMENT

ARTHUR SINODINOS

The topic tonight is very good one to tackle early on in the life of a government. It's always interesting to speculate how governments will turn out. When I joined the Howard opposition for the second time in 1995, I had little idea how long that government would last nor how long I would be there, and no idea how difficult it would be to get away. It really does grow on you.

Working in the Prime Minister's Office has given me a perspective on the issues and challenges the new government faces as its ministers take over, grapple with the issues of the day and seek to balance, inevitably, the short against the longer term. I found that in government the urgent often crowds out the important

Today I want to focus more specifically on Kevin Rudd and how he might handle his prime ministership, partly because my perspective has been shaped by spending a long period in the Prime Minister's Office, working with one of the supreme masters of the craft, and observing the federal sphere over that time.

While it's true to say that if you change the Prime Minister you change the country, I'm not sure, how much Rudd really wants to change Australia. It's just that it's not certain, at this stage, where he really wants to take the country. He doesn't strike me as a Whitlamite, for example.

All prime ministers find sooner or later that having discharged their election commitments, which tends to be their main focus early on, they start to think to themselves, what comes next? In the case of the Howard Government, I can remember a very distinct period from assuming office through to the beginning of 1997 where there was a lot of activity – implementing election commitments, preparing the first budget, negotiating with the Democrats on industrial relations, getting the Telstra privatisation off and running and so on.

Then, in 1997, there was a period of drift. The government sort of sat back and said “well we've done all that, but where do we go from here?” It was then, through a process of internal discussion, that the government came to the view that the second half of the term had

to have a major focus for policy work within the government and its message to the public. You have to have a vehicle to engage with the public. That is when the issue of tax reform came back on the agenda.

Kevin Rudd is enormously busy at present discharging election commitments. He's signed Kyoto, he's making changes to the budget, and the departments are sending up costings of all the individual proposals that were in the election manifesto. But what governments always face in the end is the question of direction. Recently, Kevin Rudd has decided to square the circle by convening an ideas summit in April, an opportunity to harness the community, or sections of the community, in the process of policy making. It's a very interesting idea.

There is a lot of cynicism about politicians going to the public, and I notice that the government has made it clear that some issues will not be on the agenda. They do not believe, for example, that ideas which are inconsistent with election promises should be on the agenda. They reserve the right to accept or reject what is put to them and that's fair enough from a government's point of view.

So what will guide policy making in government? From my time in the Prime Minister's Office this guide was ultimately the values and beliefs of the Prime Minister. In Kevin Rudd's case he knows that he has to deal with the economy, but is probably surprised that the Howard rhetoric from the campaign about the situation being worse than many expect, could actually be right. John Howard had conversations with people overseas about how the sub-prime crisis and other financial matters were playing out. So while he made his remarks in the context of the campaign, they were based on feedback from overseas. The new government appears to be genuinely surprised at how much time issues such as the economy could take.

My thesis about Rudd is that he hoped to have a different sort of conversation with the public. All prime ministers need to have a vehicle to carry on a conversation with the electorate. John Howard ended up having a good conversation with the public for a very long time built around what he described as mainstream values; he sought to identify those things that Australians hold in common. He used these values as an overarching framework for what he was doing. Kevin Rudd doesn't want to talk the language of economics; he doesn't want that to be his vehicle for engagement with the public. He has latched on to what for want of a better description some commentators describe as the "happiness agenda". The idea is that there is an agenda beyond meeting material aspirations.

This view is based on the critique that we have spent a long time focused on getting the economy right and it's time for us to focus on getting society right. Rudd sees that as a framework in which he can encapsulate traditional Labor values such as the idea of a fair

go, lending a hand to the disadvantaged and so on. This agenda encompasses work/life balance and the ability of people to contribute to their community. To paraphrase one of the practitioners of this particular agenda, it's about how we build up the social capital of the community.

And if you look at Rudd's *modus operandi*, including the way he is seeking to define his public persona, there is a focus on the social agenda. His personal interest in homelessness is an example. I believe Rudd is genuinely interested in the problem and feels about it, but it is also partly a vehicle to help define his public persona. Rudd talking publicly about his faith and the role it plays in his life, is another example of trying to project a rounded image, that society is something beyond an economy and that Labor has a framework to encompass all of this.

If I was a political advisor in his office right now I'd be saying, think of what your game-plan is; you want to be a grown up, national version of the state Labor governments. You want to be able to say I can handle the economy and national security, the big federal issues, but I will deliver on services. I will really have a crack at fixing up service delivery. Thus we see in Rudd a preparedness to intervene in areas of health and education at the state and local level to a potentially unprecedented level.

If you look at what Rudd's seeking to do in the health area, for example hospitals, he is making the stakes for himself quite high. He is creating an expectation that over the next few years we have chance to fix this problem or the federal government will take over. The stakes are also being raised in the area of education. Here, of course, the complication for him is he has the state Labor leaders to deal with who want the money but not necessarily the accountability that goes with it. Welcome to federal/state relations. But Rudd is hoping to mould, if you like, a federal equivalent of those successful state Labor models. To some extent he could end up being a federal version of Bob Carr. And what did Bob Carr have? There was the ruthless use of incumbency. The Rudd team will get used to office very quickly and learn how to use it to get what they want. That's why John Faulkner has such a pivotal role as Secretary to the Cabinet and Special Minister of State.

Another component will probably be a centrist approach to policy making, or seeking to build as broad a coalition around the Labor party as possible. I think Rudd already runs a very effective press operation, and no press opportunity will be left unturned. If any of you are watching television on the weekend, or listening to radio, you can already discern a steady stream of major announcements. All governments do it to some degree. I think the Rudd Government will

do it assiduously and they will do it well. So there is a lot that Rudd is borrowing from other models.

My conclusion on Kevin Rudd is that he will test out various ideas and try to create a certain persona, but in the end where he wants to end up is quickly establishing a new centrist status quo with Labor as the natural party of government. On the media side, in particular, he will continue to do something he developed in the campaign which is to appeal over the heads of the Canberra Press Gallery to new parts of the electorate who may not be accessible through the normal means. John Howard did this by using talk-back and local radio in the various states, as well as a steady diet of TV. Rudd has latched on to radio FM, and to the new online media with all its related operations. In particular he is seeking to lock in what he sees as the growing significance of that Gen Y, Gen X group. He wants them to grow up as Labor voters. He thinks he's got a majority of working families already, and a fair swag of baby boomers, but he is putting work in with that new younger part of the electorate.

In that new section of the electorate, climate change is a very important driver. Climate change is more than environmental policies and programs. It can be framed as idealistic, thinking of your society as well as about yourself, about what you leave your children and grandchildren. There is a very senior person who works in the bank with me. He came up to me after the election and said, for the first time in my life I voted Labor. I said why did you do that? He said, I've just had a grandchild and I'm thinking about the world they will inherit. Particularly among youth, climate change is an issue that really pushes their buttons. In terms of where the Coalition underestimated this issue, it was to argue the case on its merits and not recognise its role as a vehicle for talking to younger voters. Rudd will spend considerable time assiduously cultivating that part of the electorate.

All that can put this new government off course in the immediate term is underestimating the seriousness of the economic and financial situation that we face. And that will be a big test. And it's a test for both sides of politics. The Coalition is out of office at both state and federal level and there is a tendency to feel like slashing wrists. That's silly, for a couple of reasons. This is a political system where the franchise belongs to two sides of politics, a Labour and a non-Labour side. Almost inevitably one or the other side will win. It's not a perfectly competitive market, it's a duopoly. And when people get sick with one side they tend to turn to the other, particularly if they think the other has become credible, knows what it is doing and is ready to take over. That's what happened in the last election. Second, therefore, for the Coalition there is the opportunity to renew themselves in opposition.

POLITICS IN THE POST

HOWARD ERA
ANNABEL CRABB

In opening, I should say that it's a great pleasure to share any sort of stage with Arthur Sinodinos who does continue to be I think one of the most widely respected political practitioners in this country. I should say it's also a pleasure to share any sort of stage with George Megalogenis – his column throughout the election campaign was terrific. George is a great writer who continues to surprise and inform.

There were two lines spoken by two men during the 2007 election campaign that I remember especially. They may not have been the most important words spoken over that six week period or indeed in the foregoing year long campaign, to which we were all subjected, but they each contained a kernel of political disaster for their utterers. In the case of the first man, John Howard, that fate already is known, that disaster already descended. In the case of the second man, Kevin Rudd, it lies dormant still and my observation is that it could well be a prediction.

But I'll go to the words of John Howard first. They were spoken on 14 October, the day on which the then Prime Minister finally put an end to the interminable waiting game that we'd been playing that had been Australian politics for much of the previous year and declared that an election would be held six weeks later on 24 November. And he said, "love me or loathe me, the Australian people know where I stand on all the major issues of importance to their future". It was an unusual remark. It was unscripted, for one, like a very great deal of that particular press conference. Campaign announcements do tend to be packed like Christmas stockings with pollster-approved sugar plums but this one came straight from Mr Howard's own imagination. And the tone was unusual; it was sort of half defiant and half wheedling, the words themselves edged perilously close to posing one of those dangerous rhetorical questions that politicians should never publicly ask – like me or loathe me. But most significantly, as a statement, I don't think it was especially true anymore on the whole.

In what sense did the Australian public, by the end of the Howard reign know automatically where their man stood in a policy sense

the way they used to? Just three days before he made that claim he'd appeared in this very forum at The Sydney Institute and announced, again to the surprise of many of his colleagues, an emotionally worded reversal to his previous opposition to the pursuit of symbolic reconciliation with Australia's Indigenous. He was a believer in federalism who never the less used his last months in government to cherry pick state issues, in some instances for no detectable reason other than political manoeuvring. He was a champion of small government whose own government had, from very virtuous beginnings, grown steadily in terms of taxation, expenditure and penetration into the private lives of its citizenry. He was a climate change sceptic who had made a late conversion. And one of the central tenets of John Howard's leadership and his legitimate claim to humility in office, that is the idea that he would stay only as long as his party wanted him to, had itself just been spectacularly overturned.

Now, John Howard in office was regularly accused of dog whistle politics, that practice in which the practitioner makes a seemingly innocuous statement, whose darker meaning is appreciated only by a narrow and yet heedful audience. I remember when the British Conservatives enlisted Mark Texter and Lynton Crosby for their own general election campaign in 2005, the Tories campaigned under the slogan "are you thinking what we're thinking?" The British media loved the concept of dog whistle politics and they spent many happy hours deconstructing that particular slogan for its dark messages on immigration. They loved it even more, I should say, when they discovered the Bananas in Pyjamas had invented it. It was all a bit of an anticlimax, however, when it turned out that no, the British voting public weren't thinking what the Tories were thinking.

"Like me or loathe me, you know what I stand for", I think, backfired on John Howard in a very analogous way, that is to say John Howard's idea of what people thought he stood for at that particular moment did not match up in the end with what voters thought he actually did stand for at that moment. Back in the beginning it was very clear. I think that the slogan "for all of us", which the Coalition deployed in the 1996 election was one of the cleverest and most effective battle cries in Australian political history. To its large target audience its implied pledge was simple and very potent; it was "we're listening, we hear you, we will never put political artifice of fashionable sentiment or the interest of a minority group ahead of your interests". And as a branding exercise it was extremely efficient. In subsequent elections the theme was refreshed: "we will decide who comes here and the circumstances under which they come", "keeping interest rates low", all feeding into that central pledge to put working Australian families' domestic interests ahead of the interests of any other intrusive minority.

The controversies that attracted all of the headlines and periodically ensnared the Howard government over its life – the “children overboard”, the Iraq invasion and its ensuing complications, the Australian Wheat Board imbroglio, to name a few, may have been serious defects but they never threatened the government’s existence because they did not break faith with that central promise that was at the heart of the Coalition’s original elevation to power.

However, I do think that by 2007 the Howard Government had committed a breach of that faith on two counts. The first was WorkChoices, a policy which pursued ideology at the expense of peace of mind for some of those core voters, enough of them to matter. And the second was mortgage interest rates. Here the offence was less clear. There was not a large contingent, I believe, that blamed John Howard personally or the government directly for the fact that interest rates increased steadily in the three years after the 2004 election campaign during which Mr Howard discussed at length his better qualifications for keeping them low. The damaging turn was more to do with the loss of political credibility, that the Prime Minister could, to all intents and purposes, make a promise over the course of an election campaign that he was realistically unable to deliver and then, of course, three years later engage in deep, deep semantics about whether he ever made that promise in the first place.

I worked in the Federal Press Gallery for *The Age* from 1999 until 2004 when I relocated to London to work for a few years. I returned to Australia in May 2007 just in time for the 2007 federal election. I noticed a lot of changes that had occurred in the intervening three years. On the Coalition side, many senior staff had liberated themselves to private enterprise. I’m not looking at you Arthur. Some of the Prime Minister’s established positions seemed to be in a state of drift. And, of course, the polls were down – how could we have missed that – dangerously so for the government, but ministers and government MPs seemed to be suffused, nevertheless, by a spectral confidence that somehow things would be okay. After all, John Howard had defied gravity enough times for it to be conceivable he might do it again.

A curious and quite unwieldy analysis of the polls emerged at around this time. Tony Abbott, for instance, talked about a parallel universe. He said “there’s the universe of the polls, which is pretty dire and then there’s the universe of actual government where things could hardly be going better,” he said in late May 2007. In early July he said, “if it wasn’t for the polls, everybody would say that the government is cruising to a victory”. Later still, his wonderment hardened into tetchiness when he said on 16 July, “The public have a right to vote for whomsoever they wish and they have a right, if they wish, to replace a good government with an inept opposition.” Mr Howard talked about

the Australian public's renowned sense of humour and wondered if it were not all some sort of cosmic joke, he spoke repeatedly and at length about the preconditions for defeat and why they were not made out, the strength of the economy being the centre of that argument.

It all sounded to me a bit like the end of a relationship; the Australian public preparing to dump unilaterally the government and the government going through the classic stages of denial, grief and ultimately anger. And it also sounded, more crucially, a lot like Paul Keating whose wail of frustration in June 1995 to the radio interviewer John Laws was a classic of this genre: "I mean what are people going on about?" The John Howard-led opposition of that time leapt on that statement, very much as the Kevin Rudd-led opposition this time leapt of John Howard's statement to parliament that working families in Australia had never been better off.

There are lots of parallels here. Keating was so incredulous in 1995 that people didn't seem to understand about the significance of the nation's economic improvement that he took out an expensive series of newspaper ads, congratulating the government on its umpteen consecutive quarters of growth; a series of advertisements that was understood by not so many of the target audience. John Howard in 2007, likewise, spoke defiantly and at length about the economy and, like Keating, hugged the growth figures close. There was the classic failure to listen, to go back to our relationship analysis; it was as if a newly dumped boyfriend, arguing the toss, had whipped out an access economics report and said, "See? The majority of respected economists agree, you still love me so everything's okay, alright?"

In fact, what surprised me about the Coalition last year was just how neatly it seemed to be falling into the very same traps they had set themselves for the Keating Government in 1995 and 1996. Back then they had used the same devices; a promise to listen, a gentle encouragement of voter feeling, an affirmation that they were not making it all up, that life was getting more difficult and that they needn't put up with a beastly government pooh pooh-ing their concerns. Like King Lear who lamented how "sharper than a serpent's tooth it is to have an ungrateful child", Messrs Keating and Howard could fulminate all they liked about the unfairness of an electorate that failed to recognise their genius, but in 1996 and 2007 these gentlemen fell anyway.

So how does a government change so much over the course of a decade that it's unable usefully to respond to the very same tactics that won it office in the first place? Well government is difficult, it's grinding and demanding and seven days a week and full of compromises large and small and each compromise, each political injury, leaves scar tissue which reduces ever-so slightly a politician's

ability to assess situations clearly. Over a time you get a build-up of this sediment of self-righteousness; in very good politicians this takes a very long time indeed but it's more or less inevitable and it can cloud political judgment dreadfully.

For my money the best example of this in the 2007 election campaign was actually not a piece of behaviour by Mr Howard but something that happened ten days out from the campaign when the Auditor General released a report, an audit report into the administration regional assistance fund. It questioned the administration of some aspects of the fund and found some instances in which the departmental recommendations had been ignored and funding bestowed on Coalition seats without advice. Now the Deputy Prime Minister, Mark Vaile, was duly wheeled out on the ABC's AM program to respond to this report and his response was firstly to dismiss the report's findings as petty, and then to complain about the Auditor's decision to release the report during the election campaign. Now I thought that was a very illustrative moment. I thought when a political party has forgotten what a privilege incumbency is to the extent that they can complain about it, they have a problem and Mark Vaile's words on that day, I thought, sounded dreadful, as if he expected voters to side with the government against transparency.

Now the Labor Party had changed quite a bit too when I came back last year after the absence of three years. There was far less trace of the division that had plagued the party just four years earlier, which was a poisonous legacy of the 2001 election campaign and the wrenching and far-reaching divisions which that campaign wrought across the ranks of the Labor Party on the subjects of immigration, civil liberties and mandatory detention in particular. Back then, Labor MPs were an entirely different species from the Labor Party membership and both of those groups seemed to have nothing in common with the actual or potential Labor Party voters who might have the power to get them into power. But by 2007, this had changed. The Labor Party conference had none of the indignant fire of previous events, none of the breakaway groups and break downs and tearful accusations and sit-ins and walk outs. Discipline across the party existed at a level that it had not known for many, many years.

Why is this and what happened? In answer to that question I guess Kevin Rudd might privately have occasion to think, "Well, Kevin Rudd happened" and resentful Coalition MPs or Senators, particularly the former ones who now find themselves exerting a small but significant upward pressure on national unemployment rates might think, "Well, John Howard refused to stop happening." But, for myself, I think that the Senate happened. The Senate result of the 2004 election was one of the most profound contributing factors to the way Australian politics has changed since then. At the time, of course,

the securing of outright control by the government Coalition was a surprise and we all read it as a disaster of course for the Labor Party. Paradoxically, it was probably in the long run the making of the Labor Party. I'll try to explain that quickly.

Between 1996 and 2004, the Labor Party was an extremely assiduous force in the Senate. It had the ability over that time to team up with various formations of Democrats, Greens, cross-benchers, to defeat or amend government legislation in the Senate. And the Senate, accordingly, became the centre of Labor's most bruising internal policy arguments, all of them in response to legislative stimuli provided by the Coalition. Because Labor had to justify to its members and to the legislative process itself its bona fides, it spent much time agonising, horse trading, justifying, tearing itself apart over questions like, most memorably but there were hundreds, Tampa, industrial reforms, tax cuts, Telstra. Fiddling in other words – it spent a lot of time fiddling with legislation. This kept them busy and it kept the government in business. After the Senate changed to reflect the 2004 election result though, suddenly in mid-2005 there was a great emptiness of purpose across Labor's red benches. It was the ultimate stripping away of relevance, and Labor Senators filled their days bustling around negotiating with minority Senators or holding press conferences to detail Labor's position on the latest Clerk Reforms, whatever number we got up to with those things. Before the 2004 election result, by way of illustration, in the 41st Parliament of Australia Labor in the Senate drafted and passed 540 Senate amendments to government legislation – this is according to the Office of the Clerk of the Senate. In the 42nd Parliament, that is after the 2004 result, that toll dived to six – just six successful amendments for Labor.

Now apart from creating some very miserable and relevance deprived Labor Senators, which it did, and probably increasing trade at Ozzie's coffee shop out of sight, this development had a very precise effect on the parliamentary Labor Party. It made them virtually un-wedgeable. So when the government decided to take over the Mersey Hospital, a crazy piece of policy I thought, or stage its federal intervention in the Northern Territory, or force plebiscites to frustrate the Queensland government's attempts to amalgamate its local government areas, there was no wailing or wringing of hands from the Labor quarter any more because it would have made no difference either way. As a result, they were able to maintain, from that point, a party discipline that had spectacularly eluded them for many years. The Australian Senate post 2004 is an ironic story in many ways, because just as it strengthened the vanquished, so in the end it weakened the victors.

Labor and the minority forces in the Senate had been the scourge of the Howard Government for years forcing them into vile contortions on the GST, on the Telstra sale, on industrial relations reform, on media reform and countless other treasured agenda items of the Howard Government that were subjected in turn to the deprivations of the Senate Committee system and the whim of various freaks and learners on the cross-benches, most exhausting on the whole. But another way to look at it, of course, is that for all that time the balance of power structure in the Senate was providing a natural curb over the government's wilder legislative urges, not to mention a free drafting service. And the sweetest victory for the government, given free reign in the Senate after 2004, was of course WorkChoices and we all know how that worked out.

So what about the second line, Kevin Rudd's fatal line. Well Kevin Rudd, as Arthur pointed out, is a brand new Prime Minister. He's fresh, he's rocking around Australia, he's "rubber to the road" as I read the other day in one of his transcripts. Of course ask him about inflation and it might be different. But I would be foolish to predict his downfall at this early stage, not least because I am speaking at The Sydney Institute where Gerard Henderson lurks with pen poised, waiting for someone to say something reckless so he can humiliate them a decade later.

However, I gallop on. I do believe that Kevin Rudd will live to regret bitterly the words "the buck stops with me". In Kevin Rudd's political experience I think the buck has always stopped with him. He has made his own national fortunes as an operator; he built his own profile by himself by using the media assiduously. He persevered through the miserable years of opposition, neither liked much by his colleagues nor boosted by others for factional purposes. In fact, for most of the time, the very reverse was true. So it's small wonder that in the excitement of an election campaign, knowing that he was in a winning position with the Lodge finally conceivably in his grasp, Kevin Rudd might be tempted to answer the dreams of constituents everywhere, to offer one last great and all knowing and all powerful figure with whom the buck does eventually stop.

Already though, as I mentioned, we're seeing a qualification to the buck stoppage; the buck doesn't stop with Kevin Rudd when we're talking about problems that have their genesis in the behaviour of the former government which could pretty much apply to just about everything. Arthur was right when he said Rudd many have underestimated the economic difficulties that confront this country. He's right also when he says that Rudd probably wanted to have a different conversation with the Australian people than the one he is shortly going to be compelled to have. But I'll say, in conclusion, simply that Kevin Rudd has set expectations sky high in the course of

a massively successful negative campaign against a troubled opponent. He has overreached himself and created expectations that he can solve problems even where they are outside the competence of his own government which is of course the very error that John Howard made in 2004, the consequences of which he reaped late last year.

POLITICS POST THE

HOWARD GOVERNMENT

GEORGE MEGALOGENIS

Tonight I would like to look back to our recent past to help understand the present, and to make a small prediction about the future. We have just witnessed a generational change in politics. But beneath this, there has also been a paradigm shift in the way our economy functions that will affect how every government in Australia operates over the next five to ten years. To put these two forces in context, the political and economic, I want to first take you back to those greedy 1980s.

When John Howard lost the Liberal leadership in May 1989, Labor was on the cusp of its then best ever result. It had just formed the first ACT government, and was about to take power in Tasmania and Queensland, the latter ending a 32-year stint in opposition. These three gains would complement the long-term Labor governments in Victoria, South Australia and Western Australia – each of which would be into their third term by the end of 1989. All at a time, incidentally, when the home mortgage rate was a record 17pc.

The following March, Bob Hawke would win his fourth term, leaving Labor with a total of seven out of nine jurisdictions in 1990. It was out of power in just New South Wales and the Northern Territory, where it had never won before. That was quite an extraordinary thing at the time, and we were all talking then about a Labor hegemony. Of course the recession was just around the corner, and one by the one all those governments would tumble in its aftermath.

The conservatives picked up Victoria in 1992, Western Australia, Tasmania and then South Australia in 1993. The socialist republic of Canberra would fall to the Liberals in February 1995, and the Coalition would take power back in Queensland after a by-election at the start of 1996. Note that the federal Labor government was the last to be toppled, so that when John Howard became prime minister in March 1996 Labor ruled in just one state, which was here in NSW, the first term of the Carr government.

The reason I remind you of this history is to show how quickly our cycle runs. It took just six years to get from seven out of nine

Labor governments to eight out of nine Coalition governments. We can look back on that era and say “the recession’s what did them in”, especially in those longer term state Labor governments of South Australia, Western Australia and Victoria. Labor in those days was at cross purposes with the federal project. The Hawke and Keating governments were about freeing up the economy, and getting government out of the marketplace. But the state Labor governments thought, “Hello, why don’t we set up merchant banks? Why don’t we run quasi-socialist states that play capitalism?” The states, of course, were on the wrong side of history, as was shown by WA Inc, and the collapse of the state banks of South Australian and Victoria.

Against this backdrop, with State Labor shamed across the board, one would have thought that power would be very difficult for the conservatives to lose as the economy recovered in the second half of the 1990s.

But recall what happened next. With the exception of the first term of the Howard Government, when a few of those state Coalition governments were re-elected, the conservatives quickly lost favour. They dropped Queensland and Tasmania in 1998, Victoria in 1999, Western Australia, the Northern Territory and the ACT in 2001, and finally South Australia in 2002. The Howard Government was only six years young when Labor ruled in every state and Territory.

Look at it another way, from the vantage point of the eastern seaboard. The conservatives haven’t won a state election in Victoria since 1996, in NSW since 1991, and in Queensland, you actually have to go back to the general election of 1986 for the last victory there.

The cycle turned dramatically in the second half of the 1990s, and it had nothing to do with recession. While Howard kept winning, political commentators, myself included, were slow to analyse Labor’s ascendancy beyond the idea that, perhaps, voters wanted Labor at the state level to run public services, but they preferred the Coalition in charge of the federal government which managed the economy and national security. It was a tempting explanation, the so-called mummy/daddy dichotomy. But the events of 2007 have debunked that theory.

It took Labor four goes before they hit on a winning formula in the federal arena, but they had already picked the mood shift in the electorate at the state level. This is why, I think, they started winning again so quickly after the recession had ended. Voters were eager to move on from the dry economic debates of the 1980s to the bread and butter concerns of service delivery.

Last year, Kevin Rudd pitched himself as an economic conservative, but that struck me as a political label, a way of presenting himself as a younger version of John Howard before John Howard lost his heart.

As a policy label it tells us nothing. Rudd won't be floating the dollar, reducing tariffs, freeing up the financial system, or even deregulating the labour market. Those jobs have been done, and the message from voters on the latter is that they don't want full market principles to apply in the workplace. In short, they don't want the price of their labour to fall when demand falls.

Rudd ran as a state premier. He talked up his education revolution, a takeover of the public hospital system, child care, and Kyoto, amongst other issues.

This was a new agenda, a new role for government. Mark Latham hit on it briefly with his work/family initiatives in 2004. Arthur has spoken of the "happiness agenda". The Clive Hamiltons of this world will say that we've arrived at the "post affluence" phase; we've all got too much money now, so we want to move on to a more altruistic way of thinking, to make the world a better place. I don't think that this is what people in the real world are thinking. They see systems failure, and market failure; they see governments, both federal and state, having withdrawn from various parts of the macro economy – the financial sector, the setting of tariffs, the labour market. They have looked at what government has gotten out of, and said, "Hang on a minute, there are a lot of things we still expect you to do." And this is why the wheel was turning much more quickly than it otherwise would have, back to Labor.

Governments like Jeff Kennett's in Victoria and Richard Court's in Western Australia lasted just two terms. Both of those premiers replaced abysmal Labor governments. If you look at what Kennett and Court did to their respective state economies, they practised "deregulation plus". They brought their states into line with the federal position on the economy, that is, they got the government out of the way. But they took the project one step further by deregulating their respective labour markets. Victoria and Western Australia were canaries down the coal mine in this respect.

John Howard was aware of what happened to Jeff Kennett in 1999 and there were a few subtle changes in the way the federal government presented itself after the GST was implemented. Victoria was the jewel in the national economic crown in 1999 and yet they got rid of the premier who delivered them the recovery because he wanted to push them into areas where they weren't ready to go. They wanted schools reopened, they didn't want them closed. They wanted the public transport system to work, they didn't care who ran it.

In Western Australia, you had labour market reform with the minister responsible losing his seat. Richard Court blamed the GST for his defeat in 2001, but it was how the government came across on industrial relations reform that sealed the result.

Voters in Western Australia and Victoria were asking government to re-engage. Labor got the message at the state level much more quickly than Labor did federally. Now I'm not saying that they're geniuses but Labor picked a turn in the political atmospherics that the Coalition is still grappling with. There are a couple of examples from last year.

John Howard intuitively grasped that the mood had shifted, but his responses were still traditional. In 2004, he dealt with the work/family debate with a very carefully targeted payment which Mark Latham subsequently said wasn't real. Howard was able to a) go to the electorate and find out what was bugging them and b) write them a cheque that spoke to their everyday concerns.

After the 2004 election, the Treasury advised that the surplus was many billions of dollars larger than estimated, which the Howard government took to mean that all subsequent tax cuts could be delivered without trade offs. But only one of the tax cuts of the final term, in 2005, yielded any bounce in the polls. It was valued at \$5.4 billion a year. After that, the tax cuts got bigger, \$9 billion a year in 2006 and \$19.2 billion a year over the course of 2007. But the story in the polls was reversed. The Coalition went backwards after the 2006 and 2007 budgets.

This is where the electorate pulled rank on Howard, by actively rejecting his handouts. People are frustrated with their health system, they are frustrated with their education system, they are frustrated with their urban infrastructure, they wonder why at the seventeen year mark of unprecedented economic boom the dams are near empty. In 2007 one of the reasons the climate change issue fused with water management was that people were actually telling the pollsters "Now they finally realise the weather's shifted. Now they want to spend \$10 billion to fix the problem. I thought their job was to make sure we never ran out of water." People were feeding back quite primal responses in focus groups.

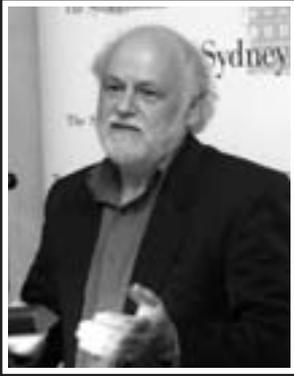
We know from the Australian Election Studies that when you ask people "would you prefer a tax cut over an increase in social spending?" that, in 1987, 65 per cent would take the tax cut, and only fifteen per cent would take an increase in social service. By 2004, those numbers had flipped: 37 per cent would take social spending, while 36 per cent wanted the tax cut.

It all comes back to our labour market. If you carve up all the jobs in the economy in 1987, when the score was 65 to fifteen in favour of tax cuts, 56 per cent of all jobs in the economy were full time male jobs. Women held 40 per cent of the jobs and the other four per cent were part-time male positions. So you're looking at a Dad economy. Dads always think about tax cuts, mums think more about public services.

Two decades on, the labour market has been transformed, but not in the way deregulators might have hoped. The latest data – and this is a rough cut – shows 46.5 per cent of jobs in the economy are full time male, a ten point drop. This is quite an important number. Also, 45 per cent of all jobs now are held by women; their portion has grown by five points. The remaining nine per cent belongs to part-time male jobs; a rise also of five points. So the ten points of the jobs cake that male full-time workers have lost over the past two decades have been split between working women and men working part-time.

Now the interesting bit: The growth in female employment is all part time; the share of women doing full-time work hasn't changed in 20 years. It's mum coming back to work earlier than she ever did that is driving the big changes in political attitudes. In 1987, typically a mother would wait until her youngest child was aged five before going back to work. Today it's age one. I don't think the working mother is thinking about tax cuts, because she's more worried about not being able to get from A to B. That doesn't mean if you've got a tax cut to give somebody you don't give it to them. You do. But that can't be enough anymore. The pink collar economy demands a different set of responses from government. Expect to hear more about service provision.

So where does the Coalition go from here? They need to use their time in the wilderness productively, to find out what has changed in our society while they were last in power. In its final years, the Howard Government mistook incumbency for control. Australians wanted governments to do different things, but the Coalition kept pulling the same old levers. In opposition, the Coalition has the opportunity of reconnecting with the public. Find out what people are thinking, and see how your values fit in with that thinking. This is the first step back to government.



David Day



Elly Spark

Photo – David Karonidis

In his *The Weather Watchers: A Centenary History of the Australian Bureau of Meteorology* (2008), writer and historian David Day says the reliability of weather forecasting is vital for a nation's sound economy: "It costs people dearly. When the forecasters get it wrong, people lose money, people die." Dr David Day, a well known Australian historian and author, took up the challenge of writing the history of weather and its forecasting as a "daunting" task. On Tuesday 12 February 2008, David Day joined Elly Spark, Senior Meteorologist with the New South Wales Regional Forecasting Centre, to address The Sydney Institute on Australia's weather watching over a century.

THE WEATHER REPORT

DAVID DAY

To accept the task of writing a history of the Bureau of Meteorology was to do something I had never done before – which was to write about the history of science. It was a somewhat daunting prospect. Not that it was meant to be a book about meteorological science. Rather, it was to be about the history of the organisation, as well as about Australians and their changing relationship to weather and climate.

For me, it was also a labour of love since my father had worked for the Bureau. When I was a boy growing up in Charleville, my father was a weather observer at the airport. I would occasionally accompany him while he was filling up the hydrogen balloons and sit with him later as he worked with his slide rule, taking down all the observations from the balloon's radiosonde. Along with my siblings, I would also play with these large weather balloons at our birthday parties; they tended to fill the lounge rooms.

The history of the Bureau of Meteorology is about much more than a daily forecast. What came forcefully home to me when I was writing this book, was that it was also about security, about securing our lives and our livelihoods. Imagine, if you would, that we didn't have a defence force for a year. Most of us wouldn't notice its absence in our daily lives. But if we didn't have the Bureau even for a week, both the lives and livelihoods of Australians would be put at risk.

Today, farmers rely on the Bureau much more than they ever did in terms of planting their crops and dealing with their livestock, just as fisherman need to know whether it is safe to set off to sea and the operators of oil rigs need to know whether an approaching cyclone is likely to shut down their operations. In these, and many other ways, the Bureau is very much an organisation related to protecting and enhancing the productivity of Australia.

There would be little point in setting up a government department just to advise people whether or not to take an umbrella to work. The Bureau has always had a much wider purpose. The work of the Bureau is very much about knowing Australia, and in particular about knowing Australia's different climates and the variation in

those climates over the years. Which is what the organisation was established to do at the beginning, back in 1908.

The Bureau of Meteorology was also set up very much with security in mind. Back in 1908 it was largely about security of shipping. People needed to know when they got on a ship to go to New Zealand that they weren't going to be heading into a storm that would sink the ship. And of course ships did regularly sink when caught in storms around the Australian coastline. And towns in northern Australia needed to know whether they were in danger of being struck by a cyclone. Not knowing of an approaching storm often cost them dearly.

The climate work of the Bureau was also related to enhancing the security of Australia. By knowing the climate of the different regions of Australia, and which rural activities were best suited to particular regions, it would be possible to encourage greater immigration to Australia. The Bureau was particularly concerned with reassuring people on the other side of the world that Australia was not all desert, and indeed that much of Australia was well-watered. And if you look back at the early publications of the Bureau, they were largely about the climate of the different regions of Australia. It was about encouraging British investment and immigration and also encouraging Australians themselves to live in the bush rather than congregate in the cities. By boosting the overall population, and filling the empty spaces of the continent, the security of the nation would be thereby enhanced.

The book is also about the people of the Bureau and Australia's early meteorologists. There were people like Clement Wragge, who worked for the early Queensland Bureau was very fond of making terrible predictions of what the weather was going to be like. Although he had few observations on which to base his predictions, he would regale newspaper readers with predictions of anti-cyclones that were ready to lunge up at Australia from the Antarctic. To the delight of his many supporters, he would sometimes give these cyclones the names of politicians he didn't like.

In those early years, the collection of climate statistics depended upon thousands of volunteers. The Bureau still depends on about 7000 volunteers around Australia, who send in mostly monthly returns on their local climate; with observations of their rainfall, temperature and barometric pressure. Some of the most important work of the Bureau would be almost impossible without their voluntary contribution over the decades. Thankfully, the volunteers have been more than happy to provide their regular observations, as it would not have been possible for the Bureau to pay the real cost of obtaining this data.

It was clear in writing this history that the Bureau has usually been run on a shoestring, which has limited its effectiveness. Despite

the importance of its functions, for the first 30 years or so it was very rudimentary in the sort of things it did and the sorts of predictions it was able to make. Sometimes, it was more often wrong rather than right. Indeed, after the Federal Bureau was established, there were complaints in parliament that its performance was worse than when the states were running it, with the founding director, Henry Hunt, forced to admit that its weather predictions for Adelaide in early 1908 had been proved right only 62 per cent of the time.

The growth of the Bureau really started in the late 1930s and, like much of the Bureau's history, was disaster driven. A series of aircraft disasters in the 1930s exposed the limitations of the Bureau's existing service for aviators. The Bureau could tell pilots what the weather was likely to be at the point of take-off but little about the weather they were likely to encounter en route or at their landing place. At the time, the Bureau had very little understanding of what a cold front was, with the result that aircraft could find themselves flying into one with catastrophic results.

The air crashes caused by these and other factors forced the government, finally, to dramatically boost the staff of the Bureau and establish scientific training for meteorologists. Instead of clerks going into the public service and being shunted off to the Bureau, where some were trained on the job to be meteorologists, the Bureau started in 1938 to employ science graduates from universities.

The second disaster, of course, was the Second World War. From 1938-39 the government began to build the Bureau so it was ready to meet the challenge of the Second World War. And once the war began, there was an even greater expansion of the Bureau as it took a leading role in ensuring the safety of various military and air operations that were carried out in this region. If we look back to Gallipoli, the successful evacuation of troops in 1915 was achieved because of a meteorologist who predicted that the seas would be calm at the time the evacuation was made. In the new war, meteorologists were helping to ensure the success of operations much closer to home.

More recently, other disasters have helped to drive the expansion of the Bureau and its services. A plane crash at Sydney airport in the early 1960s ensured that weather radar was installed at major airports, while a number of devastating cyclones in Queensland in the 1960s forced the government to extend the radar coverage of these areas. Starting in the 1950s with second hand sets taken out of British naval ships, which were very rudimentary, the sophistication of the Bureau's radar equipment and associated technology is such that we can now all log on to real-time radar images in our homes.

The Bureau has also been driven by the great Holy Grail of meteorology – seasonal forecasts – so that it can tell farmers what the next season is going to be like, to tell them whether to stock their

farms, or what to grow, whether they are likely to encounter a dry year or a wet year. The pursuit of this Holy Grail caused the Bureau in the early 1900s to establish weather stations in Antarctica, because it was felt that if we knew the weather of Antarctica we could much more accurately predict the weather of southern Australia.

Of course, in the nature of the Holy Grail, seasonal forecasts have always stayed elusively out of the Bureau's grasp. Even though the Bureau does now issue seasonal forecasts, and their reliability is steadily increasing, it is perhaps not something you would want to bet your farm on. Nevertheless, with the improvements in our understanding of how the ocean-atmosphere interaction works, and with the super computer the Bureau now has in Melbourne, it is not beyond the realm of possibility that seasonal forecasts of fair reliability will be soon be possible.

The Bureau has also been involved at various times in trying to shape the weather, or to make it rain, or on occasions stop it raining. An early attempt was made by Clement Wragge at Charleville in the early 1900s, when he used six inverted funnel-like "guns" to detonate a charge into the atmosphere in a vain attempt to break a severe drought that was besetting the pastoralists of Queensland. Wragge had brought back the idea from Europe, where such guns were used around the turn of the century to stop hail storms. Of course they didn't do any such thing. Nor were they capable of breaking a drought, as Wragge found to his cost when he set six of them up on the banks of the Warrego River.

When some suitable clouds appeared, the guns were detonated, only to have one of them explode into smithereens and the others fire off to little effect. The demonstration ruined his reputation and destroyed his hopes of becoming the Bureau's first director. It probably also helped to convince the Bureau thereafter to be very wary about engaging in any such activity. When the CSIRO became engaged in cloud seeding after the Second World War, the Bureau was its staunchest opponent, even though it was forced to bite its tongue in public because cloud seeding had such powerful support within the farming community.

Today, security and productivity remain very much at the forefront of Bureau activities, as dramatic developments in meteorological science and technology have enhanced the capabilities of the organisation. Those developments have been driven by great advances in the Bureau's network of radar equipment, its associated network of automatic weather stations and the development of satellites that allow meteorologists to see developing weather patterns across the empty parts of inland Australia as well as across those great oceans surrounding the continent. Lastly, the advent of super-computers has probably done most of all to improve the reliability of forecasts, while

the increased understanding of the ocean-atmosphere interaction has opened the way to reliable seasonal forecasts.

To conclude, I'd like to make a plea on behalf of the Bureau. My father tells a story from the late 1940s, when he first started with the Bureau and had to take his used pencil to the chief clerk before he was allowed to have a new one. It was just a small example of the tight budget with which the Bureau has had to operate for most of its existence. For a hundred years, the organisation and its staff have struggled to improve their services under such straightened circumstances. Although the Bureau enjoyed a golden age in the 1960s, when it had a powerful director and a very supportive departmental secretary and minister, that soon came to an end.

In the 1980s and 1990s, along with much of the public service, the Bureau was beset with annual budget cutbacks, misleadingly described as "efficiency dividends", which caused its staff to be dramatically reduced and forced a similar reduction in the level and quality of some of its services, with governments all the while hoping that no-one would notice. But of course it does make a difference to all Australians and to the prosperity and prospects of the nation if the Bureau is not able to perform to its potential.

It was because of these budgetary difficulties that the Bureau forewent the opportunity to become the lead organisation in tackling climate change. Had the Bureau taken that lead, and been provided with the necessary funding, Australia may well have been prepared earlier to confront the effects of climate change. Now the so-called "efficiency dividend" is to be doubled and the embattled Bureau will be forced to operate with an even smaller budget. The cost of that short-sightedness will be lower productivity and diminished security for us all.

REPORTING THE

**WEATHER
ELLY SPARK**

The first female meteorologist in the Bureau of Meteorology was Barbara Daniel who started her active forecasting career in 1962. Subsequently Rosea Boyd and Margaret Amos commenced forecasting in 1963. By the way, all of these ladies were taught their Meteorological Observing skills by Allan Day, David's father.

Page 328 of *The Weather Watchers* shows the first substantial intake of women, eight out of 23, on the 1965 Meteorologists course. At the time, women were hampered in their future careers by the now unbelievable rule that you couldn't be married and employed within the Commonwealth Public Service at the same time. Until 1966 marriage for a female meteorologist meant simultaneous dismissal – and it took until 1972 before the APS granted equal pay for equal work.

In recent times, the intakes of women at Bureau of Meteorology training courses have regularly been at the 30 to 50 per cent levels with 44 per cent (32 out of 73) of new meteorologists being women during the last five years. In 2003, the number of females outnumbered the men.

This has had the effect that there are now many women within the forecasting office, so that in Sydney we now regularly have all-female staff on shift. The first all-female chart discussion was marked with a photo in August 2005. There were seven of us. The Northern Territory was the first region to boast more women than men on their forecasting roster and currently they have ten females out of a total of 21.

The Sydney Olympics

I was privileged to be appointed Manager of the Bureau's forecasting project for the 2000 Olympics. This initially gave me the unparalleled opportunity in 1995 and 1996 to spend about eight weeks in the US to observe, be trained in and participate as a forecaster for the 1996 Atlanta Games. The US National Weather Service (NWS) provided an outstanding, much applauded and valuable service to

these Olympics. I came away with the determination that we would do as well, and if possible better, for the 2000 Olympics.

We therefore unashamedly copied as much as we could from the 1996 NWS program, and made changes where we thought we could effect an improvement. We invited each Bureau forecasting office to send two of their best forecasters to participate, and the result was an outstanding forecasting service as well as a valuable learning experience and exchange of ideas.

The most significant difference was that our public internet output included all live forecasts and observations, whereas the US internet output only included climatologies. This was fundamentally due to the phenomenally increased public web usage, as well as advances made to internet technology during this period. That this was going to happen was clear during the Atlanta Games in 1996.

The Olympic Forecasting Project was instrumental in generating a number of “firsts” for the Bureau of Meteorology. It was the first time that radar loops were made freely available to the general public, rather than only to staff within the Bureau or to registered users. As the anticipated demand was likely to clog up the Bureau’s regular site, a mirror site was set up to host this information. The service was extremely popular, and was subsequently retained and has been the flagship of the increased popularity of the Bureau’s website. (p 456, *The Weather Watchers*). The methodology of using a mirror site for the radar data is still used.

A second significant output was the provision of on-site forecasting and briefing at the Olympic sailing and at SOCOG headquarters. We discovered that forecasts were perceived to be better if you made more updates, and that forecasts could be useful, even if they were wrong... provided we talked to our clients and they understood the alternative scenario. This is not something the Bureau can currently apply on a large scale basis, but there has been an increase to the briefing services available to parts of the aviation industry, and we regularly have staff available at NSW Bush Fire Services Headquarters during major fires.

Changes in meteorological science and technology since 1972.

I started my operational career in 1972. What has stayed the same since then, and in fact since the early parts of this century, is the basic physics which is fundamental to the overall motion of the atmosphere. What has changed is our understanding of phenomena such as tropical cyclones, thunderstorms and tornadoes. What has changed beyond recognition are the technological changes which have allowed the development of radar technology, lightning detection, fast delivery satellite information, Web information and Numerical Weather Prediction. The possibility of the latter was first postulated by Lewis

Richardson in 1911 – “Perhaps some day in the dim future it will be possible to advance the computations faster than the weather advances and at a cost less than the savings to mankind due to the information gained. But that is a dream.”

When I started forecasting, all weather maps and upper air charts were plotted by hand and analysed by hand. Vertical soundings of the atmosphere were available then, as now, to aid in the forecasting of cloud and weather, but future projections of these were done manually through extrapolation of the upper and surface systems, coupled with knowledge of expected subsidence or frontal movements. Satellite information was available, but only came into the office once a day on a system which was exceedingly slow (40 minutes to deliver one photo) and had very low resolution (brown or white, no shades in between). A very basic Numerical Weather Prediction model known as the “Baroclinic Model” was run on an IBM 360 machine in Melbourne, which provided daily 24 hour forecast maps. In addition, prognostic Weather Charts were created manually by the senior forecaster through moving the 24 and six hourly changes of barometric pressure graphically on the hand drawn maps.

Forecasts were routinely done 24 hours in advance, with four day outlooks being prepared twice a week on Mondays and Thursday for the Sydney Region. All forecasts were typed on a typewriter and subsequently retyped and sent on paper tape via Telex. Small weather maps were hand copied from the big charts and made available to the newspapers and also on a daily bulletin board at the GPO in Martin Place, Sydney.

The first PC, an NEC, was introduced to the Sydney office in 1984. By 1989, when I returned to the Bureau, it was the proud user of an interactive display system called “McIdas” which is still used today, and a computerised forecast dissemination system known as AROS. This meant no more typewriter or telex. The forecast went directly from the forecaster to the user. A computer model known as the Australian Regional Assimilation and Prediction System was in place which delivered forecast charts at multiple levels of the atmosphere out to 48 hours with the information faxed to regional forecasting offices and an extended outlook system based on long wave patterns. There was increased understanding of the physics of thunderstorms, largely due to the improvements in radar based observations.

Since then, computer power increased exponentially, and meteorologists have stayed at the forefront in using the newest and fastest computers as they were built. Satellite derived winds and temperatures became available and these are now used as numerical model input. Computer models now deliver forecast charts well beyond seven days. For day seven and beyond verification is dubious, but at four days out our forecasts are now as good or better as they

used to be for one day not so long ago. In Australia, we now have direct computer access to the output of some of the world's best forecast models, although at very high resolution we still routinely use our own model output. Some of these are also freely available on the web. Systems are available which combine the output of a number of these models, and which show an increase in overall skill in forecasting temperatures and rainfall.

I now sit in front of a number of workstations and PCs with a total of seven screens delivering multicoloured information on numerous different workspaces allowing me to visualise what is happening in the atmosphere. However, I still type forecasts by hand.

The technological changes have invariably been accompanied by hypotheses that forecasting can be done with fewer personnel. My empirical observations, and I have no numbers to back this up, would indicate that this is rarely the case. As the ability to deliver increases, our expectations – and yours also – increase. We attempt to forecast for more places, at finer resolution and in more detail, and to do so properly we need more radars, better access to the world's best computer models, and more staff.

So, what of the future?

The Bureau is currently looking at two major changes to the way we forecast. The first is collaboration with the UK Meteorological Office in combining their excellent global model with a local high resolution version. The second involves the graphical manipulation of model output coupled with automatic text generation and interactive web displays. This type of system is currently being used by the US National Weather Service amongst others, and the Bureau of Meteorology is trialing an adaptation of the US system for our use. When implemented this should permit a hugely expanded weather forecast delivery system via the internet.



Photo - David Karonidis

Herb Keinon

Herb Keinon, who grew up in Denver, Colorado, relocated to Israel as an adult and continues to live there. He has been a journalist at the *Jerusalem Post* for the last 20 years. During this time he has covered a wide variety of different beats, including Jerusalem, immigration and absorption, religious parties, haredim, and the settlements. On a visit to Sydney, in 2008, Herb Keinon gave a lively and perceptive account of life as an Israeli when he addressed The Sydney Institute on Monday 18 February.

THE TRIALS AND

TRIBULATIONS OF LIFE IN ISRAEL

HERB KEINON

This lecture is entitled the trials and tribulations of life in Israel, or – in other words – is a brief on the current political and diplomatic situation in Israel: following the war in Lebanon, on the way to an agreement with the Palestinian Authority, in the wake of Hamas’ takeover of Gaza, in light of the breached border with Egypt, in the face of the Iran nuclear march, in the shadow of political uncertainty in Israel. That’s a heaping dose of trial and tribulation.

I live just outside of Jerusalem in Ma’ale Adumim. We had a guest speaker in my synagogue a few months ago who said he was constantly being asked, “What will be? Rabbi, what will be?” We as Jews believe that, in the end, “yihye tov”, everything will be all right, there will be peace at the end of time, and everything will work out. He took the man to one side and said, “Your problem is that you were born in the middle.”

And, yes, we are very much in the middle. Deep, deep in the middle. That’s part of the trials and tribulations, but also – honestly – it’s part of the exhilaration of living in Israel. Being part of it, of these historic processes, is at once maddening, frustrating, yet invigorating. The disengagement from Gaza, the rise of Hamas, Iran’s march towards nukes is fundamentally altering our strategic situation. Transformation is in the air. Transformation of the region, transformation of the conflict, and transformation of Israeli society. And transformation is unsettling.

Transformation of the society

The transformation that I want to concentrate the most on, and which in my mind explains a lot about what is happening, is the transformation of the society. The Palestinian violence that began in September 2000 has fundamentally changed and altered Israeli society. The nation that to a large extent embraced the Oslo Process as the harbinger of a new dawn in 1993 is not the same nation that is warily – very warily – eyeing what can now be called the Annapolis



process and the negotiations taking place now with the Palestinian Authority over the core issues.

It is indeed telling that Ehud Barak, the Israeli Prime Minister who was willing – pretty much – to give up the farm at Camp David and Taba, is now to a large extent a brake in the way of Olmert merrily walking down the Annapolis road, saying it is impossible at this time to leave the West Bank. That speaks volumes. Something happened, and that something has a name – terrorism.

In order to understand Israel today, in order to understand so many of the government's actions, it is necessary to understand the strain and pressure that everybody has been living under in Israel since September 2000. This is a critical subtext necessary to really understand this story. Government policy runs upward and downward. Sometimes the government leads the public, and other times the public leads the government. Disengagement from Gaza in 2005 was an example of policy starting up top, and filtering downward. Sharon initiated it, and the country followed.

But it can also work the other way around – as was the case with the security fence. The decision to build the fence was made in 2002 – the worst year of terrorism in the history of the state, when the people clamored for something, anything, to provide a sense of security. Sharon was initially opposed but then gave in to what was essentially the will of the people.

In a small country like Israel, what the people feel subjectively in their guts has a huge impact on policy. And what the Israelis have felt in their guts since September 2000 is intense insecurity and vulnerability. Much of what the government has done since then must be seen within the context of alleviating this feeling. This sense of vulnerability crept back earlier this month with suicide bombings, and reports of suicide bombing teams making their way into Israel from

Gaza to the Sinai, via the Negev, after the breach in the border wall separating Gaza from Egypt.

The experts explain the situation like this. They say, look around the world and you will see countries facing various threats. Some face threats from within their own borders – say Spain, for instance, with the Basques, or Russia with the Chechens, others face a threat from their neighbours, countries like India, Pakistan and others face a threat from enemies at a distance in the form of long range ballistic missiles – the US and Russia. But we are unique, in that we face all three threats simultaneously – from within, from our neighbours, and from further away via ballistic missiles. We are a special people. And these threats aren't something theoretical, something textbook. They are immediate, real and felt by all. You have suicide bombers tapping at the windows, you have Hizbullah trying to get in through the back door, and you have Iran's president threatening to blow up the whole house. That's the mindset, and to understand the government's policies, it is important that this mindset is understood.

I've lived in Israel for 25 years – I have lived through the first Lebanon war, and the second, the first Gulf War, and the second, the first intifada, and then the second – and believe me, the period from 2000–2005 was the most trying, the most difficult period I'd ever experienced here. One of the paradoxes of Israel, indeed, one of its main attractions, was always the sense of security one had in the country. It was always amazing to visitors that kids could walk around the streets at night, and hitchhike without worries. Sure, the borders were dangerous. But inside the cities there was a feeling of great security. People could walk without fear. One of the great casualties of the violence has been the loss of this sense of security. And it is a shame.



It used to be that I'd go into the reserves, serving on the Lebanese or Syrian borders, and worry about my own security, but not about my family's tucked away into the interior. The last time I went was in March in 2002, which just happened to be the worst month of the violence. I have since been released because of old age. I felt secure – inside the bunker, with weapon and bullet proof vest – but was concerned about the security of my family. In this environment, it makes it a real challenge to raise kids. You want to give them the same carefree, Gilligan's Island childhood you had, but can't.

I'll give you my own personal example. I have four kids. The oldest is a 19-year-old boy in a special unit in the paratroopers. He is in a commando unit. I wanted him to be a cook; he wanted to be a commando. He won. His whole teenage life has been under the shadow of this terrorism. I remember when he was in high school that

he would constantly want to go places, and we would constantly say “no”. He wanted to go to the beach, the mall, Tel Aviv, the Kinneret. During the worst periods we would say no, no, no, no until we couldn’t anymore. So we let him go, but we did so with a feeling of a pit in our stomach. The terrorism of the intifada shaped his adolescent years, his attitude to the world, his political attitudes. It also shaped, I am convinced, his desire to go into the unit he did. Terrorism gives you a sense of helplessness – now, in the unit he is in, he feels empowered, not helpless.

During the worst of the violence we tried to insulate the kids, to keep them from the gory pictures. I’m in the news business, but I make it my job to keep the kids, or at least the smaller ones, from the papers, or watching the news every night. Why expose them to the pictures, the fears? But you couldn’t insulate, because the violence and terrorism were everywhere. And, believe me, that makes it more of a challenge to raise kids in this environment.

It’s tough to raise kids who don’t hate. I hear things come out of my children’s mouths that make my hair stand up on end. My wife and I try to counter what they hear from their friends, at school, but it is an uphill battle. We try the mantra that “not all Arabs are terrorists, not all Palestinians are bad” but – frankly – it is a hard sell on kids living in a society full of so much terrorism. In short, we struggle to keep our kids from being consumed by hate and fear.

Things were not helped by the fact that the terror permeated everyone’s life. It’s not as this is all happened to other people out there, far away. It happened to people you know. It was real. Immediate. It has always been said that Israel is a small country, and that everyone is personally affected by the events. This has never been truer than it is today.

Again I’ll give you my own personal example. My own little world. I live in a very average apartment building of twelve apartments. The person we bought our apartment from was killed in an attack. Our former cleaning woman was killed in an attack. My upstairs’ neighbor’s first cousin, a soldier, was killed in Hebron. My kids’ former youth group leader’s mother and brother were killed in an attack. A co-worker of mine at the *Post* was badly hurt in an attack. The terrorism was everywhere; it crept into everything and shaped how people looked and look at the world.

When Prime Minister Olmert decided to go to war last July, to force the return of two kidnapped soldiers, he did so under the influence of public opinion that expected, even demanded, that he do so. Now things look differently, but in July 2006 there was massive support for going to war over the kidnappings. A few weeks before the war, Gilad Shalit was kidnapped from inside Israel, then before that another boy, Eliyahu Asheri, was kidnapped and shot in the head, and

there was an attempt to kidnap two girls, and then the two soldiers in the north were kidnapped. This touched a nerve, reminded all Israelis of their vulnerability, because those kids could have been anyone's, and so there was a massive sense that something dramatic, drastic, needed to be done to keep these types of kidnappings from becoming a weekly occurrence.

For outsiders, it is difficult at times to understand why Israel would even consider releasing 450 terrorists for the return of one soldier. It's because so much of the country walks around with a sick feeling in their stomach that that soldier could be there son, and in that case would be willing to pay any price to get him back.

Why do I say all this. Because it is important not to underestimate the country's sense of vulnerability in dictating policy – towards the Palestinians, towards the Syrians, even towards the Iranians.

The concentric circles – Iran

I want to touch briefly now upon policy toward each of those circles, and I want to start from the outside and work in. For roughly the last decade, since Israel has been concerned about Iran's nuclear ambitions, its policy has been guided by the following premise: Iranian nukes are not only an Israeli problem, which needs an Israeli solution, but rather an international problem, that needs an international solution.

While very active diplomatically in trying to stop Iran, Israel did not jump out and take the public lead. Ahmadinejad was keen in getting it to do so. He was interested in framing this as an Israeli-Iranian, or a Jewish-Iranian problem, in order to get other Arab countries off his back. If this could be framed as an Islamic versus Jewish issue, then the Saudis – more petrified than Israel of an Iranian bomb – would stay off their back. It is within this context that it is possible to understand Ahmadinejad's off-the wall statements about the Holocaust and Israel.

Beginning at the end of 2007 we began to see a shift in Israel's policy, and Jerusalem's taking a more up-front role. The policy changed because while the diplomats are talking, the centrifuges are spinning. The policy is changing because countries like Italy and Germany, not only Russia and China, are not getting on board the sanctions train. The policy is changing because the US National Intelligence Estimate gave Jerusalem a sense, to a certain degree, that when push comes to shove, Israel is likely to be standing alone against the Iranians. There is a growing sense, although not one publicly articulated by the Prime Minister, that the diplomatic track won't work, and that time is of the essence. Or, in other words, Iran's technological clock is working faster than the political clock opposing it.

Israel is coming, as it were, out of the closet on this issue, sending signals that military action is a distinct possibility if the world doesn't get into gear. What are these signals? The attack on 6 September on Syria was a signal, a powerful signal. Olmert's snap visit to Russia a few months ago after Putin's visit was a signal – a signal meant to indicate that while the world may chuckle at Ahmadinejad's threats to send us all to Alaska, we are taking it seriously.

If you look at recent history, when Israel feels vulnerable it acts. It felt vulnerable to Palestinian terrorism and acted – showing that there just might be a military solution to terrorism, despite all the talk to the contrary. When it felt vulnerable by a wave of kidnappings, it went to war with Hizbullah. When it felt vulnerable to a military buildup in Syria, it acted. And the message coming out of Jerusalem is that Iran's insufficiently impeded nuclear march is making it feel vulnerable.

Make no mistake about it, this is not 1981, Iran is not Iraq. If Israel, or the US, strikes at Iran, Iran will strike back. They are talking about raining 11,000 missiles on Israel. A lot has been said about last summer's war. A government commission just issued a report saying that we were inadequately prepared, and did not wage the war effectively and successfully. All of which, obviously, is true.

But if the war had one positive side-effect, it is that it focused our mind on Iran. One of the key lessons Israel took away from the war this summer is the realisation that as bad as the situation with the Palestinians may be, as much of a nuisance Hizbullah is, they are all sideshows. The main attraction is Iran.

Israel is internalising this message. One place you see this is in the decision to focus on having a multi-layered missile defence system up within three years to provide the country with an umbrella against missile attack, an umbrella that would guard not only against the short range missiles, but – even more importantly – against the long range ones as well. If Israel hits Iran, Iran will hit back. And it is dealing with how to protect us from their counter blows – not conventional warfare, as in the past, but missiles – that the country is now trying to deal with.

Will Israel attack Iran. I don't completely rule it out. When? When it feels that it has an adequate missile umbrella in place. Developing this system has become a top military priority. A weird race is going on, between when this system is in place, and when Iran has the capacity to build a bomb. If Iran gets the bomb, this missile umbrella is less important. It is the key to put it in place beforehand, so that if Israel does hit, it will be able to defend itself from the inevitable counterblows.

Syria

One of the biggest fears that followed Israel's inability to roundly defeat Hizbullah in the summer of 2006 was that it would embolden the Arabs, and show that Israel was not invincible. Indeed, as the Winograd Committee wrote, the second Lebanon war was "a serious missed opportunity" that ended "without its clear military victory". These facts, the committee concluded, had "far-reaching implications for us, as well as for our enemies, our neighbors, and our friends in the region and around the world." And, indeed, it didn't take long for the manifestations of this to come

On 15 August, the day after the war, Syria's Bashar Assad, seemingly intoxicated with the Hizbullah performance, delivered an extremely bellicose speech, praising and pledging allegiance to the "resistance" and warning that Syria would "liberate the Golan with its hand and determination." This was fiery, Nasser-like rhetoric. This was essentially Assad declaring new rules to the game, following what he apparently really believed was Israel's defeat. He essentially said that the status quo of 1973 was dead: I have seen what the resistance can do, I can march on the Golan.

This change of rules, this new Assad perception that he was now in the driver's seat, led to heightened tension for months with Syria, and talk of a possible war last summer. Israel was genuinely worried that he could be so intoxicated as to do something crazy and initiate a war for the Golan. On 6 September, Israel, by attacking whatever it was that it did attack in Syria, sent the rules back to where they used to be, and re-established the balance of power. This attack illustrated for everyone the gap between the rhetoric and reality. And this was huge for a number of reasons. It restored Israel's deterrence following Lebanon. It indicated to the Syrians that despite the state of the art Russian air defence system they were incorporating into their army – and indeed the Syrian army has undergone a radical reorganisation, from tanks to missiles, and missiles to defend them – they were still vulnerable. It was a message to Iran – Israel could, and would, hit when it felt threatened. As the Chinese proverb goes, kill the chicken to scare the monkey. The chicken here being Syria; the monkey, Iran. Again you see a situation where Israel felt its back was up against the wall, and took action to relieve its vulnerability.

The Palestinians

When you look at the various threats I have enumerated above, from well beyond our borders (Iran), to right on our borders (Syria) to inside our borders, the Palestinian issue is the most troublesome, but the least dangerous existentially. Meaning what? Meaning that kassam rockets, and terrorism, make life difficult, but are not a threat

to Israel's very existence in the same way that Iran and Syria, coupled with nukes, could be. Yet the Palestinian issue is the one, for various reasons, that draws all the attention, and has certainly done so now, in light of everything going on in Gaza, and the Annapolis process.

What is the Annapolis process, and what are the sides trying to accomplish? First of all let me say that the US has determined that the best solution to the Israeli-Palestinian conflict is a two state solution. Israel now wholeheartedly agrees, as does the PA headed by Manmoud Abbas and the entire international community. So why aren't we going to get there? There are a number of reasons.

First of all, Hamas doesn't agree, and they are, to a large degree, riding the horse and don't agree. Secondly, I want to harken back to what I said earlier, that terrorism dramatically altered the Israeli mentality. The conception in Israel that was extant in the 1980s and especially in the 1990s, during the Oslo period, was that if we merely make the necessary concessions, we could ensure our future in the region – if we just give, we are going to get peace – has gone by the wayside because of terrorism. The country went from believing it could solve the conflict, to believing that all we could do – at least for the short term or until attitudes change fundamentally on the other side and they actually accept us – was to manage it.

Ariel Sharon's way of managing it was unilateralism. Do what is good for us, get out of their lives, and hunker down on the other side of the security fence. But things didn't go, as they never do in the Middle East, quite as planned. Israel left Gaza to the last Jew, but that wasn't enough. Hamas came to power, Kassam rockets continued to all, an Israeli soldier was kidnapped. And in the north the fact that we left Lebanon in 2000 didn't solve anything. Rather, Katyushas fell from time to time, Hizbullah was constantly probing the border and two soldiers were kidnapped.

This all hammered home to many in Israel the conclusion that unilateralism is too easy, that you can't turn your backs and leave, because everything here is just too close, and a fire on the door step impacts those sitting in the front room. You can't leave Gaza and say you don't care what happens there, because what happens there



affects you. Look at the situation on the border with Egypt. Israel can't just say it's not our problem, let them deal with it, because it very much is our problem because of the proximity.

So now Israeli society is in a state of flux. It tried to negotiate a settlement – Oslo – but that didn't work. It tried to unilaterally give up land, disengagement and Lebanon withdrawal, but that didn't work. The dilemma Israel faces is a cruel one. On the one hand there is a feeling among the majority of the country that the continued retention of the territories and its 3.5 million Palestinians is – in the long term – bad for the country's national security. However, there is also a realisation among most that just picking up and leaving, as was done in Gaza, is bad for the average Israeli's personal security. Look at the situation now in Sderot and the western Negev. The dilemma can be summed up as follows: how do you leave a good chunk of the territories and stay alive. And nobody really has come up with the formula about how exactly this can be done. That is the country's overarching dilemma.

Prime Minister Olmert, prodded by the US, is now trying a new formula – Annapolis. But Annapolis is not all about Israel and the Palestinians. In fact, an argument could be made that it is not even primarily about us and the Palestinians. There is a huge US interest in pulling the process off in order to create a strategic consensus of moderate Arab states for its own purposes: Iran and Iraq.

In the light of the need down the road to leave Iraq, and in light of the need to stop Iran, the US is looking to create a strategic consensus of moderate Arab states from the Persian Gulf in the east to North Africa in the west. An Israeli-Palestinian agreement is seen, in the American eyes, as a way to glue that consensus together. The Americans are basing their premises on Annapolis on the following assumptions. PA President Mahmoud Abbas, unlike Arafat, really would like peace with Israel. Abbas is too weak to carry out any agreements. The status quo is not helpful, and it is dangerous to wait forever. If the Palestinians see what they have to gain from an agreement, they will sweep Hamas from power and grasp it. Massive support from the moderate Arab world will help the Palestinians come to their senses.

What the Annapolis process is trying to do in a nutshell is jump-start negotiations, and come to an agreement on paper that will dangle out in front of the Palestinians an offer that they "can't refuse". The idea is to come up with an agreement that will be placed on the shelf, so to speak, until the Palestinians show that they can control the situation on the ground and then the agreement can be implemented. This approach, however, seems to have four basic flaws.

When faced in the past with offers that they have not been able to refuse, the Palestinians have – indeed – refused. For instance, the deal at Taba was such a deal, but they threw it to the wind and opted to open a terrorist war. Any agreement which you conclude now, will be the starting point down the line of any future negotiations, if these

don't work out. In 1993 Yitzhak Rabin told Warren Christopher Israel would withdraw fully from the Golan in return for peace. Try stating negotiations with the Syrians on any position other than this one. The moderate Arab States, especially Saudi Arabia, are not going to take the ball on this because they are afraid – of their own domestic reaction and of Iranian meddling in their own affairs. There is insufficient attention – primarily from Condoleeza Rice, but also from Olmert – paid to what to do with Gaza.

It's as if when this deal is wrapped up, then Hamas – like good little soldiers – will just fall into line. To think the Palestinians will simply become enamored of an agreement based on a two state solution, or that Hamas will allow it even if they do, is wishful thinking at best, but dangerously naive at worst. Yet this is what is being proposed, and its proposal brings me to Israeli politics.

Politics

Say what you will about Prime Minister Olmert, one thing that everyone must concede is that he is a master politician. A master. His survival to this day is the stuff of political magic. And one thing that will help him survive politically, has helped him survive, is the impression of diplomatic process.

Olmert has three layers of political protection around him, a three layer flak jacket, if you will. The first is his considerable circle of friends – in politics, the media and industry – whom he has accumulated over the last 35 years in politics. The Haim Ramons, or key opinion makers at the main newspaper. The second is a deep anti-Netanyahu feeling among many – a feeling, justified or not, that he is over ambitious, can't be trusted, and that anything is better than Netanyahu again. The third layer is the peace process. The peace process – as long as it continues – keeps on Olmert's side segments of the Israeli "elite" who, were he not moving ahead with the Palestinians, would bolt in a minute.

I was on a speaking tour in November 2006 in the United States, and – when asked – said I didn't think he would last out 2007. This was following the war, and before the first Winograd Report, and as the corruption scandals started to mount. I was wrong. As a politician he has no peer. Consider that following the Lebanese war, the former chief of staff Dan Halutz resigned, the former defence minister Amir Peretz was pushed out – only Olmert remained standing. And he will as long as the playing field is political. That he rose to office is a testament to his political acumen, and it is hard to imagine that political machinations will chase him out. Legal problems, however, are a different matter.

Other, unforeseen circumstances, can also impact on Olmert's political future. For instance, his announcement of prostate cancer

led to a popularity bounce last fall, with his approval rating having jumped six points, from 35 per cent – 41 per cent over night. At the beginning of the year, the numbers were at about eight per cent, or the margin of error. The Winograd Report itself led to a popularity boost, with one poll saying 18 per cent wanted him to be PM, as opposed to just 8 per cent three weeks earlier.

Nevertheless, it is still somewhat ironic to hear Olmert say, as he does, that Abu Mazen is too weak to implement any agreements. That is true. Ab Mazen can't implement anything, but neither can Olmert. There is no political consensus in Israel for concessions on the hard issues, especially Jerusalem. On paper Olmert has a coalition of 67, but this is threadbare, with a number of unhappy coalition members who can't be counted on. All this underlines two fundamental problems endemic to Israeli politics. The first is an astonishing dearth of leadership. The second is an inability of the country to decide what it wants. Regarding the first problem, the dearth of leadership, nothing bears this out more than the comeback of both Ehud Barak and Benyamin Netanyahu. That the two are very much in the centre of things politically, after facing resounding losses at the polls, is nothing short of amazing.

Former US ambassador to Israel Martin Indyk once said, Israeli politics is the land of the weird and the home of the strange. And this is ample proof. Both Ehud Barak and Benyamin Netanyahu are failed prime ministers, but also serious contenders to replace Olmert in the next elections. Imagine a US presidential campaign featuring Jimmy Carter against George Bush senior.

So how can one explain this? Has the Israeli public fallen back in love with the two? I don't think so. Rather, I think their standing reflects the shallowness of Israel's leadership pool. Or, in other words, who else is there? "Wanted" ran a satirical ad in the country's largest paper, "for Middle Eastern country, a president, prime minister, defence minister, justice minister and chief of staff. No experience necessary." That is as true now, as it was then. When you look out at the pack, no one right now really stands out as a natural.

Part of the problem with the political pool, or its shallowness, is that, with the exception of Yitzhak Shamir, the previous leaders from the founder's generations – the Rabins, Peres, Sharons did not groom a successor, most probably because they were fearful of a challenge in later years. Olmert, for instance, was not Sharon's natural successor – he had none – but rose to his position as a result of his political genius. The other major difficulty facing the Israeli political scene is that we have never decided what we want.

If I ask you what the Palestinians want, you can tell me. At an absolute minimum, they want Israel to withdraw to the 1967 borders, with Jerusalem as its capital, and a Palestinian state. If I ask you what the Jews want you can't tell me, because we've never decided. What

we want always changes. You can't achieve what you can't define, and Israel has never – since the 1967 War – adequately defined what it wants, where its borders will be.

The great Middle East theorist Yogi Berra once said, “You’ve got to be careful if you don’t know where you are going, because you might not get there.” Which is very much our case. We’ve not gotten there; we’ve not gotten to our defined borders, because we never defined where there is. Take the issue of Jerusalem. For 40 years we have said that Jerusalem is the eternal, undivided capital of the State of Israel. Really? A recent poll showed many would like to give up parts of the city. We haven’t decided.

We go to elections quite a bit. We have had six different prime ministers during the reign of Clinton and Bush, and the count isn’t finished. And each time we go to the elections we wait for that decisive outcome, that one election that will decisively tip the scales right or left, but it never comes. One side always just squeaks by, making governance difficult. Don’t take that to mean that if we would just make up our minds, all our problems would evaporate. They wouldn’t. We alone don’t control everything, it’s not only dependant on us, but our inability to reach a national consensus has made it much more difficult for us over the last 40 years.

The future

After hearing all this, one could, logically, say, well that’s all depressing. And when you are deep inside it, it feels that way at times.



But I’m optimistic. When I say this to my family and friends, I often hear, ‘You’re not optimistic, you’re a bit dense – in light of Iran, Syria, Hizbullah, Hamas, Olmert’s scandals, terrorism – what is there to be optimistic about? But there is a lot to be optimistic about. I’m optimistic for two main reasons, and these are among the reasons why I enjoy living there – the country’s resilience, and its ability to solve problems and to cope with problems that are thrown in its direction.

Regarding the resilience, all you had to do to sense this resilience was walk the streets of

the country from 2000-2005 and see the people carrying on with their lives, in spite of the mind-numbing violence which made the decision to take the family downtown a difficult one. It was an uplifting, life-affirming resilience that made one proud to be a part of. Amnon Rubinstein, a former MK from the Left, wrote something interesting. He said that during this period the country was faced with pervasive and extremely difficult military duties. The doors were wide open, he wrote, but no one ran for the exits.

As to solving problems, Israel is great at dealing with short term problems. The country doesn't plan well, however, for the long term.

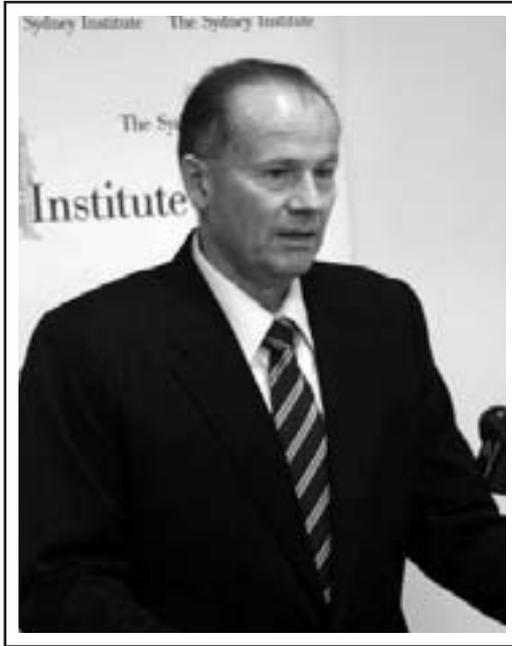


Photo – David Karonidis

Lindsay Tanner

In November 2007, prior to the 2007 federal election, Lindsay Tanner MP said a Rudd Labor Government would be prudent financial managers. He also recommended a number of areas where savings could be made. As the new Minister for Finance and Deregulation, in an address to The Sydney Institute on Tuesday 26 February 2008, The Hon Lindsay Tanner outlined how the Rudd Labor Government planned to tackle the task of further deregulation for business and what deregulation is on the Rudd Government agenda.

RELIEVING THE

BURDEN ON BUSINESS – LABOR’S DEREGULATION AGENDA

LINDSAY TANNER

The Rudd Labor Government has inherited an economy in which underlying inflation is running at 3.6 per cent. This is the highest inflation rate Australia has experienced for 16 years. Australian businesses and home-buyers have had eleven interest rate increases in a row. The Reserve Bank of Australia warned the previous government on 20 occasions about capacity constraints in the economy caused by infrastructure and skills deficits and the risks these posed to inflation. Yet little was done by the Liberals to address these issues.

Commonwealth spending has been accelerating at an unsustainable rate. Fiscal policy has been contributing to inflationary pressures when it should have been constraining them. This is the Liberals’ economic legacy. John Howard and his government were only ever focused on the short term. They spent money only to stay in office. They lacked the ideas and discipline to do the things required to set Australia up for the next ten to 20 years.

The Rudd Labor Government has a different approach. Our focus is on the long term task of reducing inflationary pressures and improving Australia’s productive capacity. Productivity is at the heart of the Rudd Government’s economic agenda for Australia. It is at the heart of our education revolution and our commitment to remove infrastructure bottlenecks. It is at the heart of our determination to restore spending discipline, so we can refocus the Budget on the things that will count for Australia’s future.

Improving productivity is also at the heart of what I want to talk to you about this evening – Labor’s deregulation agenda. Like a smouldering fire the Liberals let the deregulation agenda in this country lie dormant for most of their eleven years in office. I intend to re-ignite it. Relieving businesses and consumers of the burden of inappropriate, ineffective or unnecessary regulation will build Australia’s productive capacity and create a stronger economy. The Rudd Government is putting deregulation at the heart of our economic agenda for the future.

I am delighted to be addressing you tonight as Australia's first Commonwealth minister for Deregulation. As Kevin Rudd promised before the election we now have a Cabinet Minister with specific responsibility for deregulation. This really matters. You won't see much deregulation when no-one's responsible for delivering it. You need a Finance Minister as guardian of fiscal discipline, and a Deregulation Minister as guardian of regulatory efficiency. The two roles fit naturally together, and I am very pleased to have both of them.

We have already started to review and reform existing regulation, adopting practical measures to relieve the regulatory burden. Procedures will be strengthened to ensure new regulation is enacted only where absolutely necessary and at minimum cost to consumers and business. Most importantly, I intend to introduce a culture of continuous improvement in regulatory activity. A culture in which government is always looking for opportunities to streamline regulatory processes. To form more productive relationships with citizens, organisations and businesses affected by regulation. To actively seek out and respond to ideas for improvement.

Focus on deregulation

Well designed and targeted regulation is essential to fostering competitive businesses and protecting the community. Copyright and patent laws facilitate innovation by allowing people who create and invest in research to reap the benefits of their work for a period before the new knowledge is made available to all. Limited liability and legal incorporation are essential to risk-taking economic activity. Regulations such as these enhance productivity.

Some regulation is necessary to minimise the anti-competitive abuse of monopoly power. A very intrusive regulatory regime may impose serious burdens on a dominant supplier of essential services, but without it businesses and consumers would face higher prices, poorer services and less innovation. Other regulation is designed to protect producer interests. Businesses fortunate enough to be inside the regulatory tent don't complain about the regulatory burden, because it helps keep prospective competitors at bay. Other businesses and consumers pay the price.

My target is regulation which is outdated, excessively burdensome on business or unfair to consumers. Examples are not difficult to find. The 2006 Taskforce on Reducing Regulatory Burdens on Business, led by Productivity Commission head Gary Banks, identified many. One of my favourites was governing product labels prescribed by the Australian Pesticides and Veterinary Medicines Authority. This regulation requires a business to lodge a special application to make

any change to the standard product label, even if the only thing that's changing is the shade of the colour on the label.

The cost of regulation is notoriously difficult to estimate. Spread across a large number of businesses it often goes unnoticed, even though the aggregate burden may be substantial. The Productivity Commission's best estimate is that the total cost of compliance associated with all federal, state, territory and local government regulations could be at least as high as four per cent of GDP per year. That is more than \$40 billion. As well as imposing specific compliance costs, regulation can also have a choking effect on entrepreneurship, risk-taking and innovation. These costs ultimately affect all of us through higher prices and restricted choice of goods and services.

Deregulation will improve the capacity of Australian businesses to compete internationally. Not by engaging in a race to the bottom, but by catching up to other OECD countries that have already put in place advanced regulatory reform programs to assist business. Charities and other non-profit organisations also face costs in complying with regulations, reducing resources available for the provision of services to the community.

None of this is new. Political rhetoric about this problem has been in abundant supply. What is new is that we recognise the need for deregulation to be an ongoing feature of our government if the burden of red-tape is going to be effectively tackled. Achieving genuine deregulation requires continuous attention, not spasmodic effort. Kevin Rudd has given me ministerial responsibility for the government's deregulation reform program. The Banks Review recommended giving a Cabinet minister this role, but the former government didn't respond. A minister assisting on Deregulation, Dr Craig Emerson, has also been appointed.

Reforming existing regulation

Since the government took office, Dr Emerson and I have been getting to work on reforming existing regulation. We are working with states and territories through the Council of Australian Governments (COAG) to address areas of regulatory duplication or inconsistency between different levels of government. Our Business Regulation and Competition Working Group has been meeting to progress an accelerated program of reform which will be presented to COAG in late March. These measures will be targeted at reducing the cost of regulation to business.

For example, the Standard Business Reporting initiative will allow businesses to submit BAS statements, state tax returns, ASIC documents and ABS survey responses through a simpler, faster and easier process using their own record keeping software. Streamlined environmental assessment processes will stop the time wasting

process of two groups of environmental assessors looking at the same information and holding up approval processes. Nationally consistent occupational health and safety laws will allow multi-state employers to roll out the same training and safety programs across all work sites. The recommendations of the Banks Review will be revisited. The Banks Review made over 170 recommendations but many of these have not been implemented. We want to turn these recommendations into real outcomes for business.

The Productivity Commission will also conduct regular reviews of the regulatory burden in individual sectors of the economy. The government's response to the Commission's 2007 report into the regulatory burden in the primary sector will be delivered as soon as possible.

Agriculture Minister Tony Burke has already announced the deregulation of the single desk arrangements for wheat exports. This reform has been politically tough but it is the right policy for Australia. Growers will benefit from competition between accredited exporters, putting downward pressure on export supply chain costs. Accreditation standards will ensure that the reputation of Australian wheat exporters, tarnished by the Wheat for Weapons scandal, is rebuilt and protected. Transport Minister Anthony Albanese has concluded a bilateral open skies agreement with the United States, which will benefit Australian consumers and businesses. Both these decisions proved too difficult for the Liberals.

A systematic process to identify and reform regulations across other areas of government has commenced. Over the coming months I will be working in partnership with Commonwealth portfolio ministers to identify and address areas where the regulatory burden on business can be eased. I will initiate proposals for regulatory reform, and conduct joint reform projects with individual ministers. The first instalment of this is the comprehensive reform of the Financial Services Reform Act disclosure regime which Kevin Rudd promised before the election.

We have all heard the stories about 50 and 80 page product disclosure statements. The Business Council of Australia even cited an example in their submission to the Banks Review of 227 pages of documentation being given to a customer wishing to open a simple cheque account with overdraft limit and home loan. This benefits neither business nor the customer. It increases costs which the customer ultimately bears. Minister for Superannuation and Corporate Law Nick Sherry and I recently announced the formation of the Financial Services Reform Working Group to solve this problem.

There is work to be done in our own back yard as well. Reporting and regulatory requirements are essential to the proper functioning

of government, but unnecessary red tape in the bureaucracy is a waste of public money. A review of internal red tape conducted by the Department of Finance and Deregulation has identified a number of areas where bureaucratic processes should be improved.

Reporting arrangements for foreign exchange transactions have previously been streamlined and the electronic AusTender system was introduced to improve government procurement reporting, but there is more work to do on this front. These reforms are targeted at reducing and reforming existing regulation but this is only half the job. We also want to ensure that there is no net increase in the regulatory burden arising from new Commonwealth regulation.

Reducing the burden of new regulation

Prior to the election we committed to a one-in one-out principle for new regulation. When ministers bring forward new regulatory proposals, they will be required to also identify other areas where regulation can be modified or removed to reduce compliance costs for business. This form of regulatory budgeting will address the cumulative burden of regulation. The common starting date for regulations would also give greater predictability and certainty to business. We are currently analysing the pattern of starting dates across all areas of legislation. There are some obvious exceptions where urgency is required, but significant improvements can be made.

The Office of Best Practice Regulation (OBPR) has moved into the Department of Finance and Deregulation, reflecting its central role in improving the quality of regulation. The OBPR will continue to administer the best practice regulation principles and be a regulation watch-dog on government departments, agencies and Ministers. Regulatory proposals will not come to Cabinet unless the OBPR agrees that adequate regulatory impact analysis has been performed. In all but exceptional circumstances a Regulatory Impact Statement and the OBPR assessment of its adequacy will be made public before regulations come into effect.

Where a regulatory proposal has been exempted from the RIS process, a post-implementation review of its effects will be conducted and the OBPR will publicly release its assessment of the review. I will shortly be making a statement to the parliament confirming our commitment to the independence of the Office of Best Practice Regulation. Administrative arrangements have already been put in place to ensure ministers cannot seek to influence OBPR decisions on best practice regulation requirements. The OBPR will, of course, continue to report annually on the level of compliance with the RIS process across all government agencies.

A culture of continuous improvement

All of this represents a significant reform program for the government. But the biggest challenge is to establish an entrenched culture of continuous regulatory improvement and reform. This is not just about what we regulate, but also how we deal with business and the community in administering regulation.

For a decade now I have been arguing that globalisation and technological change have altered the role of government. The old model of command and control is giving way to a new model where government acts more as a facilitator. Rather than simply mandating rules an effective government must act as an intermediary between different interests in the community. Time and again we hear from business that government must keep talking to business about how regulation affects them.

This is something that I am deeply committed to doing. Consultation papers on the new national employment standards, the design and regulation of the first home saver accounts, implementation of a carbon emissions reporting scheme, and proposed amendments to the export cargo legislative framework have already been released.

The Assistant Treasurer has established a Tax Design Review Panel to examine how to reduce delays and improve the quality of tax law changes. In the coming months I will convene an informal group of senior business leaders who will help alert the government to emerging issues and opportunities for further deregulation and provide feedback on reform implementation. In addition to this, Dr Emerson and I are also finalising details for a Small Business Advisory Committee which will be consulted on regulatory proposals affecting small business. Its primary role will be to contribute to the RIS process and ensure small businesses are properly consulted.

A key to our success in advancing this deregulation agenda will be our capacity to be open with the community and facilitate compliance rather than just waiting to punish breaches. Even small changes to practices can make a big difference. Regulators should work with industry to identify improvements to regulatory practices. I want to encourage a culture of continuous regulatory improvement in the same way manufacturers seek to continuously refine production processes.

As US diplomat and economist Chester Bowles once remarked, "Government is too big and too important to be left to the politicians". I have asked leading economist, Nicholas Gruen, to work with me on this. Nicholas has championed the application of continuous improvement and total quality management processes to regulation. Why can't we use technology to bring front line regulators and the regulated together to improve regulation? In the UK, the Better Regulation Executive, which is part of the Department for

Business, Enterprise and Regulatory Reform, coordinates work across government to reduce regulation. So far, 19 UK government departments and agencies have implemented over 280 initiatives to tackle red tape. These reforms are estimated to have saved UK businesses and non-profit organisations more than £800 million a year.

Part of the UK system includes a modern day version of the suggestion box – a website where businesses, community organisations and individuals can submit an idea for cutting red tape with a public response from government guaranteed within 90 days. Innovative ideas like this which harness technology and allow people to better communicate with governments should be embraced. Perhaps we can go even further. What about incorporating into individual regulatory regimes a simple way for people to give feedback or suggestions at the same time they are filling in online forms?

Sure, the old suggestion box in the corner of the factory was often left abandoned and covered in cobwebs because management didn't take suggestions seriously. But in this case, the people carrying the regulatory burden have a strong incentive to alleviate it. They just lack the means to do anything about it. A small business owner often doesn't even have the time to participate in an industry association, much less pursue a campaign for regulatory reform.

I want to break down the barriers impeding regulatory reform. Why has it taken so long to tackle the excesses of the Financial Services Reform disclosure regime? Regulators should be directly and continuously subject to feed-back from business. We shouldn't need more Banks Reviews, because the operation of our own regulatory systems should be telling us where the problems are.

Over the coming months we will be talking to regulators, business, consumers and community groups about how we can change the culture of regulation. We are serious about change. I understand that business wants certainty and stability. I'm not seeking endless change for change sake. But that is no reason to allow excessive and unnecessary regulatory burdens to remain in place indefinitely.

Conclusion

My task as Australia's first national Minister for Deregulation is an exciting and challenging one. There is much to be done. Reducing the regulatory burden is critical to improving the efficiency and productivity of the Australian economy. In general, Australians are pretty good as regulators. Our can-do attitude usually prevails. But we've tended to rest on our laurels in recent years, after the great advances of the 1980s and early 1990s. We intend to do better. The Rudd government is committed to continuous improvement. It's my job to ensure we deliver.



Christopher Pyne



Marise Payne



Kevin Andrews

Photo – David Karonidis

Liberal MPs The Hon Kevin Andrews, Senator Marise Payne and The Hon Christopher Pyne have spent most of their parliamentary careers on the government side. After the 2007 federal election and the Kevin Rudd led Labor victory, they joined their colleagues in the huge task of fresh thinking and positioning under a new leader at a time when the Liberal Party was in opposition in all states as well. Leading an invigorated discussion on suggestions for future development of the Liberal Party, on Tuesday 4 March 2008, Marise Payne, Kevin Andrews and Christopher Pyne addressed The Sydney Institute.

THE LIBERALS AND

THE FUTURE

CHRISTOPHER PYNE

Does anyone still doubt the need to modernise the Liberal Party of Australia? Out of office in every state, territory and the commonwealth, our membership base is at an all time low, we have been out campaigned and out fundraised by our rival for public office. In 1996, in every state, territory and the commonwealth the Liberal Party held 256 lower house seats. In 2008, we hold 155. In twelve years our firepower has diminished by 40 per cent! We have lost the last 22 state and territory elections. And, just when you thought it couldn't get any worse, I have to tell you it can.

While it's true that the last five times government changed in Australia at the subsequent election there was a swing against the new government, that has not been the pattern at the state and territory level since 1999. At the federal level, in 1951 the opposition gained point three per cent at the election of that year, in 1974 one per cent, in 1977 one point one per cent, in 1984 one point five per cent, and in 1998 four point six per cent. I will be expending every energy to ensure this pattern is repeated and that we break the cycle and win the next federal election – I fervently believe that we can. But we would be naive to assume that business as usual will deliver that victory.

Since 1999, state and territory oppositions have found that their perceived shortcomings have led to a second dose of the public's medicine in six cases (New South Wales, Victoria, Queensland, South Australia, Northern Territory and Tasmania) and virtually no change in two (Western Australia and the ACT). The party is perilously close to the edge of the waterfall.

But we can do something about it. We can modernise every facet of our party, other than our reason for existence, which has never changed, to avoid going over. The federal Opposition, led by Brendan Nelson, is showing that we are not broken or bowed. We are taking the fight to Labor in Canberra. We are confounding the critics and naysayers. But Brendan Nelson can't bear responsibility for the counter offensive on his own. The Liberal Party itself must change. There is tremendous scope for fresh ideas, for new thinking,

for being prepared to use 2008 and as a year of modernisation of our organisation. It would be a tragedy to waste this opportunity.

Tonight, I would like to highlight where I believe change will bring about electoral success and allow the Liberal Party to govern for the better throughout the country in the future. My party needs to embrace a change that will replenish our membership. A strong membership base is a strong resource – for developing policy, in campaigning, in fundraising, in spreading the word, in providing the candidates, staff and personnel that every political party needs.

I believe the Liberal Party should implement a practice that has been initiated by right of centre political parties around the world to their benefit – allowing all party members to select the parliamentary Leader. With one stroke, we would give Australians a reason to join and become active in the party. As Michael Kroger pointed out in his column in *The Australian* on 18 February: “The Coalition parties need to do the same amount of work they did 50 years ago with 25 per cent of the resources.”

The influx of new members that would accompany empowering the grass roots membership in this way would revitalise the membership of the party – bringing us new ideas, destroying rotten boroughs, creating a phalanx of new campaign workers, fundraisers and potential candidates. For many, this will seem like a radical idea. But it is not too radical for the practice to be the case in the UK Conservative Party, the French Union for a Popular Movement (UMP), the Canadian Conservative Party, or the Likud in Israel. The Republican Party and the Democratic Party in the US have raised grassroots participation to unprecedented heights. Barry Cohen in writing about the US primary system in *The Australian* on February 14 said:

A long time ago, Americans realised that no system was truly democratic unless voters not only elected their president and congressmen but also participated in choosing the different parties' candidates. No system of democracy is perfect but the primary process is one that Australia should at least be considering.

I would envisage that the Liberal Party adopt a similar model to our sister party in the UK. In essence, the Conservative Party in the UK allows the parliamentary party to choose the candidates that will be offered to the membership from amongst their number. The broader membership of the party then chooses between the two candidates who emerged from the parliamentary party ballot. Leadership ballots are only held when a spill of the leadership is initiated and carried by the parliamentary party or when the Leader resigns or retires. A person whose leadership is overturned in a spill

cannot nominate as a candidate for leader in the subsequent ballot. Critically, the membership itself cannot spill the party's leadership.

Such a model would ensure there is no possibility of seeing a repeat of the shambles that was the process adopted by the Australian Democrats. The UK model ensures that the parliamentary party puts forward two candidates who they believe have the capacity to lead the party to victory, fulfil the role of Prime Minister and have a largely united party behind them. But it also means that the candidate who is selected by the Conservative Party members has shown their appeal to a wider audience than the few hundred members of the parliamentary party. To win, they would likely have demonstrated their ability to conquer the media, to articulate a message and to have an agenda that a wider audience wishes to support.

David Cameron's modern campaign to win the Conservative Party leadership in October 2005 – through the internet, television, radio and public appearances across the UK generated a following both within the party and amongst the general public that gave him a springboard, once successful, to portray his party as having a newness that it had lacked since the defeat of John Major's Government in May 1997. This was obvious in the polls, the reaction to David Cameron by Tony Blair and by the increase in interest in the Conservative Party after years of seeming listlessness following their almost two decades of rule.

There can be little argument that in the US where the Republicans have involved their membership in this way since the middle of the nineteenth century the Republican Party itself is a healthier specimen because of it. This is the case too for the Likud in Israel. In 1993 the Likud held their first membership wide election for their candidate for Prime Minister. This was repeated in 1999. Both times, the candidates the Likud chose went on to win elections for their Party. More than that, the consequent media attention lifted the profile of the Likud and demonstrated that the Party was vibrant and open.

Finally, from Canada, I will quote you one brief statistic. In 2006, 144,289 Alberta Progressive Conservative Party members turned out to vote at polling booths in their leadership election in 2006. Alberta has a population of 3.4 million people. If the same proportion was to be repeated just in South Australia, it would be the equivalent of the South Australian Liberal Party having 60,000 members. Imagine how such a number would transform politics in my state! If our sister right of centre parties around the world have been able to manage this, I can't think of why a sophisticated political party such as the Liberal Party can't conceive of such a change.

The Australian public are more actively interested in politics today than at any time in our nation's history. They have more ways to be involved. The Internet has transformed politics. The interaction

between people through Facebook, email, YouTube and all the other methods of sharing and accessing information mean that people want to be more involved and they expect to be given a real role.

If we need any more evidence of our need to embrace grassroots democracy, we need look no further than the phenomenal success of GetUp! While the centre right of politics might not agree with most of their policy positions they have proven that there is a new way – they have used the Internet to create a political movement in which every registered person feels they have a real say in the direction that organisation is headed and what they do.

Just in case you do wish to look further than the success of GetUp!, I'll give you another insight into where voters are getting their information from – there are 1.8 million members of the Australia Network on Facebook – the vast majority would be voters. The Australia Network (which wouldn't include all Australians as plenty of Facebook users don't join a Network) equates to fourteen per cent of the people who voted on 24 November 2007. That number will only grow.

Voters today want to be involved, to be taken seriously. With all the choices they can make they are not going to be part of an organisation that takes from them and gives little in return. Allowing our members a real say in selecting the person who leads the party and represents the party in parliament will give people a reason to join the Liberal Party. We need to add to our membership. To build on what we have. To give those in the party now the support they need.

There is another area I want to touch on tonight – an idea to end the “winner takes all” outcomes in organisational elections that sap our energies and strength because of the disappointment they inevitably stoke and the disunity they engender. Almost all the internal elections that occur across the Liberal Party at the moment are preferential or “first past the post”. We need to move to a system of voting that ensures all modes of thought in our broad church are genuinely represented, that they all have a place at the table. The method of voting that will bring about this outcome is proportional representation.

Currently, if a group of like minded individuals can garner enough support at a party conference or annual general meeting they can generally win all the positions (or as close to it) as are available. This leads inevitably to any other group of like minded individuals being shut out of the political process. When politically active and interested people are denied a voice in their own Party they have few options available to them to influence events. We have seen the result of this across every State Division of the party – leaking, undermining, the traducing of reputation and disunity. The winners from this have been the Labor Party.

How can we expect to win, when rather than focussing on building an agenda, campaigning, fundraising or finding and training the best candidates for seats we instead are focussed internally? To break out of this frustrating loop we have to find a way to “cut the Gordian knot”.

The answer is proportional representation. This is a system of voting similar to the system used to elect most Upper Houses in Australia. Where there is more than one candidate to be elected to a position, a quota is established and preferences distributed until each successful candidate reaches the quota. It would not be able to be used in every situation – for example, there can only be one president. But for vice presidents and executives, upper house tickets and in other ways, proportional representation would ensure that everyone in the Liberal Party had a fair chance to have their opinion represented in the party forums.

There are some who will argue that this conceives of “factions” existing in the Liberal Party. Tom Playford, our 28 year-long Premier of South Australia in the 1930s, 1940s, 1950s and 1960s, once said: “In politics, you have different friends, on different days, for different reasons.” In the Liberal Party, factions will never take serious hold as they have in the Labor Party. When it comes to issues, we Liberals are too individualistic to be told how to think by our peers. The alliances that form and re-form in the Liberal Party have porous boundaries.

Take me as a case in point. I believe, as Robert Menzies did, that the state’s role is more than as a “mere keeper of the ring”. Yet I am an advocate of a small footprint for government and low taxes, recognising that the individual is better placed than the state to decide on what they wish to spend their hard earned resources. I believe in social justice and abhor discrimination. When presented with choices that are loosely termed “life issues”, my voting record on euthanasia, RU 486, embryonic stem cell research and cloning would place me as a conservative. Yet I am a republican. The media and much of the Liberal Party characterise me a “moderate”. I am a classic example of why formal factions will never take root in the Liberal Party.

The Liberal Party has always, since our founding, embraced what some call “institutionalised diversity of opinion”. There exists in every party Division, guaranteed representation for young people, for women and for people outside the major capital cities. Our party founders, to varying degrees, recognised that to be a broadly based party we had to build in special rules that gave Young Liberals genuine representation on state executives and state councils. The party in South Australia has a Rural Council and Women’s Council with delegates to the governing bodies of the party. Our constitution requires (wherever there are two or more delegates to be elected from party bodies) that at least one be a man and one be a woman.

So, proportional representation would sit well with a structure we have had in place in the party since 1944. Far from institutionalising factions it would ensure that the need to congregate around groups of like minded individuals would be less important. It would also mean that the party would be better served by the “best and brightest” of all our available personnel rather than those who in the current “winner takes all” atmosphere have prevailed.

The Liberal Party’s new Federal President, Alan Stockdale, said in an interview with *The Australian* on 23 February 2008:

We need to provide incentives to new members, and the more diverse their backgrounds the better. We need to recast the Party’s constitutional structure so we broaden our base and bring more people into the Party and draw on the community’s resources.

In two sentences he has encapsulated the message of my speech today. What better way to “provide incentives to new members” and “draw on the community’s resources” than to engage them in the political process? We need to show the public that we value their opinions, that we aren’t preaching to them, that we are instead, responding to them. Providing for their involvement in a meaningful way by giving party members a vote for the party’s leadership would harness their skills and energy in a way that we are not doing as well as we should now. To attract new members and keep those we have, we need to present them with a party where every member is expending their energy on constructive pursuits – policy development, fundraising, campaigning and supporting candidates. The introduction of proportional representation in internal party elections will help bring that about.

These two reforms would transform the Liberal Party of Australia. Placing us again in the first rank of centre right parties around the world and give us the foundation to begin the journey back to government around the country.

THE FUTURE OF THE

LIBERAL PARTY – A PERSPECTIVE

MARISE PAYNE

If the American writer Mark Twain were in this situation tonight, he may have observed that rumours of our death are greatly exaggerated. So while far from lifeless, there is no denying that the entity that is the Liberal Party is in great need of rejuvenation. Nor is this to say that we underestimate the dimension of the challenge ahead of us, in returning Liberals to government at state and federal levels.

There is however no doubt that we continue to have great strengths on which to draw, including our history and philosophy, our experience, our demonstrated capacity for strength and leadership in government, and our people as just some examples. The 2007 election, a 5.4 per cent swing against us, was a sobering result.

There is a telling and large number of new faces on the government benches but, ultimately, we need to take only nine seats to be in a position to regain government.

That's a number we need to repeat to ourselves every minute of every day, and never lose sight of the target. It is also important to acknowledge, particularly in the modern political world, the growing inevitability of the political cycle. Except in hereditary monarchies, "born to rule" went out of vogue a long time ago, and for a republican like me, that's just fine. But it also applies to the democratic process. The electorate has taken to saying "time!" with vigour, and frankly, that's unsurprising.

What we should take out of this experience are the opportunity and the challenge of creating our new future, and avoid wallowing in the recent past. The Liberal Party of Australia, over its six plus decades of history, has been the custodian of two strands of political thought, liberalism and conservatism. It is a blend that in its true state has stood the test of time. The fundamentals of individual freedom, the dignity of humanity, and personal responsibility are tenets of Liberal faith.

In this context, countless references have been made to the Liberal Party representing the broad church. As a member of that church, I have on some occasions felt that only one side of the congregation

was truly welcome at the service. I say that without any rancour, but it does impact on my perception of the future of my party and my observations here today.

After a fairly lengthy run on the park for the predominantly conservative position, through the recent years of government, I suggest that the successful future of the party in this century lies in what might be described as a more representative expression of the breadth of Liberal philosophy. That is, a balance of the threads of our philosophical fabric. In doing so, we will be drawing on perhaps our greatest strength – our strong philosophical base, built by Menzies and his contemporaries through the 1940s and beyond. The challenge for the future is to re-examine and take up those core Liberal values and apply them in a relevant and modern way to contemporary Australian politics – to achieve that we must modernise our approach within our philosophical framework, which is both imperative, and do-able.

I am pleased to hear Dr Brendan Nelson alluding to the dual philosophical strands of the Liberal Party and Deputy Julie Bishop discussing the re-development of our social agenda in the important policy review process. To look at how the future may take shape I reflect briefly on recent experience.

I recall what I heard as a significant concern of many long time Liberal voters at the last election as to why, with the economy as strong as it was, the strength of our leadership as effective as it was, they would not be voting Liberal. The answer was, often, that we lacked compassion and heart. I have just a couple of examples.

For older women, who had been giving to the collection plate at their local church for decades to support the dispossessed and disadvantaged of the world, they simply did not accept or really understand our approach to refugees, our approach to the detention of children in particular. You all know who I mean. Are you thinking about an aunt or a neighbour, she was always a Liberal voter, but also a person whose steely resolve meant that once she'd changed her mind there was no going back? And a strongly articulated argument about our commitment to the humanitarian resettlement program didn't cut much ice with these formidable advocates.

Also, a similar view from the families of Australians, who believed that the life of their family member was not perceived by our government as sufficiently “mainstream” to merit the respect and basic human rights that the rest of the community takes for granted, just because they were gay; given the rhetoric on occasion it was difficult to persuade them otherwise. We were also perceived by them as lacking in basic compassion, effectively relegating certain Australians to the bench, given they apparently weren't wanted on the so-called “mainstream” team.

Why would you vote for us if you believed that we didn't like the lives of your granddaughter and her partner, or your son or your nephew? What happened they asked, to freedom of the individual, freedom of choice and basic respect for human dignity?

We can talk about the importance of family all we like, but once we are perceived as telling Australians that we don't even like some members of their family, or indeed, the way their family is structured for those not falling within the "traditional" definition, we are crossing a line and in my view we also pay a philosophical price for that. The cynicism amongst you might observe, not unreasonably, that those raising such concerns with Marise Payne were expecting to preach to the converted. Indeed, they may have been, but the final word was theirs. They did not vote for us.

So in 2008 and beyond, whether it is the redevelopment of our social agenda or the highlighting of our economic achievements it is absolutely vital to recognise it's actually 2008. We need to be modern, to be dynamic and responsive and acknowledge and respect the inevitably changing nature of Australian life; that doesn't mean we always have to agree with it, but as a professional political organisation we cannot afford a head in the sand approach.

We must tackle change; and concomitant with that, address the shift of the political priorities of many Australians. We need a modern agenda, described in modern language. An agenda where the priorities, some needing reconsideration in the context of our loss, will include climate change and water issues; actually addressing why women are still paid less than men in exactly the same jobs from the cleaner to the doctor; dealing with the reality of modern family life in its many versions – and particularly post relationship breakdown, let alone the notorious work-life balance, just for starters.

The successful Liberal Party of the future will need to be a modern, diverse organisation, one that more broadly reflects the Australian community in its membership and its parliamentary representation. Without that we are doomed to engage with ourselves, or replicas thereof, not a recipe for growth and effective community engagement leading to greater electoral success.

Rather radically, it is my view that the precondition for membership of the Liberal Party should be your commitment to Liberalism. So whether you are a committed Christian, a devout Muslim or a blasé agnostic should be irrelevant. In my own division of New South Wales in recent times it seems that has not always been the case.

In building our diversity and our capacity to represent the breadth of Australian society, it would be useful to attract more members from rich, multicultural Australia; to encourage as members more women who seek to be involved in the political process and to be leaders;

bring to our team more young Australians who see membership of a centre-right political party as a way to express their ideals in a stimulating environment of open minds and open debate.

I do not support quotas to achieve a particular level of representation of one of the above groups or another. What we must have is the level of professionalism to know this engagement with the broad community is what we need and to go about rebuilding a party in which it can be achieved. It is unsustainable for us to continue to look around party fora and stare at mirror images of each other.

Although parliaments are relatively conservative institutions, they are gradually changing to reflect a diverse community. The Liberal Party cannot afford to be left behind in that process. Inviting new and interesting people to join the Party can be a process fraught with danger – what happens to them after they experience a first branch meeting for example. For some, that beginning is the end. Some will want to support us, but to have minimal involvement with the organisation. Some will want active engagement and input into the development of policy in key areas. The British Conservatives have run the Stand Up Speak Up policy development process in their renewal process. It's an interesting option and I hope it can be considered in the review of our policy development.

Debate about reform of the party organisation is again underway in many places. I have seen recent comments from former Victorian President Michael Kroger about how much energy and frankly increasingly scarce financial resources we expend at the micro level and I tend to agree with his observations. Identifying organisational arrangements for a modern Liberal Party so the organisation is part of rebuilding the Liberals into an appealing proposition for future government is a basic but important step. We will grapple with many other challenges as we seek to modernise a 60 year old political party, and rebuild after the demise of a strong Liberal government, one of whose electoral sins was its own longevity. But, we have a depth of capacity and talent in our parliamentary and organisational ranks, particularly in this new generation of Liberals, that is more than equipped for the task.

I've said that I particularly hope that young people would join the Liberal Party to express their political ideals in an environment of open minds and open debate. That environment must be the way of the world in all cases in the Liberal Party, not the exception. We cannot be afraid of open discussion and robust debate and we should encourage it. That goes for our councils, even our party room and the broader political debate like this evening.

If we feel constrained about open expression, if there is any culture of intimidation we are venturing into illiberal territory and I for one I have had enough of any suggestion that a political party is the last

place to discuss policy. Debate is not dissent, and although the media never tire of using the term they should perhaps look to those opposite us in the chamber more often when examining this question.

Politics is fundamentally about people. So, for all the departments and programs, all the theories, all the spin, it's the people who matter and the people who will have the last say.

Our Australian democracy, our government by the people, is a great institution with its foundations struck firmly in peace, not conflict. It is not perfect but it is an impressive model. Of the building blocks of that democracy, viable political parties are indispensable. The Liberal Party is a fundamental of the future of the Australian democracy, and as a modern, dynamic political party firmly enmeshed in the unforgiving political cycle it will continue to be so.

THE LIBERALS AND THE

FUTURE

KEVIN ANDREWS

I wish to address three issues tonight. First, what I believe is an overriding principle upon which we can move forward with unity. Secondly, I wish to draw a distinction between principles and policies. Thirdly, I will state what I believe are the principles that we should maintain.

One thing is certain for a political party newly in opposition. Every critic in the land has advice to offer. Each knows exactly what went wrong, and what needs to be done to win office again. Many advocate an abandonment of the principles and policies of the past and an embrace of the “progressive”.

Let me illustrate. Writing in the *Financial Review* after the election, Melbourne political scientist Dennis Altman said the Liberal Party must move with the times: “The Liberals will come under pressure to demonstrate they too are progressive on non-economic issues,” he wrote. “The Liberals can either embrace these changes, or risk becoming as irrelevant at the federal level as they appear to be at the state level.” The only hint to what Altman actually proposes is that we need to attract a wider range of Australians, more ethnically and ideologically diverse. However, this view overlooks the people who deserted the Coalition, and who need to be attracted back.

The seats that Labor won were mostly in the outer suburban and regional hubs of Australia: the western suburbs of Sydney, the outer northern and southern suburbs of Adelaide and Brisbane, the Geelong region, the NSW central coast, and so on. These were the same people who voted in the Howard Government in 1996. Their issues are basic ones: to have a secure job for themselves and their children, to educate their kids, to receive adequate health care, to live in safe surroundings, to raise their family, and to live peacefully in a culture which supports their values.

They are the small business operators, the working class trades men and women, the parents who care for their children and work part-time, the people who want to retire in some comfort and enjoy old age. It was to them that Kevin Rudd appealed as a “fiscal

conservative". If greater diversity is what is required, how did the Labor Party with the majority of parliamentarians drawn largely from tertiary educated, trade union officials, win the election? How did the Coalition, with more women selected on merit, rather than a quota, lose office?

The danger for parties new to opposition is to believe that they have to move away from the centre in order to win again. Australian elections are won at the centre. Kevin Rudd moved the perception of Labor to the centre. Whether his policies and programs will match that rhetoric remains to be seen.

The Coalition should not abandon the centre in favour of the latest trendy alternative or middle-class left fancy. That will condemn us to opposition for many years to come. Let me turn then to my first issue – a unifying principle.

A unifying principle

In Michael Novak's 1982 seminal apologia for private property, freer markets and individual agency, *The Spirit of Democratic Capitalism*, he confidently wrote:

Of all the systems of political economy which have shaped our history, none has so revolutionised ordinary expectations of human life – lengthened the life span, made the elimination of poverty and famine thinkable, enlarged the range of human choice – as democratic capitalism.

Democratic capitalism is neither exclusively liberal nor conservative; neither secularist nor religious; it implies the role of constitutional government, is responsive to community standards, and rejects social engineering.

For the Liberal Party of Australia, democratic capitalism is a useful term to sum up what unites its members. As Liberals we should be proud of the achievements of this nation's spirit of democratic capitalism. We should know that our mission is to represent it and to harness and nurture it; as well as to accommodate practical forms of leadership at every level of government.

Foundations

Novak claims the watershed year of the democratic capitalist era was 1776. That year coincided with Adam Smith's publication of *An Inquiry into the Nature and Causes of the Wealth of Nations*; the beginnings of the industrial revolution in the United Kingdom; and the American republican experiment.

Novak could have added it was also the early part of Edmund Burke's significant political career. Elected to the House of Commons in 1774, Burke represented the mercantile city of Bristol advocating

both the unpopular causes of free trade with Ireland and Catholic emancipation. He would lose his seat in 1789 defending the principles of “trustee” representative democracy and later led the “New Whigs” to back Pitt the Younger’s anti-French revolutionary Tories. Despite coming from different philosophical foundations, Smith and Burke shared similar outlooks on political economy. This mutual respect is instructive to the success of capitalist democracy: the philosophical sources of capitalisms success are not narrow but diffuse.

Smith and Burke’s mutuality also represents the general regard among most centre right parties in the Anglosphere, including the modern Liberal Party of Australia. In *The Wealth of Nations*, Smith observed:

It is not from the benevolence of the butcher, brewer or baker that we expect our dinner, but from their regard to their own interest. We address ourselves not to our humanity but to their self-love.

As Jonathan Sacks has pointed out, Smith resolved the conflict between self-interest and altruism, by suggesting that there is no conflict: rather that one leads to the other. Smith and other liberals recognised that the market depends on virtues not produced by the market. But the market also encourages important virtues such as diligence, industriousness, prudence, reliability, thrift and fidelity.

This brings me to Burke. Burke famously wrote of the little platoons of society – the families, communities and neighbourhoods which constitute civil society. Smith, of course, had also recognised the role of the moral system, with its values of industry, honesty and trust in his other major work, *The Theory of Moral Sentiments*. Burke believed in capitalism as part of the order which should be preserved. Indeed, Smith is reported to have said of the Irishman that “he was the only man, who, without communication, thought on these topics exactly as he did.”

The British settlement of Australia was shaped by the events of the same era: the industrial revolution, the English/Scottish Enlightenment, the formation of organised political parties, American independence as well as the international reaction to the French Revolution’s excesses.

I believe the negligible levels of violent social tension in Australia can be attributed to the social phenomenon Australia inherited from settlement which could be called the Australian spirit of democratic capitalism. The Australian spirit of democratic capitalism can be found in nineteenth century movements in which citizens who were more economically free than in the Old World demanded more political rights.

The Eureka Stockade, for example, was instigated when property rights were removed from miners; it led to an expansion

of political rights in the new state of Victoria; the movement against transportation and convict settlements, the emancipationist movement for women, and later the Federation movement which sought to align political rights with a growing sense of national identity – reflect this spirit of democratic capitalism in Australia.

The Australian spirit of democratic capitalism is distinct from its North Americana and British varieties by its conspicuous egalitarianism and practicality. As historian John Hirst wrote in *Australia's democracy: A short history* (2002):

Some people claim that Australia society is not egalitarian because there are wide differences of income, which may now be getting wider. This misses the point of Australian egalitarianism. It is the way Australians blot out those differences when people meet face to face. They talk to each other as if they are equals and they will put down anyone claiming social superiority. It is the feel of Australia society that is so markedly egalitarian, not its social structure. The democracy of manners was established when differences in income were much greater than they are now.

In 1901, Australia shared the highest standard of living in the world along with Argentina. The significant difference between these two countries is that the predecessors of the Liberal Party in Australia defended the rule of law and property rights while moderate forces in Argentina were swamped by extremism of both the nationalist and leftist varieties. This was despite the conflagrations of the Great War and the Depression.

Defenders of capitalist democracy

Along with its role as defender of the Australian capitalist democracy, the Liberal Party of Australia is the custodian of two great intellectual as well as political traditions: liberalism and conservatism. By liberalism, I mean classical liberalism, not libertarianism which poses as liberalism. By conservatism, I do not mean reactionary politics that seeks to impose social order at the expense of basis rights.

Conservatives, like Edmund Burke, believe the social order is organic and evolving in which capitalist modes of exchange is an integral part; liberals believe in the primacy of individuals exchanging ideas, goods and services that drive progress.

Both liberals and conservatives believe in the role of the rule of law, constitutionalism, property rights and economic freedom, the primacy of the family and other civic institutions. There are differences in how to protect these ideals but the creative tension between the liberal and the conservative, I believe, typically produces the policy development and platform that best reflects the majority of Australians. If the Liberal Party is to remain relevant, it must

acknowledge with a great deal of confidence that the race it continues to run, has been, and is, honourable. Let me illustrate:

The Liberal Party is the party of migration. While it is all very well for the Labor Party to look teary eyed at the legacy of Chifley and Calwell, the “light on the hill” party while in government deported 9,000 Asian brides of veterans, a decision Menzies reversed. We should remind ourselves that the greatest expansion of migration occurred under Liberal governments and it was a Liberal government that dismantled, albeit progressively, the White Australia Policy. While Gough Whitlam introduced the Racial Discrimination Act, his government showed no enthusiasm for migration by reducing migrant numbers to a post war low and ignored the plight of refugees from Indochina.

The Howard Government continued the tradition of Menzies with the second largest migrant intake of any post-war government and one of the world’s most generous humanitarian programs. Furthermore, it saved the national migration program from a massive lack of public confidence by emphasising more business and skilled migration, the importance of integration and citizenship, and greater border control against illegal entrants and poaching. Let me take another example:

The Liberal Party is the party of Indigenous affairs. Aboriginal and Torres Strait Islanders were given the franchise in 1964; a non-discriminatory constitutional reform was achieved in 1967; land reform for the Northern Territory was legislated for in 1976; in the spirit of bipartisanship, we supported ATSIC in the early 1990s; and when Mark Latham broke with that, we embarked upon a new era of Indigenous affairs that is about accountability and economic development, which the new Labor government appears to be supporting – if you like, applying the spirit of democratic capitalism to indigenous affairs.

Principles and policies

I wish to draw a distinction between principles and policies. By principles, I mean the fundamental concepts that govern our approach to a range of issues, be they economic, social, or cultural. By policies, I refer to the specific actions that we would take as a government in the future. It is my contention that it is important that we clearly set out our principles as an alternative government. A party need not have a policy about every issue likely to confront it in office.

When John Howard was elected in 1996, it was often claimed that he came to office without many detailed policies. But what he did bring was a set of clear principles that he had articulated over many years and which were understood by Australians. These included a commitment to good financial management, a flexible, responsive economy, support for the family and vibrant businesses to create jobs,

a secure, peaceful nation, and a people at ease with their own national identity.

Kevin Rudd won the last election on essentially two platforms: With one or two notable exceptions, he would implement the then government's policies; and secondly, he would be a fiscal conservative. In each case there were other policies, but I suggest that most people voted on the perceptions they had formed of the respective political leaders.

This is not to say that opposition parties should not develop and articulate policies in a range of areas. The tragedy of state oppositions throughout Australia over the past few years has been their inability to develop, or, if they have developed them, to articulate their policies. People vote on their perceptions, and not generally issues, but it is the response to the various issues that go to create the important perceptions. That is why hard policy work is important. It is what we must do immediately.

I said earlier that the aspirations and dreams of the great majority of Australians are reasonably clear:

- To be able to determine their own future;
- To have a suitable job;
- To live in modest comfort in a peaceful and secure environment;
- To raise a family;
- To hand on to their children a good education and reasonable prospects of a dignified life;
- To have access to adequate health care;
- To be part of a culture which is supportive of their beliefs;
- To sustain the economy and the environment of the nation; and
- To retire, to enjoy old age, and, as necessary, have access to appropriate care.

We do not expect these things for nothing. We understand the responsibility to work, to care for others, to be tolerant, and to help to provide for the common good. We know that government cannot do all, and that no other nation owes Australia a living. What flows from this knowledge is a set of principles that should shape our response to the issues of the future.

The first is freedom – economic and political. While the left talk incessantly about political freedom – while often seeking to deny a voice to those with a different idea, as we have witnessed since the election – the reality is that a loss of economic freedom inevitably leads to a loss of political freedom. One of the first acts of the Rudd Government was to wind back the economic freedom of the individual in the labour market. Under the guise of improving the safety net,

Labor seeks to remove entirely the ability of a person to enter into a statutory protected individual agreement with his or her employer

Let me be clear. Sensible policy adjustment is always necessary, whether in government or opposition. There will be some positions that the new opposition will take that must necessarily be different from those of the old government. It will, however, be a fundamental mistake and do enduring damage to our cause if we “holus bolus” walk away from what we have stood for over the years.

The principle of economic freedom is not a recent invention. The principle of democratic freedom also leads to certain conclusions. One is that the people of Australia should be governed by elected representatives, not unelected officials. Hence a Bill of Rights which replaces the will of the people with abstract concepts as interpreted by an unelected judiciary should be resisted.

Thirdly, we can recognise the reality that freedom cannot survive unless it is based on moral foundations. Responsibility walks hand in hand with true freedom. Hence the encouragement of self-reliance rather than reliance on the welfare state; support for the central place of functional families for the upbringing of children; fostering the role of community organisations rather than government bureaucracy; the encouragement to belong to a nation rather than one of a series of segregated groups; and the recognition that the hand of government should be a second resort, not the first, are the principles that underpin a party of democratic capitalism.

I have long believed that three things are important for our national future: functional families to give our children the best start in life; caring and responsive communities; and vibrant businesses. These, of course, must be built on the foundations of economic and national security, and a shared identity.

These are the bases upon which we can move forward in reviewing our specific policies, work which we formally commenced today in the Coalition policy review committee, of which I am a member. In the coming months, I intend to outline this approach in more detail, as we undertake the important work of rebuilding for the future.

SPEAKERS AT THE SYDNEY INSTITUTE

October 2007 – March 2008

Cardinal George Pell AC (Catholic Archbishop of Sydney; Columnist & Author *God and Caesar*)

Prospects for Peace and Rumours of War

Peter Keel (Partner, Clayton Utz. Co-Author *Reputation Matters*)

Norman Lucas (Partner, Clayton Utz Co-Author *Reputation Matters*)
Managing Reputation

Diane Langmore (General Editor, *Australian Dictionary of Biography*)

The Australian Dictionary of Biography: A National Asset

Michael Ledeen (Freedom Scholar, American Enterprise Institute; Author – *The War Against the Terror Masters*)

The Iranian Time-Bomb

Jana Wendt (Television personality, journalist & author *A Matter of Principle*)

Meeting The Good, The Great and The Formidable

Professor Jocelyn Chey (Author & Visiting Professor, Chinese Studies, University of Sydney)

Chinese “Soft Power” – Diplomacy and The Confucius Institutes

Professor Harry Gelber (Scholar of History and Political Science; author *The Dragon and the Foreign Devils: China and the World, 1100 B.C. to the Present*)

China’s Economic Problems: Implications for China’s foreign policy

Glenn Stevens (Governor, Reserve Bank of Australia)

Central Bank Communication

David Morgan AO (Chief Executive Officer and Managing Director, Westpac Banking)

Corporation Reflections on a Life in the Economic Fast Lane

Commissioner Mick Keelty (Commissioner, Australian Federal Police)

Terrorism: Policing’s New Paradigm

Annabel Crabb (Fairfax Journalist; Author, *Losing It: The Inside Story of the Labor Party in Opposition*)

George Megalogenis (Journalist, The Australian & author, *The Longest Decade*)

Arthur Sinodinos (Economist & former chief-of-staff to John Howard)

Politics: Post the Howard Government

Dr David Day (Author, *The Weather Report*)

Elly Spark (Senior Meteorologist, NSW Regional Forecasting Centre)

The Weather Report

Herb Keinon (Diplomatic Correspondent, *Jerusalem Post*)

Trials and Tribulations of Life in Israel

The Hon Lindsay Tanner MP (Minister for Finance & Deregulation)

Relieving The Burden on Business – Labor’s Deregulation Agenda

The Hon Kevin Andrews MP (Member for Menzies)

Senator Marise Payne (Senator for New South Wales)

The Hon Christopher Pyne MP (Member for Sturt)

Liberals and the Future: Three Perspectives