

# THE SYDNEY PAPERS

Winter 2000

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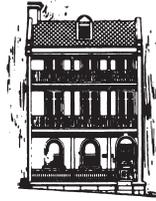
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INCLUDES  
THE LARRY ADLER  
LECTURE 2000



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**THE SYDNEY PAPERS**

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# The Sydney Papers

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Photo – David Karonidis

*Peter Charlton*

On Wednesday 26 April 2000 Peter Charlton, journalist for the Sydney Bureau of *The Courier Mail*, addressed The Sydney Institute. He reviewed *The Courier Mail's* research in Moscow surrounding Manning Clark and the honour that was awarded to Clark by the Soviet Union. Manning Clark might not have won the *Order of Lenin* but, along with a host of high ranking Soviet officials, he did receive a Lenin Medal.

# AUSTRALIA AND

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## MOSCOW: THE WHOLE STORY?

Peter Charlton

Four years ago this August, *The Courier-Mail* published a long report on the Australian historian, Charles Manning Hope Clark. We did so because he was one of our most revered citizens. His six-volume work shaped the way Australians think about ourselves. His supervision of other historians, and their theses, has had a wide-reaching, pervasive effect on Australian historical writing and teaching. We believed that his attachment to the Soviet Union, and his private views about Communism, were worthy of closer examination.

That report, under the joint by-lines of Wayne Smith, then as now a senior journalist on *The Courier-Mail*, and Peter Kelly, a freelance journalist and a former press secretary to Sir William McMahon, was the result of months – perhaps even years – of research here in Australia, and abroad. Much of the report was prepared from files on Clark compiled by the Australian Security Intelligence Organisation. The files which Smith and Kelly saw, however, were selectively released, often with great slabs of information blacked out.

The report began on the front page and spread over several inside pages of the Saturday edition, a broadsheet as weighty – in all senses of the word – as the *Sydney Morning Herald*. In summary, the report said: Manning Clark was awarded the Soviet Union's highest honour, the Order of Lenin. The evidence for that claim came from the poet, Les Murray, of which more later. The report also covered Clark's close relationship with two former External Affairs officers, the New Zealand Rhodes Scholar Ian Milner, and the former lawyer Jim Hill.

The newspaper also reported on Clark's role as a teacher of English to a Soviet ambassador to Australia, a complaint lodged against Clark by two senior RAAF officers who were his history students at the Australian National University, and – perhaps underplaying its importance at the time – his removal in 1953 at the behest of the Australian Security Intelligence Organisation from an External Affairs (as it then was) recruitment committee which selected diplomatic cadets.

In an early edition, the newspaper used the word “spy”, as the result of an unfortunate misunderstanding. The word was dropped from subsequent editions. The core assertion of the report was that, using a definition adopted by ASIO during the Cold War, Manning Clark was an “agent of influence”.

Perhaps, not surprisingly, all hell broke loose. One of Clark’s sons, Andrew, was then editing the *Sun-Herald* in Sydney. He angrily denounced the report – without having read it, I should add – and demanded the resignation of Queensland Newspapers editor-in-chief, Chris Mitchell. Talkback radio in this city, most particularly the ABC’s Richard Glover, jumped to Clark’s defence on the Monday while David Marr led the charge for the *Sydney Morning Herald*. In the words made famous by Claud Rains in *Casablanca*, “twice the usual number of suspects” were rounded up.

Again, not surprisingly, much was made of the medal. The evidence was, perhaps, less than persuasive: Some hearsay evidence from the late historian and colleague of Clark, Geoffrey Fairbairn and the memory of Les Murray whom we reported as saying: “Manning was wearing a very impressive decoration. I recognised it as the Order of Lenin. Because I have always had an interest in gongs, decorations, heraldry – I recognised it straight away.”

Murray added that Clark saw him looking at the “gong” and said, rather defensively according to the poet: “It’s real, you know, not the stuff students wear. It’s a real gong.” In the report, we quoted Murray’s opinion of Clark as a “fifth-rate historian” and “above criticism” – “While historians privately criticised his history, they were not game to do so for fear of reprisals.”

In the report, we also quoted Dymphna Clark who denied that Manning had received the Order of Lenin but conceded that he had been given a “lesser medal” for giving a speech in Moscow in 1970 – “If someone wants to beat up a story to suggest that he was given a medal for some services to the Soviet Union, they are welcome to it.”

Much of the other criticism of the newspaper at the time was tangential to the thrust of the reporting. Chris Mitchell was accused of not checking the story. This is wrong. He spoke, face-to-face, one-on-one with the Russian Ambassador without getting a denial. The newspaper made ten verbal and written requests for information about the award to the Russian embassy.

Much was made of the line drawing that accompanied the story, that it had the wrong colour eyes. Well, we plead guilty Your Worship, and ask in mitigation that the fact that the artist, Brett Lethbridge, was working from a black-and-white photograph. Lethbridge won the Gold Stanley award, a high prize for artists, for that work.

We were lampooned for saying that Manning had modelled his beard on that worn by V I Lenin. Yet in Stephen Holt’s biography, the

beard is referred to as one of Clark's attachments to Lenin. And we know that Clark read Holt's work in manuscript form.

Still, this was August 1996. The story was only part-told at this stage. Friends and former colleagues of Clark, led by Bruce Grant and including Sir Zelman Cowen, V J Carroll, Creighton Burns and Dick Woolcott, complained to the Australian Press Council. *The Courier-Mail* lost its first hearing, and a subsequent appeal. But all along, we were encouraged to "keep digging". So we did. The results of those excavations in a moment.

In October 1996, the American National Security Agency released – via the very modern Internet – the Venona decrypts. These revealed the extent of Soviet espionage during the early days of the Cold War. Although their existence had been known to scholars and others working in the field for some time, the extent of the espionage still surprised. For *The Courier-Mail*, the Venona files revealed, most importantly, that both Milner and Hill had, in fact, spied for the Soviets, that they were part of an elaborate ring run by Walter Seddon Clayton. Much of this information had been canvassed in the 1954 Petrov Royal Commission but now there was hard evidence. We know now, thanks to the work of David Horner and Desmond Ball, that senior ASIO officials knew of Milner and Hill's activities, but could not move without jeopardising Venona. We know that the Royal Commissioners did not know about Venona, but we can draw some conclusions why Clark, a friend of Milner and Hill, was removed from the External Affairs panel in 1953.

In November 1996, the Russian Ambassador Alexander Loskuyov, told the *Canberra Times* – thanks, Mr Ambassador for responding to our earlier requests – that Clark had in fact been awarded a commemorative medal in 1970, as a member of the Australia-USSR Society. So we continued our researches in Moscow. As well, research conducted for *The Courier-Mail* in Prague revealed that Milner not only spied for the Russians but the Czechs as well. We discovered that, as long suspected but always denied by Milner himself, he had in fact defected to Prague in 1950 from New York, where he was working for the United Nations. The Czechs apparently had someone inside an American counter-espionage organisation who tipped them off. In the words on his Prague file, "a decision was made to relocate Milner to one of the people's democracies. In connection with it, under the pretext of his wife's medical treatment and his leave of absence, Milner left for Czechoslovakia."

In February 1997, we published some of the results of our Moscow research. In June 1970, Manning Clark was awarded the Lenin Jubilee Medal for being an "active worker" in the Australia-USSR Friendship Society. This surprised his widow, who told me that

Manning was “never a joiner” – “He wasn’t interested in that sort of thing.” His colleague, Ken Inglis agreed.

For someone who wasn’t a joiner, to get a gong for services to a friendship society might seem a trifle odd. And then, this was no ordinary bauble. The citation was signed by then chairman of the Soviet Prosidium, Nikolai Podgorny. Among his fellow recipients were the secretary to the National Council of the People’s Front of Bulgaria, senior officials of the Korean-Soviet Friendship Society – that’s the Korea north of the 38th Parallel – and the section chief of the military-political academy of the Vietnam People’s Army. Recall the year: 1970. Although the Australian withdrawal from South Vietnam was just beginning, more than 40 Diggers lost their lives in action in Phuoc Tuy province in that year. The military-political academy of the North Vietnamese Army produced the political commissars attached to every NVA unit and to most VC units. These people had the job of maintaining the revolutionary fervour among the rank-and-file soldiers. One technique used was a round from an AK47 to the back of the head of the less-enthusiastic. It encouraged the others.

When we published this list, we were accused of finding Clark “guilty by association”. Please draw your own conclusions. On that particular list, Manning was the only person from a non-communist country to receive an award. Of the more than 400,000 Centenary Medals minted in 1970, only 5,000 were presented to foreigners. All these were approved by Podgorny. Still, the excavations continued.

Three months later, we published the speech that Manning Clark made in Moscow in 1970. This was the speech that praised Lenin as a “teacher of humanity”. Clark added that Lenin’s belief that all people could be brothers would be attained when communism conquered the world. “We are lucky to live in a time when this tenet is being verified by life,” he added.

In 1996, after our original report, the journalist Andrew Clark claimed that the purpose of his father’s 1970 visit to Moscow was “to give a lecture on Captain Cook”. That was certainly the reason Manning gave to his employers, the Australian National University. But the historian also noted in his diary, from which Andrew Clark selectively quoted: “We had been brought from the four quarters of the world not to discuss Lenin but to adore him.” Those words might be taken ironically, except for Manning Clark’s own speech: In the speech, Clark praised Lenin “as a teacher of humanity” and a “political genius”. Lenin, according to Clark, believed that all people could be brothers. “Lenin was convinced that this could be attained when communism conquered the world,” he told his Moscow audience. “We are lucky to live in a time when this tenet is being verified by life.” It is hard to see the irony there.

Before we published this speech, I flew to Melbourne, to show it to Clark's former publisher, Peter Ryan, who had first revealed the emperor's lack of clothing in his 1993 *Quadrant* article. As he read the speech, Ryan's initial comment was brief, blunt, and to the point. As befits an old soldier, it was expressed in scatological terms, not to be repeated here. Ryan was astonished, for two reasons: "Firstly, after all we had learned about the Soviets in 1970, he [Clark] could deliver this paper of mere maudlin adoration. Secondly, in all the 50 years I knew him, this is the only clear, unequivocal statement I've heard about anything. He usually nailed his colours to the fence."

Former Governor-General Bill Hayden, another who had signed the Press Council complaint, thought Clark's speech was "harmless hagiography from someone who is a tad too credulous." A tad too credulous? Manning Clark, author of six volumes of Australian history? At the time, the *Sydney Morning Herald's* Gerard Henderson had written that Clark's defence of Lenin, without one word about the victims of totalitarianism was "inexcusable".

The following month, Peter Ryan reviewed Humphrey McQueen's spirited defence of his close friend and mentor *Suspect History*. In the review, Ryan referred to Clark's speech, about which [McQueen] would have known nothing when he was writing the book. Ryan described Clark's speech as a "highly explosive missile" – "Half [McQueen's] book became therefore irrelevant before it was published. Nobody now need bother too much with its defence of Clark's writings and his historical philosophy." In August 1997, I went to Gleebooks to hear McQueen speak at the launch of his book. The book, and his defence of Manning Clark, received only passing mention. Instead McQueen, the unreconstructed Marxist, spent the evening praising Sir Robert Menzies.

Were Manning's supporters beginning to abandon him? We thought so. As each extra piece of information came to light, his letters to the Union of Soviet Writers, his speech notes (in Cyrillic and delivered in Russian, although his daughter maintained her father was not fluent in the language) it became more and more difficult for *The Courier-Mail* to find people who would comment favourably about Clark. In a letter to the West Australian poet Hal Colebatch, Sir Zelman Cowen described his role in the Press Council hearing, but added: "I think it is good that we did as we did, and we were not helped always by Manning's own writings." This was clearly a reference to Clark's fawning 1959 book, *Meeting Soviet Man*.

But that does not mean to say they were prepared to change their opinions in public. Take, for example, the September 1998 ABC documentary on Clark, entitled *The Young Tree Green*. It was more revealing for what it omitted than what it included. The ABC, not surprisingly, "plugged" the program on morning radio. In a soft inter-

view, Carmel Travers asked Mrs Clark about the “campaign” – I insert inverted commas here – against her husband. She replied:

DC: Well, I don't feel the need to defend him, as such. I mean occasionally, of course, I'm impelled to answer those charges. But whenever you do say anything at all, whenever you say anything at all, which in fact of course usually demolishes the allegation, somehow the stinking mud starts flying again and I think that's a very negative thing. . .

CT: Yes.

DC: . . . And I don't want to stir up dirty mud any more, so if they want to carry on, and their stories get more and more picturesque as time goes by, they have to dig deeper and deeper into the subsoil so to speak, let them get on with it. I can't do anything about their great urge to scatter mud. That's their problem and it's the problem of those people who are still living in that past when there was a revulsion against our wartime allies. And they suddenly went from being our allies who stood 200 . . . 20 million lives in the Allied cause . . . they suddenly became the enemy and all the blotches on their escutcheon were magnified and became almost a religion with some people. Some people are still living in that era. If they can't rise out of that era, well that's their problem . .

“All the blotches on their escutcheon were magnified,” as she said. The blotches are pretty horrendous; they do not need to be magnified. Leaving aside the jibe about “living in the past” – an odd accusation for the widow of an historian – there is always the danger that we read our history through the wrong end of the telescope. In 2000, a decade after the end of the Cold War, that era looks benign enough. But it was not benign, as anyone who lived through the Cuban missile crisis could explain.

The closest *Inside Story* came to any kind of objectivity was when Professor Brian Matthews, who is working on a written biography of the historian, concedes that “to Manning Clark, Lenin was a Messiah”. That's it. His former student, close friend and enthusiastic supporter Humphrey McQueen dismissed Clark's pro-Soviet book *Meeting Soviet Man* in terms of sad condescension. According to McQueen, *Meeting Soviet Man* can't be taken at face value. The reader has to have read Tolstoy and Dostoevsky. Another historian, Don Baker, describes Clark as having “vaguely left-wing views”. Vaguely?

We were told in the documentary that Clark loathed bullies. Perhaps he did – at Melbourne Grammar. It might be thought that loathing bullies and admiring Lenin are mutually exclusive. We saw footage of Clark saying the author Katharine Susannah Prichard had a “loyalty to Australia”. No reference was made to the Venona decrypts that showed the same “loyal” Prichard was an agent of the Soviet Union. We were told Clark regarded Milner as a “a bit of a hero”, but there was little mention of Milner's spying for the Soviet Union and Czechoslovakia.

We were told that when Clark was recruited to Melbourne University's history department, the actual recruiting was done by John Crawford and that Clark was seen as "the great potential Australian historian". Such clairvoyance is indeed remarkable – considering at the time, Clark was a schoolmaster at Geelong Grammar, with hardly a publication to his credit.

The producer, Bridget Goodwin, did a fine job of recruiting the cheer squad . . . McQueen, Baker, Stuart McIntyre, Ken Inglis . . . all staunchly in the "Manning was a hero" camp. McQueen is still a Marxist, McIntyre a former member of the Communist Party of Australia and its official historian, Ken Inglis' wife, Amirah, was a prominent party member. Hardly disinterested observers.

Now, to the most recent research, in the Alexander Turnbull Collection at the National Library of New Zealand where the papers of Ian Milner may be examined, notes taken, but no photocopies please. It seems that the Library is worried about copyright.

If there were ever any doubts about Charles Manning Hope Clark's long commitment to the Communist ideology, they will be dispelled by one letter, written by the historian on 25 November 1990 to his old friend and mentor Ian Milner in Prague. This letter was written on Australian National University letterhead, although Clark had long left the university, and addressed from Clark's home in Forrest, one of Canberra's most expensive suburbs. Milner had sent Clark two volumes of Czech poetry; Manning replied with thanks. Tumultuous times for the old friends: Communism had failed; the Soviet Union had collapsed; Manning linked the poetry with the politics:

I was very interested to see what a young woman and an elderly man thought of life in [Clark originally wrote "under" but changed it to the more neutral "in"] a Communist society. I wonder whether any crude secular humanist position is conducive to poetry, music or painting. I wonder whether "otherness" without doctrine, dogma or vulgar superstition stimulates love and compassion.

I see us as people who have lost their great expectations – either in any world to come, or in the here and now. Accepting our fate, facing the truth about our situation is not grounds for despair, or a wallow in the kingdom of nothingness. It can and should be a reason for being kinder & more tender to each other. Just because 1917 fell into the hands of spiritual bullies, that does not mean we should give up the hope of stealing fire from heaven – or that we should bow down to Fifth Avenue.

"1917" is, of course, the year of the Russian Revolution when the Communists claimed power. Three decades before that letter was written, deploring the "spiritual bullies" – a quaint description of Joseph Stalin – Clark was still lauding the virtues of the Soviet Union. Clearly 1990 had disillusioned him, as it had his wife, Dymphna, who

added to the note by referring to the poetry: “Quite by chance I heard a BBC program on the ‘elderly male’ poet the night before your parcel arrived. The key word seemed to be emptiness – I hope some of that is filled for you/us by degrees. 1917 expected too much from us all.”

The use of the word “us” is notable; clearly Mrs Clark meant to include herself, Manning and his old friend, Ian Milner, a Marxist from his student days. This talk has not meant to be a defence of *The Courier-Mail*'s original report, although our core assertion – that Manning Clark was an agent of influence – seems to me to be persuasive. The ASIO working definition of the term is:

An asset of some status who wittingly or unwittingly utilises his position to influence public opinion or decision-making to produce a result beneficial to the country whose intelligence service operates him.

It is a Cold War term and, in the 1984 Royal Commission, Manning's cousin, Justice Robert Hope, dismissed it of little value. The lawyer in Hope thought it unfair that ASIO extended the term to someone “unwittingly” being used. But I think it is worth asking whether having Manning Clark on a committee to select future diplomats would be of some value to the Soviet Union? This is where the Horner-Ball book is important. It points out the extent of the operation the KGB was mounting at the time, and details the extent of knowledge about that operation in the US and UK intelligence services. Under these circumstances, ASIO was wise to tell External Affairs to drop Clark from the diplomatic cadet selection process. His friendships with Milner and Hill, and his role at the Embassy teaching English to a diplomat already fluent enough to read Keats and Shakespeare, would have aroused suspicions.

Other research by *The Courier-Mail* has established that the Russians, as claimed by the defector Vladimir Petrov, paid the Communist Party of Australia \$US25,000 in 1953. This payment had been denied by Australian CP officials, but the research uncovered the receipt, signed by prominent official Lance Sharkey. The research uncovered payments equivalent to \$6 million in today's money from the USSR to the CPA. Long time CPA official Laurie Aarons, when told of the payments and amounts, was amazed. The ultimate destination of that money has never been established.

Our research has also uncovered the payments, made in cash and kind, to Australian writers during the Cold War. “Royalties”, which were not connected with sales – as understood by authors – were paid to Dymphna Cusack and Frank Hardy. Katherine Susannah Prichard was paid a retainer. In Prichard's case, the roubles were spent by her son, the diplomat Ric Throssell. As well, the authors were feted in the Soviet Union, with cars, good hotels and chauffeur driven cars. At one point in the 1960s, there were so many authors in the Soviet Union that

Judah Waten referred to the Australian invasion. We can only speculate about the importance of these authors in Australian literary history.

We also revealed that the journalist Wilfred Burchett, despite claims he made throughout his life, had been a member of the Communist Party for decades, as early as the 1930s. *The Courier-Mail's* research revealed that Burchett was a valued and paid-up member of the Communist Party, both in Australia and overseas.

Very little of this research has been reported outside *The Courier-Mail*. There has been a reluctance, perhaps even a refusal, to look beyond the cherished view of Manning Clark, as held by his friends and boosters, and to look at the facts.

Charitably, I'm inclined to treat this reluctance by my fellow journalists on other newspapers as part of the old "journalist's jealousy" syndrome, the condition where a scoop is not worthwhile being followed up by anyone who missed out. To be fair, I suspect that many journalists have not bothered to follow the story after the initial 1996 reports and what they see as a great embarrassment for a newspaper that, the year before, exposed Helen Demidenko as Helen Darville.

Certainly that seems to be the case with the columnist for *The Age*, Kenneth Davidson, who wrote as recently as Monday this week about Manning Clark: "After a reasoned start, the attack on Clark became as rancid as the personal attacks on Blainey when Clark's critics accused him of being an agent of Russian Communism. The proof? He was alleged to have worn a Lenin medal at an official Russian dinner." Ironically, the thrust of Davidson's column was the decline of history as a subject in Australian schools and the need for history to be "grounded in facts". As a published military historian and as a journalist, I couldn't agree more. But journalism, too, needs to be "grounded in facts". Like some of the facts I have recounted here.

In conversation with my colleagues, whenever the subject of Manning Clark has arisen, the response has often been: "Well, what does it matter? Everyone knew that Manning was an old Leftie. What's wrong with that." My response has been, and remains: "Nothing. Nothing at all. Manning was perfectly entitled to hold whatever opinions of Communism and the Soviet Union that he liked. But don't you think there was a responsibility for a professional historian to be more critical and less adoring of a brutal totalitarian regime?"

The reluctance of academics to become involved is, I believe, sadly unfortunate. There seems to be a profound "anti-anti-Communism" abroad, along with a view that, to use the description of an American academic who has worked in this area, the Cold War was a "fabricated reality". *The Courier-Mail* has been accused of modern-day McCarthyism over its researches into Manning in Moscow. Perhaps Les Murray was right when, in the same interview he said that

Manning had told him the medal was “a real gong”, he also said: “The Marxists have been, and still are, running much of Australian culture – the universities, the media, the literary establishment.”

In a modest way, with other demands on its time, space and editorial budget, *The Courier-Mail* has led the way of research into the Moscow archives. As Peter Coleman, whom we sent to Moscow in 1998, has remarked, the Soviet archives are a gold mine for scholars. In the United States, France, the United Kingdom, academics are using the archives to throw new light on Soviet cultural diplomacy with their countries during the Cold War. Here, only the late Paddy O’Brien of the University of Western Australia, and now Dr David Lovell of the Australian Defence Force Academy has shown any interest. In Coleman’s words, “Why? Surely they are not frightened of what they might find?”

But we are continuing to dig. A new study on the relationships between the Communist Party of the old Soviet Union and the Communist Party of Australia is underway in Canberra. As a result of research funded by *The Courier-Mail*, Dr David Lovell, a political scientist at the Australian Defence Force Academy has acquired 16 reels of microfiche, covering about 18,000 pages of files of the old Comintern.

Dr Lovell is taking over the project which has been on hold since the death in 1998 of Paddy O’Brien. The documents, acquired in Moscow by *The Courier-Mail*’s researcher, throw new light on a formative period in Australian politics. Together with more than 5000 pages of documents of the Communist Party of Australia now deposited in the Mitchell Library in Sydney, they will provide a valuable insight into the period.

Dr Lovell plans to publish a book of selected documents from the files, linked together by his narrative of the period. It will be similar to a book published by Yale University Press in the United States, *The Secret History of American Communism*. Officially, the Comintern was closed down in 1943. However, *The Courier-Mail* is continuing to research in more than 20 other archives in Moscow. Queensland Newspaper’s editor-in-chief. Chris Mitchell, is also pursuing documents on the Split in the ALP in the 1950s, the dismissal of the Whitlam Government in 1975 and the Lionel Murphy affair. We have no idea of what we might find, but we are, at least, prepared to look.

# The Larry Adler Lecture – 2000



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- 1. Robert Inglis, Michael Kelly
- 2. Dana Sykes, Peter Crossing, Trevor Sykes
- 3. John Edwards, Susan Ryan
- 4. Janet Holmes à Court, Ross Swan, Les Hollings
- 5. Owen Eather, Julian Eather

- 6. Mark Tredinnick, Marie Reid
- 7. Barry O'Farrell, Richard Greene
- 8. Marise Payne, Simon Edwards, Katherine O'Regan
- 9. David Adams, Julia Wokes
- 10. Elizabeth Henderson, Michael Lowrey

- 11. Michelle Hindson, Alex Forbes
- 12. Jenny Hewett, Andrew Willtamson

Photographers: David Karonidis & James Hunt



Photo – David Karonidis

*Joe Hockey*

What are the implications for corporate governance in the internet age? On Monday 1 May 2000 the Hon Joe Hockey MP, Minister for Financial Services and Regulation, addressed The Sydney Institute on the reconfiguration within the corporate world required just to keep up with the high paced demands of continued technological change. In particular, the new roles that both boards and shareholders will need to play in the new economy.

# **corporategovernance.com**

**Joe Hockey**

Thank you Gerard, and good evening ladies and gentlemen. It is a great pleasure to be addressing The Sydney Institute on May Day about issues directly relevant to the health and vibrancy of our capitalist democracy.

Rather than follow the lead of one of your most recent speakers, the Leader of the Opposition Kim Beazley, and talk about applying old economic philosophies like government ownership of public companies, I would like to talk about the new economy and what it means for Australian corporates. In particular, we should reflect on the importance of good corporate governance and its vital role in the new economy.

Firstly, we should give my comments some historical context because both the new economy and globalisation are giving Australian businesses opportunities that could never have been contemplated before. For the first time in our history, we are participating in a world no longer shackled by tradition or the tyranny of distance. Tradition and commonly accepted practices are rightly or wrongly falling victim to the new economy. And the tyranny of distance is also for Australia, thankfully, falling victim to the new economy.

Australia has a unique opportunity to seize on its strengths during this global transition. Our national "spirit of innovation" and our capacity to challenge and beat seemingly unassailable odds is well suited to the new economy. However, in order to harness these skills we need a strong and vibrant domestic economy. And whilst Australia has previously enjoyed periods of bountiful growth we have, from an historical perspective, failed to fully exploit the opportunities.

Since the arrival of Europeans we have enjoyed three golden economic phases. The 1860's gold rush and the opening of substantial new agricultural lands represented the first golden phase. This delivered phenomenal wealth and directly led to the discovery and development of inland Australia. Towns like Kalgoorlie, Bathurst, Bendigo and Ballarat were born and our resource wealth became the

envy of many nations. By the turn of the century Australia enjoyed one of the highest standards of living in the world. Yet, almost at the same time the new economies of the Northern Hemisphere were leaving us behind. Supported by new industrial infrastructure, particularly railways, the industrial revolution was in full swing in Europe and America. Unfortunately we did not have the global know-how to join in the revolution.

Australia's second golden economic phase came after World War II. Even though Australia had historically recognised the importance of trade with Asia, and in particular Japan as an emerging industrial economy, it was during the post-war rebuilding of Europe and Asia that we capitalised on our pastoral and natural resources. Colloquially known as the era when we rode on "the sheep's back", we witnessed the delivery of immense wealth to rural and regional Australia. Again, our nation enjoyed substantial success. On the one hand technological innovation linked to the Cold War and the recapitalisation of industry in Europe meant that sooner or later we had to compete with other emerging economies of the new world. And on the other hand, our natural resources became replaceable with more affordable products, the international market for substitutable products grew, therefore reducing prices. The result: our relative fortunes declined. By 1975 it was clear that we were again, being left behind by the emerging global revolution.

And so we enter our third golden phase. A phase when during the 1990s Australia enjoyed its longest period of high economic growth for around 30 years. A phase when as a nation and, in an essentially bipartisan way, we shed the burden of antiquated industrial practices, high inflation and industry protection.

These burdens have been replaced with competition, free markets and consumer sovereignty. We are living the third golden phase in our nation's development. We are enjoying the longest economic expansion in a generation including 11 consecutive quarters of growth of more than 4 per cent annualised. And even though we are still to change some offshore perceptions of Australia as an old world economy, the reality is different.

In 1900 agriculture represented more than a fifth of the Australian economy and today it is 3 per cent. Services represent 80 per cent of the Australian economy and financial services is now more than twice the size of agriculture and one of the fastest growing sectors of the new economy. Information technology and telecommunications was a relatively small sector a few years ago. Now IT&T is about the same size as mining and resources.

This pattern of diversification towards services is an exceptional opportunity for Australia. A large part of the new global economy is about services. The Internet has the capacity to deliver to consumers, and in particular businesses, better information, more quickly and in a

more cost-effective way. This opportunity is not just about productivity improvements in business to consumer commerce or more significantly in business-to-business commerce. It is about our capacity to deliver services to new markets, particularly across Asia.

If software means services, then as an economy we have the capacity to gain our greatest growth out of delivering software to the world. Tourism, education, IT&T, financial services, biotechnology and environmental research are the obvious lead contenders. However, the new economy is not just about services. It is a new way of doing business and all parts of the Australian economy are going to be touched. That's why the laws and practices governing Australian business must adapt. And I can report to you that from a law reform perspective we are well on the way. Taxation reform by the Howard Government is delivering one of the most efficient and business friendly taxation systems in the world.

Industrial relations reform by the Howard Government is delivering a more competitive and productive workforce than Australia has ever had. Education and workplace training reform by the Howard Government is delivering a better quality workforce able to meet the ever-changing business environment. And corporations law reform by the Howard Government is modernising the business law environment. These reforms are recognised around the world as pathbreaking.

Add this to our economy's remarkable growth and we are well prepared for the new economy.

However, business must also prepare for the challenges ahead. And good corporate governance is critical. In a world of unprecedented capital mobility it can be the difference between long-term investment, speculative investment or no investment at all. And in the minds of global investors governance issues do have an effect on the jurisdictional commitment by global funds.

For example, a series of poor corporate decisions in one country will create a trend perception that directly affects the level of international investment in that country. Therefore, governments too have a keen interest in business governance.

That Australia stood out as a safe haven for investment during the recent Asian financial crises is due in no small part to the more mature governance practices of the majority of Australian companies. Good governance can mean different things to different people, but essentially it is an extended partnership between a company's board of directors and a range of other groups — its shareholders, its management, its employees, the regulators, the markets and the wider community. I see effective corporate governance as developing a tension between these sometimes-competing forces. The aim is to achieve the best outcome for the corporation, which ultimately will benefit all shareholders. It is a tension driven by open and frank communication.

Corporate governance should be part of a company's strategy. It is preferable to have a document spelling out the company's corporate governance practices. I remind listed companies of their obligation to do this as required by the Australian Stock Exchange listing rules. Above all, corporate governance should be more than a yearly commitment made at the Annual General Meeting. The key to good governance is the board of directors. They are the custodians of the shareholders' interests.

Australian company boards are overall recognised as top tier when it comes to corporate governance. The quality of directors is very good and as a class of leaders they have learnt well from the past and are generally working hard to understand the challenges of the new economy. However, with the fairly narrow skill base which I'll come to in a moment and the vast number of new boards being formed the overall quality varies significantly. In Australia over the last four months, 30,000 new companies have been formed. Right now, Australia has a total of 1.12 million companies.

In many ways this growth is linked to the development of new start-ups. And not all the principles of good corporate governance are high on their agendas. We don't know enough about these new companies to form a firm opinion because one of the key factors shaping board performance is the level of scrutiny applied to board decisions. Needless to say the boards of many large listed companies do enjoy high levels of public scrutiny. And this is appropriate and is reflected in the quality of the board members. It is, however, the case that of the 200,000 trading companies standards vary. And in part this is linked to the perception of the skills needed to be a successful director.

More boards should ask themselves if the traditional skill set sitting around the table is appropriate for the new economy. And this applies not just to start ups but equally to old economy companies as well. For example 15 per cent of Australian non-executive directors have an accounting background, 18 per cent have a banking background and 9 per cent have a background in the law. Engineering and agri-business also had significant representation but by far the largest qualification for appointment to Australian boards is service as a senior executive in a company.

At a time when companies are boasting of the importance of human resource skills to their bottom line and services represent 80 per cent of the Australian economy, is it appropriate that there is so little professional human resource or employee recruitment experience on boards? And at a time when companies are spending vast amounts on IT&T and research, isn't it surprising that there is so little board representation from these fields?

And the same argument can and should be applied to marketing and corporate affairs. And whilst I recognise that a board of directors is

not meant to be a board of experts in selected fields, there is a burden on boards to bring wide business experience to the table. The fairly narrow professional background of boards is reflected in the demographic make-up of directors. For example, it is no accident that the large concentration of current and retired senior executives on boards has a direct impact on the number of women on boards. Given that only 1.3 per cent of Australian executive directors are women, a disappointing and fairly static statistic, it's no surprise that overall only 8.3 per cent of all Australian directors are women. This trails the United States and New Zealand.

However, Australian companies should be applauded for their preparedness to seek offshore appointments to their boards. Generally, if Australian companies earn significant revenue from offshore then, from a governance perspective, they should also take a global approach to board appointments. One of the more significant issues facing boards is succession planning.

It is too often the case that companies rely on senior executives to plan for the future rather than taking the matter up at a board level. Again, I emphasise that a number of companies do this well and even set up succession sub-committees. But the extended absence of a senior executive whilst a board is looking for a replacement, or the no man's land period during an extended and public executive search, can be extremely damaging for a company.

Remuneration is a key part of recruitment. And, as a Liberal, I recognise that applying limits to remuneration flies in the face of reality and cuts to the core of the spirit of free enterprise. This is especially the case given that we are competing in global markets and executives outside Australia are generally very well paid. However, boards must be held accountable for executive remuneration and it should be the boards that justify to shareholders the remuneration that they agree to.

In an era of increasing public scrutiny it is not for the government, a shareholder or even the executive themselves to justify remuneration – it is for the person signing the wage cheque using shareholders' funds. That is inevitably the board and its chairman. And it is the modern board that is going to have to deal with the management structures of the new economy.

Traditional management structures remunerate executives on a tiered basis. That is, the higher you are the more you earn. This is a good model for the old economy but in the new economy directors should be asking if the most innovative person in the company should be the chief executive officer. It's a question Bill Gates has asked himself at Microsoft and it's a question that should be asked of other companies, particularly IT start-ups. How often do we see in the new economy the brains behind a great concept get locked into the detail of listing rules, AGMs, accounting standards, day-to-day legal processes

and employee relations when much of the value of the company is locked into ideas that may occupy 30 per cent of the key person's time.

Accordingly, the next step is for a professional class of managers to emerge ready to accept that the most valuable player in the side is not necessarily the captain of the team. What's more, the captain might not necessarily be the highest paid player. In some cases the very close relationship between a board and its senior management precludes employee remuneration processes beyond the norm. For example, in some services companies I question why chief executives are paid so much when it may be a creative employee rather than a senior manager who is making a bigger contribution to shareholder value. This is a challenge that can only be resolved by the boards and not delegated to senior management. And this leads me to the remuneration of boards.

In the new economy more pressures are put on directors than ever before. Time pressures are inevitably more significant during transitional phases as directors work to understand issues that are changing the way their business operates. It is demanding for directors to come to grips with their obligations. In this regard I commend the Australian Institute of Company Directors for its world-first initiative in linking director education with Institute membership. It is also the case, however, that some directors spread their skills too thinly across a large number of boards.

Following the OECD's Principles of Corporate Governance, it is sage advice not to sit on too many boards. It is in the interest of directors to devote sufficient time to their responsibilities in order to fulfil their duties to each company, regardless of the level of remuneration. Of course, shareholders should expect value for their money and remuneration levels should continue to be based on performance. Perhaps non-executive director share plans have some merit. In this respect, the new economy is posing some unprecedented challenges.

The United States magazine *Fortune* recently reported on dot com start-ups doling out shares to customers, friends and families and relying on small boards packed with insiders. It was reported that new economy companies are created, hyped and sold with less concern for attracting real customers than for lining one's pockets with investors' money. Reports such as this send off the corporate governance alarm bells.

Whilst it may only be a report, it would seem to indicate that perhaps the United States companies have gone too far in remunerating 78 per cent of their directors with shares. This compares with just one per cent for Australian directors. Somewhere in between is an appropriate level. For good governance at a board level other factors also need to be considered. Board membership tenure varies in Australia. Forty per cent of Australia's directors have served less than three years and 20 per cent have served more than nine years. These

figures should be broadly applauded. New skills are important but it is also perhaps even more important that experience at the table is available.

At the same time term limits should appropriately remain the discretion of the board and shareholders. And, from an overall perspective, Australian boards perform well when it comes to dealing with conflicts of interest. This is, however, an area that will continue to be placed under considerable pressure.

As directors of old economy companies take up appointments to new company boards they may face ethical challenges and potential conflicts of interest. For example, it is inevitable that some new start-ups will seek to take market share off old economy companies. In particular, much of B2B commerce is built on initial relationships and introductions. It is very attractive for start-ups to poach directors with boardroom knowledge in the hope of new expertise, introductions or confidential links that may open previously closely guarded markets.

At times like this directors do not have the same prescriptive contractual ties that a senior executive may have, yet they may have a similar level of operational knowledge. Directors need to ensure that they remain cognisant of potential conflicts of interest. It is important that 69 per cent of publicly listed boards and 50 per cent of private boards have documented codes of ethics (and public sector boards have the lowest number of codes), but it is even more important for all directors to live and breathe the principles of the codes.

Moreover, it should be a key factor for individuals to consider in determining whether to accept an appointment to a start-up company. As I mentioned earlier, there are a number of stakeholders that have a keen interest in good corporate governance. Of all of them, none has a keener interest than the shareholder.

These investors rightly expect an appropriate level of return on their investment. They carry the risk that is most closely related to the performance of the company. The most convincing reasoning I have seen work at an AGM is where the directors can put their hands on their hearts and explain to shareholders that they too, as shareholders, have felt the pain of poor company performance. However, most shareholders, particularly at an institutional level, are not properly exercising their voting rights as well as they are exercising their demand for investment return.

As a matter of best practice, the OECD Principles state that "shareholders, including institutional investors, should consider the costs and benefits of exercising their voting rights". I accept that for smaller shareholders the logistics of attending the AGM of a number of different companies can be onerous and costly. Particularly if the AGM is held intrastate, interstate or even overseas.

And I am sure that Bob Mansfield would not thank me for encouraging more than 2 million Australians to attend the next Telstra AGM. However, the Internet does empower small investors like never before and there is an increasing onus on companies to put in place accessible forums for shareholders to express views that may be traditionally expressed at general meetings. Company chat rooms for shareholders to interact with board members should not be ruled out.

With Australia becoming the greatest share-owning nation on the planet with over 41 per cent of the population directly owning shares, small shareholders now have the muscle and the means of having their voices heard. Institutional shareholders should have resources dedicated to monitoring corporate governance issues in companies in which they hold shares. A corporate governance officer, perhaps even employed at arms length from funds managers, could be charged with monitoring governance. This emerging practice seems to work well in the United Kingdom and it would work well here. Because, whilst company secretaries tend to monitor corporate governance practices from within a company, some Australian institutional investors have tended to forget or, more worryingly, have ignored their obligations. This is potentially very costly.

There is also a question as to whether some fund managers may be inadvertently holding back from challenging companies on governance issues for fear of incurring the wrath of actual or potential clients. A separate and dedicated corporate governance officer would help to respond to these questions.

Good corporate governance should be a legacy from the old economy to the new economy, a legacy that ensures that new economy companies do not repeat the mistakes of their old economy predecessors. I am not raising these issues in order to flag any prescriptive legislative responses. I have noted that a prescriptive response was not recommended in the UK after a fairly exhaustive review of corporate governance by Sir Ronald Hampel and his committee. A similar principle approach applies here in Australia. However, I am looking for consideration and dialogue on these key matters. If these issues can be successfully addressed and resolved then good corporate governance *can* and *will* add value to the wealth of Australia.

This is of course the key to **corporategovernance.com**.

As Sir Ronald Hampel reiterated, the promotion of prosperity is “the first business of the board”.

Whilst Australia and Australians are enjoying the prosperity of our third golden era and its consequent delivery of the new Australian economy, we should be mindful of our obligation to ensure that the corporate legacy we are creating will maintain the values that have served us well in the past.

# The Larry Adler Lecture – 2000



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- 1. Bob Breen, Diane Breen
- 2. Carol McCormack, Julian McCormack, Ian Brown
- 3. Nerida White
- 4. Jessiie Sheridan, Mary Greene, Greg Sheridan
- 5. Paul Murnane, Peter Crossing

- 6. Sandy Hyde, Doug Hyde
- 7. Stephen Swift, Karin Sowada
- 8. Louise Daniels, Carol Berg
- 9. Anne Henderson, Andrew Robb, Maureen Robb
- 10. Stephen Matchett, Michael Kelly, Toni Matthews

- 11. Ian Tscicalas, Lesley Ford
- 12. Tony Strong, Marilyn Bryce

Photographers: David Karonidis & James Hunt



Photo – David Karonidis

*Margaret Simons*

Margaret Simons has experienced, at first hand, both sides of the media. Having begun her career as a journalist with *The Age*, she went on to cover the Fitzgerald Inquiry for *The Age* and *The Sydney Morning Herald*, later working on Fitzgerald's staff assisting in the writing of the report. In her book *Fit to Print*, she turned the tables and subjected the Canberra Press Gallery to the journalist's eye, Margaret Simons addressed The Sydney Institute on Tuesday 16 May 2000 and explored the notion of the objective journalist.

# FACTS, PROJECTION,

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## *POLITICS AND THE OBJECTIVE JOURNALIST*

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**Margaret Simons**

You probably know that the stimulus for my being here tonight was my book *Fit to Print*, an examination of the Canberra Press Gallery. So I will step straight into the subject and will start at the top, by mentioning Laurie Oakes. Lots of people have opinions about Laurie Oakes, and lots of people are simply rude about him. But not me. I was *unnecessarily* rude about him. In a section about what the leading members of the Canberra Press Gallery do for breakfast I finally got round to Laurie Oakes.

I quoted Russell Barton, political editor for the ABC, as saying Oakes was something of an amateur anarchist. Innes Willox, who has the in recent days unenviable job of being press officer for Alexander Downer, said: “If Laurie turns up to a doorstep, your heart sinks”. And one of the Prime Minister’s press secretaries said: “If Laurie mutters ‘That was bullshit’ after one of your press conferences, you know you are done for.”

In the book, I asked: What does Laurie do before the working day begins? One imagines his great soft body contained in a silk dressing gown, his survey of the papers lordly and detached. Or perhaps his wife is nagging him. Or perhaps he is walking out to the compost bin, a bowl of kitchen rubbish in his hand. Or perhaps he is playing the glockenspiel. I don’t know how Laurie Oakes spends his mornings, because he wouldn’t talk to me. “I don’t want to talk about the press gallery,” he said to me in his office on the second floor of the Senate side of Parliament House. “I hate the press gallery.” – “Is there anything I can say that will change your mind?” – “No.”

The “great soft body” bit and the glockenspiel playing were really quite gratuitous, so I must say that when I first heard Laurie Oakes’ response to my book, I was very glad to at last have got some words out of him, and also pleased that although he was critical, he took me on in a serious way. I thought that was generous. So you see I’m not being rude about him any more. But I do want to argue with him.

Last August at a forum run by the Media, Entertainment and Arts Alliance called “Setting the Standard for Political Journalism in the 21st Century” (later broadcast on Radio National) he said I was wrong for challenging the idea of objective journalism, which he described as “the credo that we [meaning political journalists] abide by”.

I had suggested in my book that part of reinventing political journalism might be to explicitly acknowledge the subjectivity of the writer. Oakes responded “I’m not quite sure what she means. Whether it’s that political journalists are supposed to out themselves as Labor, Liberal, Democrat and so on, then unashamedly report from that point of view? It’s not something that I think would be particularly useful.”

Well, we agree on the last point at least. My main reaction to Oakes was distress that his idea of what I might have meant by subjectivity was so impoverished. If subjectivity means only declaring party political allegiance, then what sad and boring creatures we human beings have become, and how tenuous our engagement with public life.

I want to use this opportunity tonight to respond to Laurie Oakes, and say some things about objectivity, subjectivity, fact and fiction.

Of course I meant much more by “subjectivity” than acknowledging party-political allegiance. I guess I left myself open because I didn’t explain what I meant – or at least not in the content of the book. You see, I wanted the form of my book to be as much a part of the argument as the content. Whether or not I achieved my aim is for others to judge, but I have to say that most of my colleagues who reviewed the book said very little about the form, as opposed to the content.

*Fit to Print* is nothing if not subjective. I wrote it as a conscious attempt to bring some of the lessons I have learned from writing fiction to the practice of journalism. To be specific about three elements of that aim, I wanted, first, to report the real world of public life, but to try to challenge the conventional ideas of what deserves notice. Second, I wanted to pay attention to theme, meaning, character and underlying currents. Third, I wanted to take on the role of the narrator, which seems to me to be very much richer than that of the reporter. This is some of what I mean by subjectivity.

But before I say more, let me unpick this “credo” of objectivity a little. Oakes asserted that abandoning it would “put political reporting on the same level as talkback radio”. So clearly objectivity, according to Oakes, is what distinguishes political reporting from mere opinionated chatter. It is what makes political reporters valuable, and therefore, presumably, justifies their privileged access to the powerful, and to the airways and to newsprint.

What does it mean to be an objective journalist? There’s been a bit published on this recently. Keith Windschuttle, in a series of articles in *Quadrant*, has attacked the cultural theorists who would deny that there are facts out there, and that it is possible to report them accurately.

Now I agree with a lot of what Windschuttle says about the incompatibility of cultural theory with practical journalism training. He talks about how experienced journalists who turn to teaching are looked down upon in tertiary institutions because of their lack of higher degrees. Well I've been there, and had that. I remember being called a "naïve practitioner" to my face by one senior cultural theorist. She then asked me to believe that this was not intended as an insult.

Nevertheless I think Windschuttle moves a bit lightly from asserting that there are facts out there – and it is possible to report them accurately – to dismissing all notions that the nature of reporting depends a great deal on the reporter's assumptions and stance.

Let's accept for the moment that there are facts out there, and it is the journalist's job to report them accurately. Now let us consider the steps that any media organisation, and any reporter, must go through in order to do that job. First, and perhaps most important, the media organisation must recognise a fact or, better, collection of facts as a potential news story. They must recognise it as newsworthy. Whole textbooks have been written on news sense and what it is, without in my opinion shedding much light on the subject. Nobody has got much further than the classic line – news is whatever the editor says it is.

For facts to be recognised as a news story, the media organisation or individual reporter must recognise within those facts elements of the kinds of things that have been published in the past. Generally the facts must concern important people, or have important consequences. (There are exceptions, of course – the quirky and unimportant).

Importance is usually accepted as being an entirely objective criterion. You might ask why. Certainly as a freelance journalist, which is what I am, one becomes adept at this pattern-recognition. You see in your mind's eye how a newspaper or magazine story might be created out of collections of facts. How else would you know where to market certain kinds of stories? Freelancers who go about trying to break moulds and change patterns go broke pretty quickly. But of course what you learn is that importance is an entirely subjective criterion. *The Australian* has different importances to *Women's Weekly*.

So, first the reporter or the boss recognises a story.

Now, the next step in reporting. With limited time and resources, the reporter has to decide how to research the facts. Usually this means speaking to people or attending events. Increasingly, in political reporting, the events are staged for the sole purpose of attracting the media. And of course every political reporter has his or her established sources. In fact, getting these sources is the main test of success in Canberra.

Once the story has been researched, we get to the writing.

Now, Keith Windschuttle also attacks the cultural theorists for referring to journalists as constructing narratives. He points out that

news stories are not chronological narratives, but rather, as every journalism educator knows, are structured on the “inverted pyramid” model, or a hierarchy of importance, in which the essential or most important facts come first, and background, explanation and “expendable” material further down. Any element of chronological narrative will last only a paragraph or two.

This structure is known as an inverted pyramid on the footing – if I may use that term – that each fact is a layer of the structure, and the importance of each fact is reflected in its width.

I think Windschuttle’s idea of what constitutes “narrative” is rather literal-minded and therefore impoverished. Leaving that aside for the moment, however, I’d just like to point out that although all journalism educators (including myself) still teach the inverted pyramid, the truth is that it has toppled. As a form used in the “real world”, it is close to dead. I challenge you to find a story on the front pages of today’s newspapers that fits the structure without the insertion of other elements.

This is for a very simple reason. The inverted pyramid is a very good form – the best form – for conveying simple information quickly and efficiently. But it is a completely useless structure for *explaining* things. These days almost all stories of any importance require explanation if they are to be clear to the non-specialist reader.

But whether you agree with me about inverted pyramids or not, the reporter when writing makes constant choices – about which facts are the most important, and about what extra material the reader needs in order to make sense of those facts. In making these very speedy and therefore largely unexamined decisions the reporter is guided by an instinctive understanding of the readers, listeners or viewers of the media outlet: what they can already be presumed to know, what sorts of lives they lead, how those lives will be affected by the material being reported. Some of this understanding or targeting can be assisted or influenced by market research and profiling.

Once the story is written there are still more decisions to be made by more senior people: decisions about which stories for the day are the most important and will get most prominence, most space or air time. These decisions are also made rapidly, and on the basis of assumptions and understandings that cannot be too closely examined in the time available. And at the end of the process we have (if the reporter has done the job) an accurate report of real facts.

But is it objective? Is it an objective account of reality?

Of course it cannot be, and this is where the cultural theorists have their victory. The whole idea of objectivity begins to fall apart once you examine the inevitable choices and filters that lie between the external fact and the report of that fact or event. As I have mentioned,

even the first choice – *which facts* – means that objectivity has been abandoned.

But hey, I don't want to give the cultural theorists too much of a pat on the back. After all, the realisation that notions of reality depend very much upon the stance and experience of the observer has been around at least since Hume in the 18th Century, and is being constantly re-stated. Popper and Kuhn are just two that spring to mind as having done so. As Windschuttle shrewdly observes, the real innovation of the cultural theorists is in applying old ideas to popular culture, and media in particular.

So what can this “credo” of the political journalist – objectivity – really be about? I am not sure what Laurie Oakes can mean by it, but I suspect he doesn't actually mean that journalists should be objective. And as you will have gathered, I am not convinced it is achievable. After all, philosophers can argue about the validity of attempts to prove that the tree is green, to no entirely satisfactory conclusion. How can we expect to prove the validity of a particular view of a complex political event?

I suspect that what Oakes really means is that political journalists should be *fair*. If this is what he means, I agree with him. Fairness is an admirable aim. I have not and will not suggest that journalists should abandon a credo of fairness.

What do most journalists mean by being fair? They mean trying to present both sides of a debate. Occasionally they even acknowledge that there might be more than two sides, and present three or four. They try to give all political parties a fair shake of the stick, given the limitations of airtime and newsprint.

And as I say, these are admirable aims. But, even if they were consistently achieved I am not sure that the problem is solved. Aren't we also forced to admit, if only privately and to ourselves, that this sort of fairness, rounding up the usual suspects, and giving them a paragraph or two, it is also what makes a great deal of journalism so dull? A reporter quotes two sides at roughly equal length. People quoted say exactly what you would expect them to say. The story is scrupulously fair, and entirely superfluous. You can skip it. You probably already do.

The risky, the unpredictable, the wacky, the aberrant, will always run the risk of being seen as unfair, and not “objective”. I sometimes think that anything in journalism that startles, anything that takes risks, any glorious failure or off-the-wall success, anything that surprises, anything that stirs you up or makes you cry or laugh, makes you angry or happy, or even makes you think – any such thing can and will be attacked by my colleagues on the basis that it is not objective.

Margo Kingston's book *Off the Rails*, about the Pauline Hanson affair, is an example. I have my own criticisms of Kingston and of that book, and I was less than kind to her in *Fit to Print*. But nevertheless

what a brave and enlightening book it was! What lively reportage! And yet what has Margo been criticised for? You guessed it: she lost her objectivity. Almost as though the reporter's precious virtue, the cross-legged objective virginity, is more important than the reader gaining some insight into what is actually happening, and why. Nobody can read *Off the Rails* without better understanding Pauline Hanson and her people.

And this brings me back to subjectivity in journalism, and what I meant to say in *Fit to Print*. I dare to think that explicit subjectivity might even bring more fairness to journalism, rather than less. Journalism written from the full force of the reporter's personality and life experience, with a less religious adherence to old ideas of hierarchy of importance, must, it seems to me, include a greater range of voices, and different perspectives, and even a bigger and better definition of what makes a good story than is currently the case. In other words, subjective reporters might be fair not only by giving both sides a fair shake of the stick, but by offering the stick to people who have never seen it before, let alone got to shake it. But this is only speculation – which is never objective – because I have yet to see it happen.

I am going to borrow a quote or two from Helen Garner, who is of course unusual in being a novelist who has become a journalist. (People who have made the journey in the other direction are ten a penny these days). I interviewed Helen Garner some months ago now [for an article that appeared in *The Weekend Australian's* colour magazine August 2000]. We agreed that the things most people we knew *really* wanted to draw from reporting about politicians and public life were in fact quite similar to the things they got from a good novel. People want to know: "How does John Howard, or Kim Beazley, relate to me? How can I compare them or understand them and know them?"

We talked about the role of the narrator in fiction, or the narrative voice in those cases where the narrator doesn't have an explicit voice. People relate to the narrator and the narrator's voice steers them through the material. The narrator may be, by intention, either reliable or unreliable. The relation with the reader still exists. I said to Garner: "That's what I mean when I talk about bringing fictional techniques to journalism, but that worries people because they think you mean just making it up." Garner replied:

Yes, but that just shows a very impoverished idea of what fiction means. When I talk about fictional techniques I mean theme and meaning, and dialogue, and character and colour, and none of that precludes sticking to facts. What I find more and more with journalism is that there isn't an engaging narrative voice. I know there isn't supposed to be one, in hard news, but it's like going to hell! If you have a Virgil who is saying, "Okay, come with me. I know the way. I've been here before, and I know who all these people are,

and I'm going to tell you who they are and what they mean, and what their thematic relationship is, and how it might rebound on to you in some way." Then I would go greedily into page one journalism. Instead of which it could have been written by a machine.

I could not have put it as well as Garner, but I think this notion of a narrative voice, and the idea of the journalist being prepared to take on and wear the responsibility for the narrative is a big part of what I mean by acknowledging subjectivity.

I outlined the steps taken in reporting any story earlier on. Clearly behind the published report lies a narrative intelligence, but what do we know about that intelligence? In *Fit to Print* I talk about reporting's hyped-up dullness, about the seemingly overwhelming urge for reporters to convince readers that they know it all. I ask for a return to the innocent eye of truly good reportage, rather than the know-it-all eye of dullness and predictability.

Take the reporter who declares, with total confidence, that "the markets" or "the voters" will or will not like something or the other. How do they know? Often if you unpick what is said, you find that in fact the journalist is simply projecting his or her own likes and dislikes or opinions onto the supposedly objective phenomenon of "markets" or "voters". These days there is a new one – "the bush". Often the reporter will not even bother to project, but will merely intone "This is the greatest crisis the government has faced". The stories are written so as to make the narrative voice disappear. Political journalists hide. I don't know what they are scared of, but they seem to spend most of their time hiding.

What might a novelist say about someone who hides behind such projections? I think if I ever invented a character that did such things, I might be wanting to show that that they were terrified of the self. That they wish to deny their vulnerability, deny their power, deny their responsibility. This character could not be a hero, and could certainly not carry the plot. This character would be a turn off. Readers would disengage. As the narrative progressed, this character's pronouncements upon it would become increasingly irrelevant.

There is such a thing in fiction as an unreliable narrator. I mentioned it earlier. It is a useful device. An unreliable narrator does not have the trust of the reader, who nevertheless must see the other characters and events through their eyes. Thus the reader gives weight to things that the unreliable narrator might notice, but not credit. The reader comes to views and opinions and understandings that the narrator does not share. In the end the reader leaves the narrator behind.

In this sense, political journalists have become unreliable narrators. That is why they are caught by surprise so often these days when elections go unexpectedly. The voters might have seen through the reporters' eyes, but they have moved beyond the reporters.

Unfortunately, unlike fiction, the narrator refuses to be left behind. The journalist-narrator just morphs into the new context. A week after the Kennett Government was defeated the political reporters were talking confidently about the “political phenomenon of the bush” or “the voter’s habitual intolerance of arrogance” to quote two particularly egregious examples, as though the authors had always seen and given due weight to these things.

A reliable narrator, I would suggest, is someone observant, perceptive and, perhaps most of all, someone who is learning. Someone who is shockable. Someone whose world view can be, and is, upset. Someone who lets you in on the fact that all this is happening.

But this isn’t how political journalism works. On the contrary, when the political journalist has been upset or alarmed, innocence cannot, must not, be exposed. History is quickly re-written. Not history itself, of course, but the history of how events were observed. This is very Orwellian, and not only in a superficial sense. I re-read Orwell’s *1984* recently, and thought what an interesting narrator Winston Smith was. He is strictly speaking not a narrator but a protagonist, since the story is in third person; but we see the world of *1984*, and know its history, exclusively through Smith’s eyes.

Smith is the reliable narrator, the reliable reporter, the one who trusts his own memory rather than the lies all around him. He is the one who asserts that freedom is the ability to assert that two plus two must equal four when everyone around you acquiesces in the lie that it is five. What makes him reliable? Not his objectivity. If he relied on that, then he would have to conclude that he was mad, and everyone else sane. He is distinguished by a persistent faith in his own view of the world. He prefers his own view to that of others. Of course, he is beaten in the end. He comes to discount his own memory without even realising he has done it. But by then the reader has moved past him. The reader retains subjectivity.

The thing that makes Winston a good observer and reporter – “the Last Man in Britain” was Orwell’s working title for the book – is his subjectivity.

He is a good narrator, and he is a good reporter, because of his humanity.

## The Larry Adler Lecture – 2000



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- 1. Caroline Furness, Peter Joseph
- 2. Geoffrey Lehmann, Elsa Atkin, Patricia Forsythe
- 3. Bob Mansfield, Fred Hilmer
- 4. Murray Clarke, Jane Spring, Rosalind Strong
- 5. Ken Moss, Jennifer Revell

- 6. Trevor Sykes, Gail Pearson
- 7. Peter Campbell, Astrid Campbell
- 8. Robyn Worland, Penny Wright
- 9. Geraldine Doogue, John O'Neill, Annette Cunliffe
- 10. Rob Thomas, Leanne Mundy, John Mundy

- 11. David Foster, Peggy Mansfield
- 12. Frank Hooke, Bobby Adler

Photographers: David Karonidis & James Hunt



Photo – David Karonidis

*William Shawcross*

On Friday 19 May 2000, William Shawcross, writer and journalist, spoke for The Sydney Institute on the subject of his most recent book – *Deliver Us From Evil – Warlords & Peace Keepers in a World of Endless Conflict* (Bloomsbury) – the story of international peace keeping in the last ten years. William Shawcross has covered Eastern Europe, Indochina, the Middle East, America and Britain in his writing. Having talked with key players in the world of diplomacy from Kofi Annan to international workers in Sarajevo, William Shawcross shared with The Sydney Institute his thoughts on the chances of success for peacekeeping in the future.

# DELIVER US FROM

*EVIL*

**William Shawcross**

It is an honour and a pleasure to be here.

My book *Deliver Us From Evil* is about the way the world has tried to respond to the horrors and disorder of the last ten years since the end of the Cold War. One can divide this century into three kinds of warfare. There was the traditional, national, large-scale army warfare of the First and Second World Wars. And after 1945 there were movements of national liberation, guerilla wars. These last ten years have produced something for which we don't really have a proper term – ethnic wars, wars of retribution, wars of resources – wars that took place, particularly in the Balkans but also in many parts of Africa, following the end of the pressure cooker of the Cold War. For many regional and local and national rivalries the lid had been kept on by Cold War politics and by the strategic demands of both East and West on their allies, clients and partners throughout the world.

Once that Cold War impetus, or logic, had ended it became a prequel to something none of us expected. None of us, in 1989, when the Berlin Wall fell to such relief and happiness throughout the world, expected what was going to happen in Yugoslavia and elsewhere.

I started my book on Cambodia in 1992. Cambodia is a country that's interested me for a long time. I went to look at the UN peace-keeping mission there; it was an extraordinary operation. It was called UNTAC – the UN Transitional Authority For Cambodia. Its aim was to bring Cambodia out of the cold after appalling years of neglect and revolution, years in which the Khmer Rouge had killed 2-3 million people after which the Vietnamese had imposed a draconian regime throughout the 1980s. Cambodia was different from Bosnia – it was a residual issue that had to be resolved after the Cold War's end.

The Australian government played a very important part in devising the terms of the UN Transitional Authority. Gareth Evans played a key role in that. The idea was to send in a significant force to Cambodia to support national elections, and to start rebuilding institutions that had been completely destroyed. In Cambodia's case,

many of these had never existed, because it was fairly primitive, in terms of institutions; it was an essentially feudal country before warfare engulfed it in 1970. The idea was to create something of a civil society there.

The UN deployed its troops rather slowly, as UN troops nearly always are. Partly because Bosnia exploded at the same time as Cambodia and Bosnia desperately needed peacekeeping troops as well. One of the things I've tried to show in this book is how incredibly hard it is to find enough men, enough women, enough troops, enough officials to carry out all these different tasks around the world, often at the same time. There weren't enough for Bosnia at the same time as for Cambodia. They went to both of them rather slowly in 1992 and 1993.

Nonetheless, once the UN troops had been deployed, the UN was able to hold elections remarkably successfully in Cambodia. It was very moving to see. The electorate in Cambodia had been registered by UN Volunteers. They are mostly young (although some are retired) and are paid a minimal wage of about \$500 a month. They often live in primitive, difficult and dangerous conditions, particularly in a place like Cambodia, which had no infrastructure left at all by 1992.

The Volunteers spent a year registering people to vote. It was an extraordinary labour of love in a way.

It was very moving to see Cambodians voting on election day in May 1992, all dressed up in their finest clothes, having been convinced by the United Nations radio (the only free source of unpartisan news and information) that they could vote freely and that their local police chief or Communist apparatchiks would not know for whom they had voted. The majority voted against the Communist regime that had governed the country for the last 13 years. Then came the crunch.

The UN was a peacekeeping force – it was not there to fight the Khmer Rouge or the former Communist regime, a fact much criticised at the time. But General Sanderson, the UN Commander, was absolutely right to resist the siren calls from the press and others to take a tougher stance against the Khmer Rouge. It would have broken the mission immediately had he tried to do so.

When the Communist regime had been voted decisively out of power by the electorate of Cambodia it refused to go quietly and instead staged riots in various towns, burning down the UN offices and so on. The UN was faced with a quandary. They had no mandate to fight the government. They had no mandate to remove Hun Sen, the Communist Prime Minister, by force although they had ability to do so. Had the Secretary-General Boutros Boutros Gali wished to change the mandate, he would have had to get the authorisation of the Security Council. That was not a likely proposition. Had UN troops started fighting either the Khmer Rouge or the Hun Sen forces, some of them would have died, resulting in countries like the Netherlands,

who had sent UN troops to the peacekeeping mission, complaining bitterly. The Netherlands and others would have begun to withdraw their troops at once.

So the awful outcome was that in Cambodia, where the Cambodian people had voted with high hopes and clearly against the regime they detested, the UN had to concoct a coalition – an unholy coalition between the former Communist regime and the winners in the election – the Royalist Party of Prince Sihanouk under Prince Sihanouk's son, Prince Ranariddh. That unholy coalition remained in government from 1993 to 1996/97, when Hun Sen overthrew it in a sort of internal coup d'état against his own regime. Once again, as he was before the UN intervention, he is the sole, dogmatic, autocratic ruler, if not dictator, of Cambodia. So, while the UN started with great promise, that promise was not wholly fulfilled, to put it mildly.

I was in Cambodia a few weeks ago and the Hun Sen regime is a disagreeable regime, but better than it was before the UN came. The conditions of life in Cambodia are considerably improved on what they were in 1991/92. The irony, if you like, is that the Hun Sen regime has been legitimised by a huge UN effort.

But there is now in Cambodia a greater sense of the beginnings of a civil society. There are very brave Cambodian human rights groups, set up by the UN Human Rights component of UNTAC, which have survived and actually prospered. They have tens of thousands of members in Phnom Penh and around the countryside. They're persecuted and attacked by the regime, its police and its officials throughout the country. But they survive and there is a greater awareness amongst ordinary Cambodians of the rights that they are entitled to. When UNTAC was governing the country as a virtual protectorate in 1992/1993, they signed all the relevant UN covenants on behalf of Cambodia. Cambodia probably would never have signed otherwise.

Those Human Rights Covenants now exist in Cambodia. They are benchmarks by which activists and human rights workers can hold, and can use on behalf of others – and they do. In Cambodia, one can say that the UN mission was by no means a total success but it did leave Cambodia better off than it found it.

What I've tried to look at in my book is how immensely difficult all these peacekeeping missions are, particularly in the turmoil of the last ten years, where one crisis followed another pell mell.

The first big humanitarian mission of the decade, was rescuing the Kurds of Northern Iraq from Saddam Hussein. We set up safe areas to protect the Kurds and to get them out of the mountains where they were dying of cold and exposure, back into the plains, and protected from Saddam Hussein's bombing. That was relatively successful. We thought from that we could do further such protection. But it wasn't always as easy as in Northern Iraq.

The next thing that exploded after Iraq was Bosnia which, as I said, coincided with Cambodia in 1992/1993. Bosnia was the biggest tragedy of all in a way. The peacekeeping force was called the UN Protection Force. Everybody always thought both in Bosnia and the rest of the world that this was a protection force to protect Bosnians. It wasn't. It was originally meant to be a force to protect humanitarian convoys only. The UNHCR was asked to take in aid, much needed in 1992/1993 to refugees and to displaced people who were forced out of their homes by ethnic cleansing, who desperately needed supplies and food. The forces were meant to protect these humanitarian convoys. But inevitably when it became clear that they could not protect Bosnians, they became a symbol of the ineffectiveness of the UN, not only in Yugoslavia itself, but worldwide.

Bosnia coincided with Somalia. In 1992/1993 the UN mission saved hundreds of thousands of lives. People were fed, who would not have been fed had the United Nations not gone into Somalia. But then the mission dissolved into horror and chaos when in 1993, at the instigation largely of the United States, the UN tried to resolve the intractable problems of Somali clan politics. This was a disaster. Having fed people in the countryside, they went into the cities. In October 1993, 18 US marines were killed in a terrible fire fight in downtown Mogadishu in which other peacekeepers and several hundred Somalis also were killed.

But in terms of international politics what mattered was that 18 American soldiers were killed. And at least one American body was dragged around the streets of Mogadishu and shown over and over again on CNN. A senior official in the State Department told me, no one should ever underestimate the impact that had. It was the turning point of the Clinton Administration. Before October 1993, Clinton had come into office professing, at least, to be interested in multinational, multilateral operations by the United Nations. After that it was absolutely no go land.

The United States developed, partly as a result of Mogadishu, a policy of zero casualties. Never again would American soldiers be put at risk, let alone die in peacekeeping operations. And this has had an extraordinary impact on peacekeeping ever since.

Its first huge effect was in Rwanda where the crisis broke only a few months after Somalia. The Rwandan parties representing, more or less, the two main groups in Rwanda, the Hutus and the Tutsis, had signed a peace agreement in Tanzania which called for a peacekeeping force which began to deploy at the end of 1993 under the command of a very decent and effective Canadian – General Romeo Dallaire. But instantly he found that he wasn't getting the troops and the equipment he needed. One of the reasons was the United States' determination never to cross the Mogadishu line, as they called it, again. That

determination by the United States infected all of its partners in a way. By the beginning of 1994 General Dallaire had a battalion from Ghana, half a battalion from Bangladesh, half a battalion from Belgium, the former colonial power. None of them had adequate equipment. There wasn't even a kitchen for the Bangladeshi troops. Command and control of the whole mission was appalling.

Meanwhile the Hutu and Tutsi parties who had said they would get together and create a coalition government were not doing so. Killings all around Kigali were continuing. There was information that the mass killings were being planned. General Dallaire so informed United Nations headquarters. This information was never treated with the urgency it required. Then in April 1993 the genocide, the very well planned genocide, by the Hutus against the Tutsi and moderate Hutus began. The first day of the genocide, the Hutus deliberately murdered and mutilated ten Belgian soldiers, which had exactly the required effect – the same effect as the killing of the Americans had in Mogadishu. Belgium said, out, everybody out. Dallaire was calling desperately for reinforcements. Not only did he not get reinforcements, most of the troops were withdrawn from the country.

Dallaire argued, and he may well have been right, that with 5,000 troops they could have saved hundreds of thousands of lives. He had about 500 troops in the end and he could save only a few lives. He had to stand by watching powerlessly, his mission in tatters, as an appalling slaughter took place in the twelve weeks of the spring and summer of 1994.

I've tried to show in my book, the different instabilities and violence and the impacts they have upon each other. The genocide in Rwanda was stopped when the Tutsis' exiled army came in from Uganda and occupied Kigali, the capital. The Hutu murderers fled to Zaire with about two million people where they set up government – an extremist regime in exile really. It was rather like the Khmer Rouge council on the Thai-Cambodian border in the 1980s. A majority of people there were innocent civilians, but they were under the control of the not so innocent soldiers.

What could the United Nations do about this? They should have separated the Hutu soldiers and killers from the ordinary people. But no country from the first world would send troops to bring about the separation. Kofi Annan, who was then head of peacekeeping, asked about 20 or 30 different countries. None of them would send troops. He then commissioned a study in London to see who else could do this. That study suggested that it could be done by a private security force such as the mercenary force based in South Africa, Executive Outcomes, which was already active to good effect in Sierra Leone. But Annan was told it was impossible, politically, for the United Nations to employ a private security force.

I think this was wrong. If nations cannot supply their troops for difficult jobs like this then we ought to start thinking, and thinking very, very fast (especially when you see what's happening in Sierra Leone now), about building up private security forces which could operate under United Nations' command and control. The only alternative is to allow the slaughter.

To go back to Zaire. The camps remained and the killers in the camps conducted constant hit and run attacks into Rwanda. In 1997 the Rwandan Tutsi government lost patience and invaded the border camps, drove most of the people back into Rwanda, drove 300,000 or 400,000 into the jungles of Zaire, where probably at least 200,000 people were murdered, mostly innocent people. It was a huge unseen disaster, a sort of knock-on effect of the fact that we had not been able to deal adequately with the residue of the Rwandan disaster. There has been a war in the Congo ever since and the war has spread and has engulfed 14 countries in and around the Congo. A peace agreement was finally signed in Lusaka last year to bring an end to this war – none of the countries that have signed the agreement, or very few of them, have observed the cease fire agreement. In particular, certainly not the leader of Congo, Laurent Kabila, who was installed after the fall of Marshal Mobutu in 1997.

I'm not saying that these things were not dealt with because the US government is wicked or the Australian government is ineffectual or the British government is incompetent. I'm just trying to show how difficult it is to deal with these issues properly and effectively at the right time and the appropriate moment, which is quickly.

In *Deliver Us From Evil* I quote General Rupert Smith who was the UN's British Commander in Bosnia towards the end of the Bosnian war. He is saying that one of the important attributes peacekeeping missions need is promptness. That's very, very hard to find. It's very hard to get troops who are trained and with the armour they need. You have found that in East Timor. In Kosovo, it's been very difficult. They were supposed to have 5,000 international policemen in Kosovo by last autumn. So far, they've only got about 2000. It's very hard to find international police. You can take them from Sydney, from London, from New York – but what police chief wants to lose their finest to Kosovo or East Timor?

Let's consider Bosnia again. The safe areas set up in Bosnia in 1993 were set up by the Security Council. And after the safe areas had been declared it was decided that the UN would defend these villages in Eastern Bosnia. The Secretariat, Boutros Ghali and Kofi Annan, said they needed 30,000 troops to do this job. Countries in the Security Council, Britain in particular, laughed and said that's ridiculous, you can have 7,000 troops. It still took over eight months to get those 7,000 troops – and then most of them didn't have adequate equipment.

For example, the Pakistanis said they would send troops, but they didn't have armoured personnel carriers, light artillery weapons, and so

on. So the Germans said, well we'll train the Pakistanis on our equipment. Then the Germans discovered that they couldn't do that legally because of the German Constitution. By the autumn of 1993 Austria said, well Germany can't do it so we'll do it. Then the Austrians decided that they wouldn't do it. Then Slovakia said, well, we'll train the Pakistanis. So, eventually, Pakistani troops were flown to Slovakia. German equipment was flown to Slovakia and the Pakistani troops were trained on the German equipment, not very well, by Slovaks. Finally, the Slovak trained Pakistanis got to Bosnia with their German equipment, months and months too late.

This is often the problem with United Nations peacekeeping operations. They are too late. There are obviously, and often, mistakes made in the Secretariat. The control processes in the Secretariat aren't good enough; procurement doesn't work closely enough with the peacekeeping department and so on. But the real problem is usually with governments, who having passed resolutions in the Council, don't act or can't be bothered or cannot face the actual cost, in literal dollars and cents, of providing the resources necessary to carry out the resolutions. That happened in Bosnia, and in Kosovo, and it has happened to a certain extent in Timor.

What I've tried to look at is how incredibly difficult are the logistics of mounting operations. We see appalling scenes on our television screens, we want to help, but we want to sacrifice less. We see children being murdered in Kosovo but we don't want to send our own children, to risk our own children's lives, to save those kids in Kosovo. And I understand this. I wouldn't particularly want my son to go and fight in Kosovo. It is a dilemma and a moral ambiguity of our times. So perhaps we should contemplate the use of private security forces.

Kofi Annan said in a rather candid and devastating report, published last year on Srebrenica, that sometimes it's better to not act at all if we're going to act half heartedly and incompetently. Half hearted incompetence can make matters worse. Another proposal made by Edward Luttwak at the time of the Kosovo war in an article in *Foreign Affairs* last year, was brilliantly and mischievously entitled *Give War a Chance*. He argued that there are some situations that you cannot resolve by good intentions alone and that sending peacekeeping forces in may stop a crisis being resolved.

In Bosnia, for example, we have stopped the war, and we've brought about a cease fire – but we haven't created a peace. It's not our fault, in terms of the international community. It's just very, very difficult if not impossible, to impose reconciliation on people who are not willing to be reconciled with the men down the road who have killed their family.

Sometimes we do ask for too much. The title of my book, *Deliver Us From Evil* was given to me by David Frost the British broadcaster. I

met him somewhere and he said what are you writing about. I told him and he said, what's it going to be called? I said, I didn't know. He said, well you can always get a good title from the *Lord's Prayer*. Which was true. It is a good title. In days gone by, we only asked God to deliver us from evil. Now we're asking ourselves, and our own man-made institutions, to do it and sometimes it's more than we are capable of.

I'm not trying to sound like a Cassandra. I'm not saying that none of these things should be done. Given the nature of this globalised and interlocked world, these things have to be tried. We won't always succeed. We won't transform societies overnight, but we can help. Even the missions that seem to be failures, like Somalia, were not total failures. If you look at Somalia today it is still a state of lawlessness, without any kind of governance at all and it was wholly unrealistic that we could have imposed that in 1992/1993. But nonetheless, there are many hundreds of thousands of Somalis who are alive today, who would not have been alive without that mission.

It's not a question of saying all is gloom and doom, or all is a waste of time, or all is incompetence. That's not what I believe. I'd like to try and be optimistic about this. At the same time though, also realistic. I'll leave you with a thought, one slightly counter to what I've been saying.

Michael Howard, the Professor of War at Oxford, some years ago, took the example of the American Civil War. In 1860 and 1861 not much was known about the American Civil War in Britain and France. There was no television, obviously, but newspaper reports came back of the appalling slaughter going on in America. America, at that time, seemed to be the great hope of civilisation. There was a horror in Britain and France at the way in which the country was disintegrating. And Michael Howard speculated, what if there had been a CNN or a British or French version of CNN broadcasting pictures of Sherman's march through Georgia, or the burning of Atlanta or the Battle of Gettysburg? Would there not have been even greater cause for intervention than that already growing in the French and British parliaments at that time? What would have happened if a benign peacekeeping force had been sent by the British and the French to the southern states of the United States? Would this have worked? Would it have made the Americans better people? Would they have reconciled more quickly? You could argue that the North and South of the United States didn't reconcile for at least 100 years after the American Civil War.

Michael Howard's example gives one pause. It shows at least how very difficult it is for us to refashion the world in our own image. It would have been impossible in America in the 1860s. That doesn't mean to say we can't and we should never try. We can help on the margins but we can't transform the world. And we should not be the victims of too grandiose expectations.

# The Larry Adler Lecture – 2000



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1. Peter Church, Junichi Fukui, Masako Fukui

2. Colleen Kennedy, Emmanuel Fisher, Edia Fisher

3. Bill Clark

4. Margaret Clark

5. Katie Lahey, Carla Zampatti

6. Lynn Anderson, Lesley Vedolla

7. Patrick McClure, Annette McClure

8. Gerard Henderson, John McMurtrie

9. Sarah Craig, Jack Simos, Maria Simos

10. Nick Whitehead, Nicola Palmer, Elizabeth Story

11. Michaela Hackett

12. Andre Porebski, Louise Porebski, Greg Shand

Photographers: David Karonidis & James Hunt





Photo – David Karonidis

*Jill Margo*

The colourful, dramatic and often controversial life of Australia's second richest man is the subject of a biography by journalist Jill Margo – *Frank Lowy – Pushing the Limits* (HarperCollins). Frank Lowy has experienced life from vastly different perspectives: Holocaust survivor, deli owner and Westfield giant. On Tuesday 23 May 2000, Jill Margo addressed The Sydney Institute to capture something of Frank Lowy the man, as well as the strategies behind his business success.

# TAKING OFF THE

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## *MASK – THE FRANK LOWY STORY*

**Jill Margo**

I am very pleased to be here this evening and I want to thank The Sydney Institute for inviting me and thank you all for coming. I am going to talk about the way I finally got through to Frank Lowy and how, when I did, that was the beginning of the real writing of the biography. Everything I had done before that point was no more than clerical accumulation. I had collected piles of impersonal material that would have been available to any researcher. It was only after Lowy opened up and began talking to me freely, that all that material came alive.

I want to start by talking, oddly enough, about onions. In a sense, we are all like onions in that we have a relatively thin skin that gives way to several internal layers. This was my first biography and, initially, it was rather like examining an onion and taking notes. There are various ways of looking at onions. You could look at them in context, see what political and economic forces act on them and how they interact with their environment – and how, for example, they get on with other important vegetables. Or, to push the metaphor, you could also compare your onion with others.

Some biographies stop at this point. Once the context and comparisons are covered, they describe the subject's influences, interests and achievements. With Lowy I was trying to do the other kind of biography. I wasn't so much interested in his achievements as I was in descending through the layers to try and understand what drove him to achieve so fiercely.

This proved more difficult than I imagined. For 45 years in business, Lowy had kept private issues private. Anything that was known about him or his family had been carefully released through the sophisticated Westfield publicity machine. His whole image was managed and there was hardly a detail in the public domain that he hadn't sanctioned. The control Lowy exerts on his work environment is legendary. It starts with self control and radiates out to everything. He has an iron grip on his emotions. Touch a raw nerve and you will never

read it on his face. At times, employees have felt he has ice water in his veins.

The way he does this, of course, is through the highly practised art of compartmentalisation. If you give him a piece of shocking news as he is walking into a negotiation, he'll put it in a compartment in his head, lock it up and only open it later, when he has the time and composure to deal with it. My problem was that this Lowy onion was clad in steel. How was I going to get in? I spent many hours on the outside, seeing nothing but my reflection on his highly polished exterior.

Fortuitously, I had learned a technique some years earlier while working on an international oral history project called *The Twelfth Hour Project* which aimed to collect oral histories from Holocaust survivors around the world. The idea was to build an enormous data base of personal stories so that, in 100 years time, when revisionists try to minimise the horror of the Holocaust, there would be an impressive body of evidence to counter their attempts.

Critics said this was a flawed exercise because the inherently unreliable nature of human memory would create a data base full of inconsistencies which the revisionists could then use as supporting evidence for their argument. This aside, the project went ahead and I was trained as an interviewer. In the process I learned about the layers of memory. I discovered that most people who have been through an extreme experience have a pat version of what happened. They have repeated this bare bones account numerous times and while it covers the fundamentals of the experience, it is usually flat and without amplitude or emotion.

The challenge is to get to what is behind this pat version, to open the door and let the raw, uncensored memory pour out. Often it's been locked away for decades. When this does happen, and memory is released, a kind of intimacy inevitably grows up between the subject and the interviewer. Something intense has been shared and a trust develops. If Lowy and I could establish such a trust in relation to his personal history, perhaps it would extend into his business life too.

As it happened, Lowy was ripe for such an experience. A number of things had recently happened to make him thus. He had recounted some of his past for a company history that was being written for Westfield, talked to his children for the first time about life in occupied Budapest in World War II and had made a series of video tapes with the Steven Spielberg Foundation about his teenage years under the Nazis. The Spielberg Foundation followed the *Twelfth Hour Project*, except that it added a visual dimension.

Lowy was ready to open up and fortunately, I was ready to take it down. But it is one thing being ready and quite another actually opening. How can you tell when the right moment or the right person

has arrived? I remember when he first started talking. I knew that there was something in his psyche that was unresolved about his father. He had hardly known his father, Hugo. Hugo was a commercial traveller and was away all week during Lowy's early childhood. When Lowy was 13, Hugo was taken by the Nazis.

One afternoon, I was asking him about Hugo and getting nowhere. He just couldn't remember. He couldn't recall much about his early life in the small Czechoslovakian town of Filakovo, or about their house or circumstances. He hadn't thought about it much before and didn't really seem that interested in the exercise. He had business on his mind – a lot was happening in the company. But as we were winding down, something was said that unlocked a memory. It was unexpected and spontaneous. Suddenly he could see himself at the age of five or six, coming home early from school on Friday and watching his mother prepare their modest house for the Sabbath. He remembered the feeling of anticipation in the house because the Sabbath was coming which meant his father would be home.

After lunch the front door opened and there was the familiar figure of his father, suitcase in one hand, a business bag in the other... and the memories just poured out. The biography was underway.

There is a curious element about the trust that grows out of such a shared moment. Although it was never explicitly articulated, there was an understanding that should something come out that was too close or too private, Lowy would have the opportunity of taking it back, of it not being included in the book. Although this would be frowned on in daily journalism, for the purpose of this task, it reinforced the trust between us and gave him the freedom to explore and remember without the anxiety that he may be embarrassingly exposed. This understanding applied exclusively to memory and personal matters. Different rules operated between us when it came to the externals of business, political and social issues.

Once we had established this strong rapport, the next problem was maintaining it. During the writing of the book Lowy would have spent more than 60 per cent of his time overseas. He is always travelling, about to leave or about to arrive. In the end, much of our work together was done over the phone. I must have spoken to him on every continent, in numerous hotels, on the deck of his boat in the Mediterranean, on the flight deck of his plane and in limousines, racing between all these. He always remained accessible and if we made an arrangement to talk, I could depend on it happening.

He also gave me access to his family. His wife, Shirley, invited me to the house, spoke to me, showed me photographs, and would track down or find out anything that I needed to know. She is the curator of the family history and can locate any event on a complex domestic grid of birthdays, anniversaries and bar-mitzvahs. Ask when an event

occurred and she'll say something like: "I remember, it was two weeks before Peter's tenth birthday." I spoke to their three sons and their wives and even a grandchild. The family was a little anxious about the book. Their main concern was exposure, that it would show too much, raise their profile and ruin the anonymity they so valued.

Lowy was a bit uncomfortable about this aspect too but had agreed to co-operate and continued to do so. In the family, he is an enormous and powerful figure and others take their cue from him. They have confidence in his instinct and judgment. Although always thoroughly prepared, he is a particularly instinctive person.

Beyond the age of 13, he had no formal education. He claims he had no mentors nor substitute father figures but admits to having icons. He exalted the generals who brought Israel independence in 1948 and idealised figures like J.F. Kennedy, whom he saw as an inspiring force for good in the new world. Although he never saw Kennedy in the flesh, the book shows how he looked up to him with awe:

*Frank never had any heroes but if anyone came close to occupying that position in his mind at the time, it would have been US President John F. Kennedy. Like so many others, he was swept up in the Kennedy fairy tale, by the style and elegance of the couple, the resounding rhetoric of the speeches and the portrayal of Kennedy as a force for good in the free world. When Frank looked at him on television and listened to his high sounding sentiments, he saw a symbol of the solidity and power of the new world – the absolute antithesis of the fragility and uncertainty that had so plagued the Europe of his own childhood. When news broke that Kennedy had been assassinated in Dallas in November 1963, Frank was shattered. He would never have anticipated so remote an event having such an impact on his psyche, but it did: "The unpredictability and impermanence of it all unsettled me. How could such a powerful figure be felled by the stray bullet of an unstable character. I became emotionally engulfed by the event and felt it for years. I still carry with me the image of his young son at the funeral." In some way, this image evokes in Frank the memory of himself as a boy and the pain of the sudden separation from his own father. Because Hugo Lowy had disappeared from the family so mysteriously, there had never been any resolution of their relationship. For decades this unfinished business played itself out in Frank's imagination. Night after night, the large kindly figure of his father would appear in his dreams. But he had to wait another 30 years before information came to hand that enabled him resolve the issue. Being entirely private, he would never talk about such matters. John had suffered too and there was an innate understanding between the two men – both acknowledged that a great deal of pain was buried and knew that the other was not inclined to personal excavation. Their focus was firmly on the future and on empowerment through business.*

In a sense the Holocaust was the crucible of Lowy's drive and determination. Psychologists say there are two main ways extreme

experiences affect people. It either makes them more vulnerable to further hardship or inoculates them against future hardship. In the heat of the Holocaust, many people melted, their resilience and self esteem were destroyed. But many, like Lowy, instead of melting were forged into steel by the fire. By living on the streets and scratching for scraps of food to keep himself and his mother alive, he developed self reliance that would serve him for the rest of his life. As a ragged, hungry teenager, he discovered he could do extraordinary things. On more than one occasion he escaped certain death and on another, probably saved his brother's life. In 1944, his father had been taken away, his older brother had been drafted into a labour unit for the Hungarian Army and then his other brother, Janko, was caught and forced to join what was really a slave labour unit:

*Janko was taken away and put to work building a military airport with other young men. At night they slept in the mud. Janko, who admitted he was not tough, got sick and thought he would die. Eventually, that labour gang was brought back to Budapest. By then, Frank was operating much of the time on the streets, finding out where food was available and constantly gleaning information. Everyone in the area passed on whatever news they had. Frank was already developing an alertness and a respect for detail that he would never lose. On the streets, he remembered "people continually swapping news, good news, bad news, Jews taken from this town, that town". Through this grapevine he got wind of Janko's whereabouts and learned that the work party was due to return to Budapest. He positioned himself to wait for it. After many hours it came by, some two hundred young men, marching in rows of six. Spotting Janko, Frank gestured for him to move to the end of his row. Frank fell into step beside him and then, grabbing his hand, yanked him into a side alley. Said Janko: "Frank knew what was going on. He stationed himself close by our route and when he called out 'Janko, step out now,' I did." Thirteen year old Frank had probably saved his brother's life.*

On the streets of occupied Budapest Lowy learned a profound lesson. He learned that he couldn't afford to make a mistake because one slip could mean death. Engraved into his consciousness was the notion that failure is fatal. For the rest of his life, it is my view that it is not so much the need for success that drove him as much as the fear of failure.

When he does fail, as he did spectacularly with his foray into television, he takes the blame completely. Emotionally, Lowy is extremely tough. He faces any crisis head-on. He bears the hallmark that all successful businessmen have – the ultimate acceptance of responsibility. The buck stops with him. It takes steel to hold such a position.

In the mopping up after the television disaster, there was a particularly unpleasant task that had to be completed. The British press

baron, Lord Rothermere of the *Daily Mail* Group, had lost millions through his investment in Lowy's television network. Lowy felt he should fly over to London and take the rap personally. He walked in and Rothermere listened for a few minutes before doing what successful business men do all over the world. "The mistake was mine," he told Lowy. "The responsibility is mine, you didn't make me invest in the network. It was my decision, please, never mention it again..."

Although Lowy had lost the millions, Rothermere instantly recognized a fellow onion. He was so impressed with Lowy's acceptance of responsibility that he offered him a seat on the board of the *Daily Mail* – Lowy accepted.



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- 1. *Georgina McDonald*
- 2. *Tuc Le, Peter Kennedy-Smith*
- 3. *Quentin Bryce, Robin Williams*
- 4. *Rhodri Morgan addresses The Sydney Institute*
- 5. *Max Lloyd Jones + guest*
- 6. *Janine Barnes, Grant Wardell-Johnson, Jason Soon*

- 7. *Geoff Meke, John Horsley*
- 8. *David Ingram, Olya Booyar*
- 9. *Julie Curran, Liz Jeffries*
- 10. *Margaret Starr, Anne Lawrance*

Photographer: David Karonidis



Photo – David Karonidis

*Donald Horne*

Donald Horne has assumed the role of one of Australia's foremost and respected public intellectuals for many years. He chose the publication of his memoir *Into the Open: Memoirs 1958 – 1999* (HarperCollins) as an occasion to look back on the last 40 years of Australian public life – the conversations that took place, the crucial thinkers and “the machine rooms of public intellectual life”. On Tuesday 6 June 2000 Donald Horne addressed The Sydney Institute to share some of his memories of Frank Packer.

# THE COURT OF

*SIR FRANK PACKER*

Donald Horne

My book, *Into the Open: Memoirs 1958-1999*, is concerned with experiences over the last 40 years in a number of forms of “the ideas business” or, as it might better be put, in the arts of encouraging public conversation. It is set in a number of the “machine rooms” of the ideas business, telling, for instance, what it was like to start an intellectual fortnightly (*The Observer*) in the late 1950s ... to take over the old, racist *Bulletin* and transform it, in a few rough weeks, to work as creative director of a large advertising agency at a time when Australian business was “modernising”... to be an “anti-communist” intellectual during the Cold War... to become an author, even a very minor celebrity... to teach myself to be a university teacher, and subsequently become a professor and then a chancellor... what it was like to be seen as a “public intellectual”... to become part of “the arts world” as chair of the Australia Council... to deal privately with politicians on public matters... to be at the centre of the republican cause for 30 years... and what it is like now, towards the end of one’s life, having seen good causes succeed, to imagine that other good causes might fail.

Among these experiences was being a member of the court of an old-style press baron – over two periods of being an editor. So the “machine room” I shall talk about tonight is the “court” of Sir Frank Packer, owner of the *Daily Telegraph*, *The Australian Women’s Weekly*, Channel Nine, etc, son of the founder of a media dynasty that has now been notable, for four generations for detecting new openings in the mass culture business, for a selective indifference to establish standards, for a capacity to bully employees and also to inspire an almost feudal sense of loyalty and a genius for pulling off coups. And I’ll also suggest, briefly, how useful the idea of a court can be in socio-cultural analysis.

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I could begin with a description of Packer in Majesty, sitting at his dictator-sized desk (which was also a throne of judgment from which he holds court), with his head tilted up encouragingly, almost

gracefully, but breathing threateningly, even in acts of apparent generosity – a man who, if he sees himself provoked, is ready to show the world he depends on no one and for whom, in his own territory, there are two voices – his own, and its echoes: when the butler brings him the *Daily Telegraph* at breakfast he can open it and find nothing with which he disagrees; at home, and in the office, like a naughty child, he can shut up anyone who contradicts him; he can keep all kinds of subjects and perspectives out of the *Telegraph* and, in an atmosphere of potential terror, most of his staff prudently keep it like that. Or I could describe him sitting with all of the executives he brought into the Board Room every Saturday mid-morning, another place for holding court, where we were expected to sit with our scotches and sodas and muse about the ways of the world as we helped the Boss fill in his time before he went to the races.

These Saturday morning courts were one of the features of my first term as an executive. My second term was marked by the uneasiness of another ceremony: the Boss' six o'clock drinks sessions were now given an acknowledged place in office procedure and I was expected to be in attendance at the Tuesday session. I usually prepared for this more informal court with a long lunch – although not long and boozy enough to make me innocently garrulous. Before Packer arrived I would stand with one of his two sons, Clyde and Kerry, because I could talk to them easily. But when Packer took over, wheezing and sometimes gasping as he approached death, as it turned out, I tried to stay hidden behind one, or both, of "the boys". When the ceremony was dominated by Packer I had *nothing* to say. The main possibility for saying something was to crack a joke but I had learned some years before that Packer didn't laugh at my jokes and that, if they were in his presence, none of the executives would laugh either.

Another way I could begin would be to describe the Firm's executive (or courtier) structure as made up largely of what the Chinese call "connections" – family connections, old pals from Packer's playboy days, proteges of his wife, connections of some of the connections and those who were there simply because they did personal things for Packer, such as a "circulation adviser" who handled his betting on Saturdays. Some, as well as being connected, were beholden: two of them through being put in the way of rich wives, another because Packer would pay off his racing debts. The most favoured were invited to Sunday afternoon tennis (although they were also supposed to turn up at the Saturday morning scotch and sodas). Apart from my friendship with Clyde, I was out of this world. Clyde, who was no more of a Packer than he had to be, was my connection with the connections and I left it to him to do the negotiating with them.

One of the most familiar ways of beginning would be to tell how Packer's moods could sweep through the courtiers, like the weather.

Some of these moods were forceful, optimistic, bright, windy breezes: in a repeat of some of his earlier marvellous journalistic coups (founding *The Women's Weekly*, for example, or taking over and transforming the old and moribund *Telegraph*). He would get a new idea, and off some of us would go – *whoosh* – on a great new adventure. This give-it-a-go Packer was the one I liked, even when he overshot himself. Beginning with the launch of *Weekend*, I got mixed up with some of these adventures and was delighted to be given, for a while anyway, *carte blanche*, with Packer providing full back up, and trampling down obstacles. But there were also the moods of fear – black days when a sudden vision that one of his ventures would “wither on the vine” would send shudders of dread through the courtiers and make him unlikely to listen to any voice but his own internal alarm signals. Or there were the hurricanes of an economy drive when he spread out on the big desk the “black books” that recorded the revenue and expenditure of each enterprise then, glancing over them, would order summary destructions. And the freak storms – the random executions. (As a 25-year-old feature writer on the *Telegraph* in the late 1940s I got one of these just before midnight, after a third degree grilling with his desk lamp shining on me. When I sent him a letter drafted by the union secretary – containing hidden, and somewhat threatening meanings I didn't understand – he took me back and promoted me). And the irregular terror campaigns. The contributors' claims for a whole issue might be knocked back, or all the reporters' expense claims; or there might be a sarcastic, brutal memo about the use of telephones or office cars. When I was editing *The Bulletin* the second time round, I was at home one morning, briefly ill, when he was so offended by how my secretary spoke to him on the phone that he stormed up to *The Bulletin* office and sacked her, without telling me. (“Stormed up” is the wrong phrase because he didn't know where *The Bulletin* office was, and twice had to ask for directions.) I finally resigned because I became sick of the thought of him, sitting down there, able to butt in even though, as far as what went on inside *The Bulletin* was concerned, he left me alone. I felt the immanent presence of Sir Frank Packer as if he was a powerful hobgoblin who might suddenly materialise and capriciously wreck anything.

It would be ungracious, however, if I didn't record at least a sort of fondness for Packer. In his lordly way, he became, in one decisive respect, even if he didn't intend it, my *patron* – and that's a very courtly thing to be – changing, in fact, my life. This act of patronage is the first Packer scene in my book, as we sit facing each other across the great desk. Four years before, out of boredom, in a kind of privateering adventure, I had come back to Sydney from London for what was meant to be only six months because he asked me to launch a very foolish magazine called *Weekend*, which became a pioneer in opinion-

leading by putting on its cover every week headings that were much more fatuous than those on the cover of any other Australian magazine at that time. (I was a pioneer of magazine silliness). When I had started *Weekend*, Packer made a kind of promise that if *Weekend* worked, he would finance a small intellectual journal for me to edit in a grotesque combination with editing *Weekend*. Four years later, with *Weekend* running along all right, with prospects of growth (that turned out to be false) I put it to him, and he made this promise good. I was returned to intellectual life.

I don't know why he did this. I can't even accept the apparent immediate cause; that he knew that this was something I wanted and he was giving it to me because I was of use to him. He paid the bills without talking about it and, apart from two or three petty rows, he left it to me to decide what to put in it, or not to put in it, and, in general he showed a useful indifference. Later, at the end of 1960 when the Firm took over the old *Bulletin* and I took over as editor, I plucked off its slogan, "Australia for the White Man", shook away all of its xenophobia and racism, its primitive ruralism, its girly jokes, its jumpy British imperialism, its corny cartoons and its overall contempt for the present and got rid of all but one of its, tainted staff – and I discussed none of this with Packer. Later, in my second go as editor, *The Bulletin* welcomed most of the shifts and changes of the 1960s without one word from him, apart from a malicious canning of a story on Margaret Whitlam. After a cover story, "Backing Away From Britain", a man from the British High Commission sent Packer a long rebuttal at the end of which he suggested I be sacked. Packer's answer was to have him up for lunch in his mountain eyrie dining room at the top of the building, where the High Commission man and I argued it out, point by point and course by course, while, as at a tennis match, eyes moved between him and me. It was all over when the man from the High Commission said, "We will enter Europe, and we will run Europe", and Packer broke his silence and, in effect, announced his judgment with, "What makes you think you could run a shithouse?"

(Things didn't always go so easily up in the mountain eyrie – to which invitations were important for courtiers. On the day when Malcolm Fraser was guest as Minister for Defence during the oysters he was left to talk foreign policy with me. But with the lamb chops everyone, except me, moved in to support a politically ridiculous suggestion by Packer that if the Royal Australian Navy happened to be sending a ship to the United States at the time of the America's Cup challenge perhaps it could carry his yacht, *Gretel*, to Newport. When Fraser had gone, the company secretary commented on how I said nothing to support the Boss' proposal. He spoke as if he was going to report it in the mountain eyrie minutes and bring it up at the next meeting.)

In effect, whatever he intended, Packer was, for me, on the whole, an enlightened patron, this cantankerous, bullying master of surprise and dominance, who wanted to get his hands on everything in the running of the daily and Sunday *Telegraphs*, and in most of the other escapades conducted from the three cramped, adjoining rundown buildings that made up what I used to describe as his “duchy”. “Enlightened” is too positive. I don’t know why he went on with it or what he saw in me. Bob Raymond, who was also left to himself when putting on his endlessly liberal shows on Channel Nine decided Packer gave him a free hand because people he met at the races praised him for running the series. Perhaps it was the same with me. Thinking later about how I got away with freedoms that most of the courtiers never enjoyed, it occurred to me that I was helped by the fact that my relations with Packer were so formal – no pretence at friendship. We had little to say to each other of a general kind, hardly any subjects in common, almost nothing at all apart from the magazines I was doing. I did not speak his language (beyond that of profit and loss); and he certainly did not speak mine. We were connected by a healthy remoteness.

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I shall now unfold the most instructive vignette of court life. It took place on the night of 7 June 1960, two and a half years after *The Observer* had been launched. It was at a time when Clyde Packer was negotiating with a receiver to buy the bankrupt Anglican Press because the Firm needed a small, independent printing plant. That sounded ordinary enough, but the Anglican Press had been run by Francis James – mischievous, generous, malicious, and with the ability to transform himself into whatever kind of creature his sense of fun required – and there was nothing ordinary about Francis. After dinner one night the phone rang. It was Clyde. To affirm control against Francis’s objections, Clyde had pulled off a *coup*. With Kerry and several faithfuls from the Firm, he had led a small invasion of the Anglican Press: they had got into the building from an unlocked back door, declared themselves in legal possession, evicted a couple of men in charge and when the police turned up they had convinced them that they owned the place. Now they were barricading themselves in against counter attack. By the time I reached the Anglican Press offices, Clyde and Kerry were piling furniture up against the doors: outside, Francis James was buzzing round and round the block in his Rolls Royce, like an enraged wasp.

When I got to the Firm’s Board Room, the able-bodied part of the Firm’s courtiers had assembled around the table with their glasses of scotch, dressed in suitable street-fighting clobber, some of them armed with clubs, coshes or souvenir knobkerries. Packer was a patient in St Vincent’s Private Hospital, for a minor illness, but he was said to

be on his way to the Board Room. (When he was in residence in this Catholic hospital, a portable bar would be set up in his room as if it were a private altar; if the cardinal visited him his approach was announced with thumps as the nuns genuflected along the corridor.) Packer arrived, took the head of the Board Room table as if presiding over a gang of armed robbers: the boys were in trouble, he said, we must help them hold the building. (As he began to ask each executive what particular protective device he had brought, when he came to me, what would I say? As it happened, I was able to make a joke, since I was sitting next to Tony Inglis, one of the “connections” and he had brought a cosh. *PACKER*: What have you got, Tony? ... *INGLIS*: I’ve got this cosh, sir... *PACKER*: What have you got Donald?... *DONALD*: I’ve got Tony.) When the Board Room phone rang it was Clyde to report that he was at the Regent Street police station. They had been thrown out of the Anglican Press building – by Frank Browne (amongst other things a right wing newsletter owner with a dream of liberation through blood in the streets) who had put together for Francis James a gang of one-night Brownshirts. Kerry Packer had been attacked and knocked down and was bleeding slightly.

Last Act: Scene 1: Regent Street police station before dawn. A tall and distinguished solicitor bearing a small file of justificatory papers is still doing his best. Policemen stand around, entirely bewildered. Most of the connections have gone home.

Last Act: Scene 2: The street outside the police station. Packer is, for some reason, in a taxi in the front seat, breathing laboriously. I am acting as runner: it is my task to make a viewing of the now ludicrous events inside the police station, then go back to the taxi filled with Packer’s breathing, sit in the back seat and attempt to report this tableau of futility, as it returns slowly from the heroic to the every day.

Last Act: Last Scene: Before he drives back to the hospital, Packer asks if I need some money. He pulls out wads of ten pound notes, fumbles with them, and they spill. Hundreds of pounds spread out across the taxi’s floor...

At lunchtime that day Rupert Murdoch’s newly purchased afternoon paper, the *Daily Mirror*, came out with a poster. KNIGHT’S SONS IN CITY BRAWL.

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This incident was remarkable enough for me, 13 years later, when I was at the University of New South Wales, to make the idea of a court more formal. I wrote a paper called “Keeping the Boys in Line: The Court as a Political Idea” which developed the theme that an important person’s “court” is one of those social forms that are much the same in structure wherever they are found – bandit chief, feudal prince, Roman emperor, managing director. A court is “a deference system in a shared enterprise, with a chief who is ostensibly the true begetter of that enterprise”. It is in the importance and the glory of the chief that the

court is absorbed. A court is a chief-admiring and chief-advancing system. Compared with a hierarchy, a court does not have an established grading system for its members. It is courtiers' relations to a chief (which may vary) that define their relations to each other and the anxieties of court life are a reflection of the ambiguities of this style of self-definition. (It is the way that an informal "court" can operate within the formal lines of a hierarchy but break them up that can help a hierarchy to work.) And it is only by the pleasure of the chief that courtiers are members of a court. This is what Al Capone had in mind when he said that Mussolini would be "Okay if he can keep the boys in line". In more formal terms it's worth footnoting how the German sociologist Georg Simmel argued that "social forms" can be imagined as diagrams of the ways we get on with each other; a particular social form may have the one outline, but it is coloured in differently by cultural differences. I put down a "court" as one of these social forms.

In my academic paper I added to the delineation of the court a particular bit of "great man" theory – of the great man who seeks relief from boredom in the excitement of action – as evidenced in characters otherwise as different as Bismarck, Napoleon, William the Conqueror, Beaverbrook, Lenin: what kept them going was the thrill of the chase and this also seemed central to the itch to action so significant to Frank Packer. I had recognised years before, in a review I wrote of Brecht's *The Threepenny Novel*, that powerful men could be frivolous as well as competitive and ruthless, engaging "in the great sense of fun that power can provide, with all the brilliant improvisations, sleepless nights, cheerful doggedness, black despair, unexpected triumphs, sudden disasters of trying to pull something off", and I recognised that among these there was – Frank Packer.

But great men need lesser men. The battle for the Anglican Press showed how personal loyalty to a great man, displayed in the unquestioning assembly of the faithful in the Board Room, could convert peaceful and law-abiding "executives" into armed followers of a war lord, ready to fight it out in the streets with their souvenir knobkerries. *Why* did the executives come to the Board Room so readily? The answer is with another German sociologist – in Max Weber's concept of "charisma". Not "charisma" meaning you have the kind of nice smile that would go well in a tooth paste ad – but a personal pull so powerful that its devotees gallop into a riskier and more exciting world; sometimes with the supreme excitement of sacrifice. (In their own ways – Lenin, Christ, Hitler, Gandhi, and, although to a much lesser degree, Frank Packer).

I have been meaning ever since to write a small book on courts, conferences, assemblies, committees (including working lunches) bringing out the peculiar formal structure of each. Not least because

much of the life described in my book was lived partly through them, often in conflict with them, and sometimes by escaping from them.

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I shall end with two last courtly images of Packer. One in defeat, one in the triumph of death.

The first, connected with the sale of the *Telegraph*, needs a bit of background. The Boss loved the *Telegraph*. It ran at a loss; it was by then esteemed by hardly anyone other than him; it had mislaid all of its early flair, but, to the Boss, controlling the *Telegraph* seemed like power – he could think of something and next morning there it was, all printed in the paper. It appeared to give him political influence. It gave him interesting dinner guests, it gave him esteem when he was in London and New York, it gave him his knighthood. But he also loved it for itself – its racing news, the printing presses in the basement, the ledgers upstairs recording its failures, the comic strips, the newsagents' accounts, the sub-editors at their circular desk, the attacks on the Labor Party, the teleprinters, the scruffy typography, the stereo department, the stock exchange reports, the letters to the editor, the lift drivers, until he sacked all of them. Perhaps it also reminded him of the excitements when he took a gamble on it in 1936, with the improvisations and hopes of a younger man. But to Clyde and Kerry, the *Telegraph* was no good in itself and it was losing money.

Then young Kerry makes the first of what will be his many *coups* – sitting in the back of one of the Firm's Mercedes-600s one night, talking with Rupert Murdoch after they had been to "the fights". Kerry and Rupert chat away and Kerry talks Murdoch into buying the mastheads of the two *Daily* and *Sunday Telegraphs* for \$15 million.

The day after the sale was settled and the *Telegraph* was evacuated, the Boss wandered through the wreckage like King Lear in the tempest, dispossessed (also half-drunk). One of Sydney's top diagnosticians saw him daily. Tears could dampen his cheeks; his face was pinched; his gaze was distracted; he moved like a wounded old man, his hand on a helpful shoulder. His words wandered; he gave orders about men and machinery that it was no longer in his power to give. He had made his sacrifice to the principle of profit. He had sold the thing he loved.

But the court was still there, if in disarray. He spent his convalescence in fantasy about what to do with the money. At one of the Tuesday drinks sessions he questioned the company secretary on what he knew about art: perhaps he should go to Europe and buy some art for its capital appreciation? At another session he read out a letter from someone who said he was experimenting in the extraction of oil from water. But three months after the sale of the *Telegraphs* he was back in form. When he heard that the current affairs program on his TV network was about to present a segment giving the union side in an

industrial dispute, he threw the segment out, then became so enraged with Clyde, who was running the network, that, at last turning against the incessant uncertainty of his father's capricious bullying, Clyde resigned from the Firm, and, later, the Packer family, and broke up what most of the courtiers and connections had seen as the dynasty's natural succession.

And now to the last image of Sir Frank Packer's earthly triumph. His body lies in the cathedral where a thousand people, all the courtiers among them, are witnessing an oration honouring "one of the principal characters of our time... a great and strong Australian possessing deep understanding, loyalty and great compassion..." and when the body of this dead knight is carried down the aisle and out of the church, in the rain outside, the two Mercedes-600s of the dead millionaire stand waiting, like faithful horses.



Photo – David Karonidis

*Rhodri Morgan*

The process of devolution in the United Kingdom represents the most profound constitutional change Britain has experienced for centuries. And yet, what practical implications does the process of devolution have for Wales within the unitary framework of the United Kingdom? What has Wales gained from devolution, and what real limitations confront Wales in the process of sharing power with Westminster? Rhodi Morgan, First Secretary of the National Assembly for Wales, addressed these questions and more when he spoke to The Sydney Institute, Tuesday, 6 June, 2000.

# VARIABLE GEOMETRY

## *UK – A WALES PERSPECTIVE*

**Rhodri Morgan**

People with an interest in politics long suspected that the United Kingdom would never agree to devolution. Devolution would mean breaking up the unitary pattern of government that we have had for 300 years. Maybe a thousand years in one sense. This is the concept of the UK beloved of tourists, political scientists and anybody who observes the UK with a Big Ben centred view of where power resides. That power rests with the King, then with the Prime Minister and the Cabinet and, of course, all this in the shadow of Big Ben. If you don't hear that boing, boing, boing every quarter of an hour obviously you can't be anywhere near the source of power in the UK. Now we were all conditioned to think that way both worldwide and certainly in the UK. But finally devolution has happened.

The French and the British used to comfort each other that devolution may happen in Spain, or Germany or Italy or other countries around the world. It may be written into the constitutions of the USA and Canada. With Australia it may even have preceded the formation of the federal government. But it would never happen in Britain and it would never happen in France. For 20 years France has had regional councils but even the regional councillors themselves would not claim that they are anything more than a very mild form of executive administrative devolution with a kind of democratic patina. But nothing much more than that.

Basically it was believed that the British and the French would stick together and keep unitary government. But change has happened and all this since 1997 – probably the biggest program of constitutional reform that Britain has known. Not only devolution but also there have been massive changes in the structure of the House of Lords, although not as massive as some would like. And there has been the repatriation of the European Convention on Human Rights into UK domestic law. Great change taking those three things together: devolution to Scotland and Wales, the restoration of devolution to Northern Ireland after the

Stormont experiment from 1922 to 1972, and then finally the other areas like Lords and the European Convention on Human Rights.

The United Kingdom does not have a written constitution. Basically you can move things about any time you like in the UK. You don't have to get agreement with the states, you don't have referenda, you don't have to get extra confirmation of what you're doing in order to entrench it or to change the basic laws of the United Kingdom. It is still the case that a subsequent British government could reverse everything that has been done over the past three years. But, obviously, you've got to look at the historical pattern. Colonial and imperial expansion ensured that the central state based in London acquired claims over the people at large and over other peoples at large through colonial expansion across the oceans and also within the Celtic territories of the British Isles up until 1850.

Gradually from about 1850 onwards with the acquisition of greater of rights and more democratic freedoms within each country, people started to demand their rights. This also meant the right not to be governed from London started to become part of the agenda. Until 1850 the basic pattern was that the governments kicked the people round but since about 1850 the people have been kicking governments around, in a sense, demanding more rights. You may not get your rights straight away. It may take you 100 years to get them. But you can at least express the demand. It was the Irish first, if you like, within the UK, then the Welsh, then the Scots. Then the colonial territories in Africa. White Commonwealth territories were probably earliest of all in some ways. Although they had been asked to take over rights, in Australia's case very early on. In some ways, the relationships between the Commonwealth countries, both black African, the Asian countries and the white Commonwealth countries like Canada, Australia, New Zealand, are all part of the divesting of power and the demanding of rights. And it doesn't matter whether it's been divested from the centre or demanded from the outside. It's part of the unpeeling of the age of imperial expansion which started very early in Wales.

You could loosely describe Wales as the first colony, having been acquired by conquest in 1282 and then incorporated into England in the Act of Union of 1536. This was very different from the Scottish pattern because that had a kind of voluntary component about it. When the words "Great Britain" began to be used, or acquired their present meaning as the United Kingdom of Great Britain and Ireland, in 1707 there was an element of the voluntary about Scottish participation. Scotland had had its own independent parliament for centuries but there was the issue of its bankruptcy which forced it to go in with England in 1707 in the Act of Union.

This was very different from Wales which was meant to disappear and simply become a series of counties like English counties. This

didn't happen because of the industrial revolution and the very strong retention of the Welsh language and other aspects of Welsh culture. And, in expanding so rapidly, Wales developed a self confidence which it didn't really have before. By 1901 Wales was much more conscious of itself as an area that never was going to be culturally incorporated with England as intended in the Act of Union of 1536.

But it did mean that we had a very different historical pattern from Scotland in the sense that Scotland, through being partially voluntarily incorporated in the Act of Union, had made two conditions. One was that they should be over-represented in the UK parliament. And second that they should preserve their own separate system of laws quite unlike the English legal code. The Welsh legal code is also totally unlike the English code but had been obliterated in the Welsh Act of Union. The Welsh legal code was in some ways remarkably advanced, going back to the tenth century with the right of divorce, the right to pass on property to women as well as men, the right of illegitimate offspring to have rights of inheritance. All that disappeared for Wales in 1536.

The difference in the Welsh and Scottish experience is one of the reasons why, come 1999, you have seen a totally different pattern of devolution for Scotland and Wales. In Scotland primary legislative powers are given to the Scottish. And it could hardly be otherwise because laws in Scotland, both the criminal and civil, are fairly separate anyway and it had never been incorporated with the English code of law. It's much more like French law than English law in its fundamental basis.

In the case of Wales we do not have separate laws. There is the occasional one here and there to set up agencies which only have an impact in Wales, or Welsh language Acts, or the Welsh Sunday drinking codes, and so on. All of these are separate for Wales but they're terribly minor things. Basically we don't have a separate legal code. So what is the point of having primary legislative power? The Scots even have a minor power of taxation variation but not Wales. We don't have the primary legislative powers.

The reason for such a quick establishment of devolution came from the general election in May 1997 when Tony Blair won for Labour. This was followed by referendum campaigns through the summer of that year. There was a comfortable Scottish win for devolution but an absolute knife edge in Wales (half a per cent margin for "yes" in a relatively low turn out of around 50 per cent of the voters). This also marked a geographical distinction between eastern Wales, where the mountains slope back towards England, and the "yes" voting areas where the mountains slope westwards towards the Irish Sea and the great wide Atlantic. This is a pattern which has been the same since the Middle Ages and the original conquest of Wales in

1282 and the separate administrative system set up for eastern Wales and western Wales. The pattern had hardly moved in those seven centuries between Anglicised Wales and non-Anglicised Wales. This showed up very clearly in the referendum in September 1997.

Then followed the legislation during 1998, the elections in Scotland and Wales in May 1999, and we will celebrate our first anniversary of the transfer of power on 1 July this year.

Without the additional powers that the Scots have, what have we been able to deliver?

Some remarkable innovations in fact. Obviously devolution is about a process of accountability and transparency, of bringing government to the people. You don't get additional resources. I am reminded of the famous line in Monty Python's *The Life of Brian* where the Christians are moaning, "What have the Romans ever done for us?" And if you don't have additional resources you don't immediately see a revolution. Not in terms of your health service, or your hospitals. You don't get new schools for your children. In terms of the basics, the bread and butter issues, we can't do any more than we've done before because we have no more resources than before. But people in Wales, given that we are, by and large, a country almost without a middle class, are bored stiff with process. They want outcomes. But we can't deliver outcomes because we have no more resources.

It's all very well to say that the system is far more transparent, that we publish the Cabinet minutes six weeks after the Cabinet meetings. They don't do that in England. But people say, oh well who cares about that?

We have the first female majority Cabinet anywhere in the Western world. This might be of great interest to political scientists, that Wales has established the first "femocracy". But in Wales who cares? We rang up the Scandinavian embassies before we announced this just to double check that the Norwegians hadn't done it first. You'd hear a sort of dull thud as the administrative assistant to the Norwegian ambassador or some such fell off his chair in amazement. Wales? A country not unlike New South Wales where the labour movement had derived from the trade unions and the coal and steel industry and was therefore very macho. Women's roles almost entirely related to sandwich cutting and tea making. But now we have a female majority cabinet.

Likewise the first piece of legislation which we got through the Westminster Cabinet is to set up a children's ombudsman for Wales, which they don't have in Scotland or England. But we have to use Westminster's legislative apparatus to get it through. That's part of the deal. We don't have a primary legislative power. Westminster has to allow us, if you like, to use their legislative mill or factory to get primary legislation through. There's a legislative proposal to be passed through

Westminster at the request of the Welsh Assembly. This year, by amending an Act that was already halfway through the Houses of Parliament, at our request, a children's ombudsman was established on the Scandinavian pattern in Wales. Our first request to have a primary piece of legislation passed through Westminster has succeeded. So how can we complain? The system has worked.

So these are the ways we have been able to deliver a more transparent, more accountable form of government to the people of Wales. It isn't probably what the people of Wales are looking for in terms of an immediate solution to pressing problems on the economic front, on the health and education front, or on the agricultural front. We don't have magic wands like that and we have a big problem of expectations, even amongst the people who voted no, and campaigned for no. Even they now want the Assembly. Because it is the Welsh Assembly after all. The reasoning now is there is a problem in the Welsh countryside. Solve it. If you can't solve it what's the point of having you there at all?

The green groups want us to stop genetically modified organisms being released into the Welsh countryside in field trials for GMO. And if we can't stop it because it's EU legislation or it's British government legislation, they say what's the point. Lobby groups want us to do one particular thing for them. And if we can't deliver that for them, what's the point of having us at all, they argue. That's the test that they set up for us. Would you say the same thing about the British Parliament? They haven't done what you want. So you say, "What's the point of having the British Parliament?" No, you wouldn't, because it's been around for a thousand years and you're used to it, and you've seen Big Ben on the nine o'clock news since you were a little baby. You're thoroughly attuned to the idea that power emanates from that building underneath Big Ben. But if something is new then you apply a different test.

Those are the kinds of problems that we are facing as we begin year two. We now feel we can do more to try and use the Assembly to promote the external profile of Wales, which is one of the reasons why I'm here in New South Wales. We can perhaps start devoting more attention, not so much to process, but to trying to deliver outcomes, at least within the margin of manoeuvre that we've got within the resources that we have – in terms of Acts beginning to come through and spending decisions we made last year. Last year we didn't even have our own budget. And they will start flowing through as well. We hope that people will see a difference in that and relate it to the Assembly as distinct from what was there before. And if those decisions are relevant to their wants, people will start to see that the Assembly should be the focus for what the Welsh want.

The three million people in Wales, by and large, do not think Welsh in terms of politics, but instead that they are all part of a local authority and belong to Westminster. They don't really think of being Welsh in the same way the Scots see themselves as Scottish. In Scotland 80 per cent of the population that lives in the middle of Scotland thinks Scottish, reads Scottish newspapers, watches Scottish television and therefore thinks about issues that are relevant to Scotland. In Wales, because 80 per cent of the population lives on the perimeter, we have a relationship much more like that of Canada with the USA where 80 per cent of the Canadian population lives in a long string within 50 miles of the US border. And therefore the centrifugal forces are much stronger than the centripetal. It is always easier to go from one part of Wales to the adjoining part of England than it is to another part of Wales because of the mountain obstacles in the middle. We have very strong centrifugal forces in Wales. So gradually we have to use the Assembly and its existence to create the civil society which is directed towards Wales solving Wales' problems.

Ideally, this should have been so before devolution. But only with devolution has Wales been created. That's the great irony of the comparison between Welsh and Scottish devolution. Scotland didn't really need devolution in order to punch its weight and get what it needs and decide what its priorities are. Wales did. Scotland actually wanted devolution much more than Wales wanted devolution. But you can say that Wales needed devolution far more than Scotland needed devolution in order to punch its weight and make its mind up about what its priorities are.



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1. Amanda Hodges, Betty Cook
2. Anne Keating, Katherine Keating
3. Pilita Clark, Emiliya Mychasuk, Anne Davies
4. Catharine Harris, Wayne Henderson
5. Adam Davidzik, Tony Davidzik
6. Peter Thompson, Ros Kelly
7. Cecilia Clark, Christian Gillies

8. Janet Grundy, Christine Dyson, Mark Vos, Duncan Broton
9. Sharon Horgan, Gillian McDonald
10. David Harland, Donna Nelson
11. Scott Heathwood, Louise Fitzpatrick
12. Penelope Nelson, June Stone

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Photo – David Karonidis

*Paul Keating*

In his life after politics, former Prime Minister Paul Keating rejected the idea of writing his memoirs for what he considered a more important project – the publication of his book *Engagement: Australia Faces the Asia-Pacific* (Macmillan). But it was not this which attracted Paul Keating to The Sydney Institute. On Wednesday 14 June 2000, to another capacity crowd, Paul Keating addressed the issues he regards as of great importance to the Australian media – media ownership and datacasting.

# THE AUSTRALIAN

***MEDIA***

**Paul Keating**

The last time I was in this room I was talking about nuns.

From the Sisters of St Joseph to Brian Toohey and Kerry Packer. It makes you appreciate anew the rich diversity of humankind.

Gerard and Anne originally invited me to talk to the Institute about foreign policy and my book *Engagement*. I had given a couple of speeches recently about that subject and didn't want to repeat myself. However, I'd written briefly about the media in the book and I had some other issues I wanted to discuss. Given that Gerard has been one of the handful of commentators in Australia to take the media and its accountability seriously, this seemed like a good forum to set out these views.

The first question I had to ask myself was whether it was possible for a former Prime Minister to talk about this subject without being accused of sour grapes, special pleading, strong-arm attempts to get even with those who have opposed him or of launching a wholesale assault on the fundamentals of Australian democracy?

The answer is, of course, that it is not. But does this deter one? Not in the least.

It is an heroic sort of ambition to speak for half an hour or so about an industry that stretches from *Australia's Funniest Home Videos* to the *Australian Financial Review*. I have to limit myself for reasons of time to media, culture and accountability and the links between government and the media.

My credentials to talk about the Australian media are those of the specialist observer. I have been a close consumer of, legislator for, commentator on and subject of the media over many years. It's a hobby of mine. I have enjoyed trying to fathom its complex workings, from the motivations of the proprietors through the power plays in the board rooms and editors' offices to the strengths and flaws of the working journalists.

Some time ago, Frank Devine, whose regular column of puffery can be found in *The Australian*, wrote that he doubted that there was

even one holder of substantial office in Australia who recognised a free press as an important social institution. It's one of those glib lies that the right-wing punditocracy that dominates the opinion pages of the newspapers and the radio waves use to de-legitimise public life. That this sort of comment tends to screen the democratic defects of the same free press is doubtless accidental, but also true.

Of course politicians, like other members of the public, see the media as frustratingly inaccurate, bone-headed and trivial at times. And of course they try to persuade journalists of their case. Because unless you are prepared, like this government is, to rip hundreds of millions of dollars off the taxpayers to get them to subsidise your direct political advertising, the media is the only effective way of getting the message through to the people.

In fact, I have never known an Australian politician from either side who did not believe that freedom of the press is an essential, non-negotiable, part of our democracy.

That does not mean, however, that the media is above criticism. On the contrary, it makes such criticism more important. The media is powerful, and like all centres of power, it needs to be watched. Well watched and prodded where appropriate. Whether or not it is working well matters to every Australian. The large issues in Australian life – economic and social change, constitutional reform, cultural diversity, Australia's view of its role in the world are all worked out through the media. The best journalists are right to think about themselves as having a high purpose in life. But that does not, and must not, put them beyond the reach of the critic in any less a way than those who serve the public directly.

My often-noted telephone calls of complaint or exhortation to journalists – and to journalists, note, not to their proprietors – reflect my frustrated but never abandoned hopes that journos would live up to their own standards. I always took them seriously.

Let me begin with the culture that underpins the Australian media's behaviour. On the surface, few other industries have been so profoundly shaken as the media in recent years by the revolution in communications technology. Everything from the tools of trade for the working journalists to the delivery mechanisms for the product have been transformed. Beneath all this turbulence, however, lies a pervasive culture that is tenaciously resistant to some of the most powerful changes at work in our society.

The media world is still one of warring baronies, trying to operate within a nineteenth century craft-based industry structure. The industry recruits eager young people largely from media courses and then does nothing much to train them in journalism's craft, or in the responsibilities of the profession.

In the decade and a half of reform in Australia through to the middle 1990s, it is clear that most sectors of the economy, and indeed society, were subject to substantial and often fundamental change. Whether one speaks about business in general or the unions, the manufacturers, the import competitors, the primary producers, the banks and financial markets, the former government-owned businesses, the state utilities; you name them and they have changed or been obliged to change. Their culture has been pummelled, shaken and inevitably remade. This is just as true of the political system which had to adjust to the imperatives of the global competitiveness and a changing world.

But I am sure it is fair to say, that the estate of Australia that has changed least, that has obdurately clung to the old ways, that has been the most resistant to cultural adaptation, is the fourth estate: the media. It is the last frontier for ideas of transparency, disclosure and accountability.

In its technology it has changed much, but of its essence and at its core, it is pretty much as it was and quite determined to stay that way. As in most things, this is not true of all of it or everyone in it. The spring winds of change have stirred some. But its old habits, its ingrained thinking, its herd instinct, make it in the modern age of Australia very much a Jurassic institution.

At the ownership and management level there is, I believe, an enormous chasm between it and the world as it really is outside the boardroom. At its upper reaches, proprietors and boards could scarcely be less representative of the contemporary Australian public.

At the management level we see a truly shocking lack of quality control and a failure to make anything like the investment in human capital that is needed. The industry is often run by journalists who are informed, mainly by their own thinking. While that is often substantial, it all too often lacks the breadth and comprehension and management skills a manager at those upper reaches should have.

It is an industry that operates behind a cloak of secrecy and insider knowledge. It is riddled with nepotism, back-scratching and interlocking interests in a way that would bring snorts of admiration from the members of the Melbourne Club in 1960. For instance, the *Sydney Morning Herald's* internal workings make the International Olympic Committee look like a poster child for Transparency International.

Criticism of the media is invariably met by ritual incantations of the phrase "freedom of the press" rather than by serious efforts to address its own responsibility. As anyone who has tried to complain about a media story knows, the response is always defensive. Almost any complaint can and will be rationalized away. The quick and

graceful acknowledgement of error is a rare event. If the industry is not quite blind to its own failures, it is certainly myopic.

Let me give a couple of examples. They are about me, but that is simply because I know them best. Thousands of others could offer similar evidence.

I received a fax the other day from an American publication seeking to check two facts about me that were to appear as a small part of a story they were printing. This was a surprising approach. It hardly ever happens with Australian journalists.

Here, regrettably, fact-checking is not only foreign to the journalistic culture but antithetical to it. Facts too often lie in the way of a story. If you check them, they may be denied, and where to then? It is not just the young and inexperienced who are to blame for this. They simply follow the pattern of their seniors.

A couple of months ago, Alan Ramsey in *The Sydney Morning Herald* accused me of petulantly refusing to let Tony Blair stay at Kirribilli House while I was prime minister – when Blair had not only stayed there, but we had had several hours of conversation. Ramsey followed this up within weeks with a breathless claim that Graham Richardson and I had been at a mysterious lunch in Sydney. He asked, portentously, what all this meant. Well, it meant nothing at all because neither it, nor anything like it, ever happened.

Such charges are not merely the inevitable factual errors that will slip into the copy of the most punctilious journalist. They were being used by the writer as evidence of certain behaviour on my part. Any journalist ought to have checked them. A phone call to my office was all that was necessary.

When I became aware of the first of these errors, I wrote to the *Herald*, only to be told by the letters editor that as a matter of policy at the *Herald*, all letters about senior journalists including Ramsey were passed to them first. The result is that although corrections might be published in a small box on page two, anything which comments on the behaviour of the journalist or goes to imputations or motive will not appear. The likes of Ramsey can impute and misinform in cinemascope on the opinion page on Saturday; the correction will be in a small box generally at the bottom of the page on Page 2 on Tuesday; with none of the positioning and a fraction of the readership.

Imagine if a government tried this? Imagine the *Herald* editorial, or Ramsey's column, about a decision by the Carr Government or SOCOG to refer all critical comments to the person about whom the criticisms were made before decisions were taken about whether they should be publicised.

Richard Walsh noted in the *Age* recently that this sort of automatic referral often happens with senior journalists: "Papers obsessively correct absurdly trivial errors, to give the impression that they have a

meticulous eye for self-criticism, but often fail to correct major mistakes, except under threat of litigation.” How true. He continued, “In this collegial world, journalists who are admired by other journalists are given Walkley awards.”

We also find the blurring in the media in Australia, between reporting and comment. Too many journalists seem simply unable to see the difference. I’m not just talking here about the obvious sloppiness of commentators, but the routine use of headlines and placement to imply comment and to denote weight. In one sense, of course, all editing does this by its nature. But Australian editors far less than the best of their American, European and, increasingly, Asian counterparts, seem prepared to give readers room to make their own judgements.

Sometimes, there is nothing hidden about the agenda. Last year, with the acknowledged approval of Kerry Packer, the Nine Network’s *60 Minutes* program launched an unprecedented attack on me – unprecedented because never before in the program’s history had it devoted an entire hour to one subject, let alone one person.

The program accused me of corruption and treason. It suggested that I had used my official position to generate business opportunities in Asia and that the real reason I wanted to develop better Australian relations with Indonesia was for my private profit. The claims and imputations were as absurd as they were outrageous.

The bulk of their material had been collated by the Liberal Party under the direction of the then president, Tony Staley, and peddled around many parts of the press gallery. Over an eight year period, Staley had been going around telling the business community, and anyone else at a loose end in an airport lounge, that I was one of Australia’s richest men. A fact that was patently untrue.

The Glebe Point Gulag down at the *Sydney Morning Herald* – Marian Wilkinson, Kate McClymont, Toohey and so on – the group of former lefties who had believed for 15 years with the monomaniacal certainty of the Manson Family, that I, along with most members of the New South Wales ALP, was corrupt – had previously given it a good run doing Staley’s and their own bidding. Just as in the 1980s their collaboration was with Gary Sturgess against Neville Wran, the ICAC and all that, in the 1990s it was with Staley against me. Always against those Labor leaders who articulate the alternative and who are capable of rendering mortal damage to the Liberal Party. But the impact had not been what those behind it wanted. Packer himself told a management lunch at Fairfax that the Herald attack on me was “as weak as piss”. The Liberals immediately took the matter into the parliament itself and the baton was passed to Nine.

The *60 Minutes* program was a disgrace. No mention whatsoever was made of the Liberal Party’s involvement. No effort was made to

explore, or even note, the background or motivation of the disgruntled former business partner out for revenge. No effort was made to seek my reply to the allegations or innuendo in advance, presumably because a denial would have spoiled the story, and the mud-slinging which was an essential part of the exercise. An invitation to appear in a kangaroo court on the program without warning of the matters to be raised was the idea of fairness and ethics held by the program's Executive Producer, John Westacott, the producer Peter Wilkinson, and the front man, Paul Lyneham.

But the point was not just the program itself. The allegations were carried fully on the Channel Nine News – from which, as we know from their self-promotion, more Australians get their news than from any other source. They were promoted and covered on the Nine MSN website. My long press release rebutting the claims, with documentary evidence, received not a word of coverage on the channel's news that evening. After the deluge, nothing.

In rich irony, Nine referred the allegations, back to their original source – the Coalition government. The circus was played out as long as possible, under the general direction of John Howard's henchman, Bill Heffernan, but the government was finally forced to concede that there was nothing that would justify an inquiry. But no mention was ever subsequently made of the government's decision on the *60 Minutes* program.

I'm certainly not arguing that public figures should be exempt from investigative journalism or immune from critical commentary, whatever the motivation. But this behaviour from the Liberal Party and Channel Nine was like that of a corrupt and authoritarian state which seeks to destroy perceived enemies not through argument or debate or any of the normal political channels but through slander, vilification and the deployment of the Big Lie.

Leave aside everything about that *60 Minutes* attack, however, except this one thing. Does a television journalist like Lyneham, who is about to accuse any person of serious impropriety, let alone a former holder of high office, have any sort of professional obligation to put the claims to the person to be accused to enable him or her to rebut them before they are run on national television?

If the answer is yes, then one might have hoped that other parts of the media would have taken up the issue. Unfortunately – with a couple of honourable exceptions, and they were very honourable exceptions, for which I am grateful – there was no such discussion of those basic ethical issues. The insiders knew it was a put-up job. That was enough. They didn't need to get up Channel 9 and Packer's nose. They said: "Oh well, the most open attack ever on a former Prime Minister. Oh well, we know what that's about – a 'get square'. Oh well, what else is happening?"

In the end, it was not me who was being sent a message by that politically-motivated, proprietarily-approved program but every serving politician in Australia. Better to do as the Packers want. Better to end up as a celebrity interviewer on *60 Minutes* than end up the subject of a Packer-inspired story.

Gerald Stone, who should know about such matters, described Nine the other day as having “all the advantages and disadvantages of a dictatorship”. I’m not sure what the advantages of a dictatorship might be, or what relationship they might bear to a free press, but the disadvantages have been made obvious. Packer uses freely the “political muscle” that Stone records him claiming for *A Current Affair*.

What redress does one have for such behaviour? How can we get the media to meet standards of accountability and transparency we demand elsewhere in society and in the economy?

In the case of defamation, you can go to the courts, of course. But ordinary people can’t afford it. And for a public figure, legal action simply provides an opportunity for the perpetrators to run the stories again, while throwing in under privilege any other wild allegation they can get away with. Vindication, when it comes, is blocked from view by flying clods of mud. The small story on page seven is inadequate redress for pages of gossip and malice-filled columns over the preceding weeks. The opportunity costs of suing rather than getting on with your life are also enormous. The defamed spend months engaged with the defamers’ lawyers, not the perpetrators of the defamation. And defamation insurance ensures there is no monetary pain for the perpetrator in a victory.

So I believe there is inadequate remedy available to public figures and others too. I don’t believe financial redress should be abolished. It is nevertheless a much less effective response than a speedy and prominent right of reply. The New South Wales Attorney General, Jeff Shaw, recently put forward some sensible suggestions for defamation law reform involving speedy correction of factual error. These have been greeted by the usual cries of “It will never work” from the vested interests.

What else is there? If it’s a newspaper, you can think about going to the Press Council. We can pause here for polite chuckles. Or with radio or television you could go to the Australian Broadcasting Authority. Under David Flint.

Almost without exception in Australia, the heads of high statutory offices have held the view that their role was to stay above the political fray. But this government, in its reckless politicisation of the Australian public service, has chosen a different breed of statutory office-holder from any we have known in the past.

David Flint, for example, apparently sees no problem with the head of the organisation responsible for monitoring and regulating the

broadcast media publishing speeches on the ABA web-site complaining that the press is being nasty to John Howard (or too nice to me). He sees no difficulty being a spokesman for Australians for a Constitutional Monarchy even though he is forced to stand down from an inquiry into talk-back radio because his impartiality is drawn into question. Surely such behaviour is at least unwise and ill-judged. Just as it is surely unwise for the Chairman of the ABC to participate in a Liberal Party fundraiser and eulogise the Prime Minister.

The Senate Committee on Information Technology recently recommended the establishment of a Media Complaints Commission to deal with public complaints about the media, with the power to enforce non-pecuniary sanctions. The media reacted with horror. I do not favour such an approach, but I can understand exactly why people want it.

But in the end legal or regulatory mechanisms will only get you so far. The only lasting improvement in transparency and accountability will have to come from the behaviour of the media itself and the individuals who call the shots day to day. That requires the industry to become less self-absorbed and altogether more self-reflective. Some progress is being made and, of course, there are plenty of examples to draw on of first-rate journalists doing a highly professional job. The *Australian's* weekly media supplement provides some sound criticism. *The Age* has taken up debate on some of these issues. The *Canberra Times* takes corrections seriously and debates the questions with its readership. ABC Radio National's *Media Report* is an attempt to present serious analysis. However, on television, *Media Watch*, a forerunner in media examination, has turned itself into a current affairs program and suffers the fatal flaw of being run by a Fairfax journalist who is a prominent part of the scene he is attempting to criticise.

But although I believe most of the responsibility for greater accountability must come from the media, the government still has an essential role. Not in controlling reporting but in constructing an effective framework for regulating the industry. The technology might be complicated, but the issues are simple. Public policy should be directed towards promoting diversity and preventing any further concentration of media power. The result might be some arguable economic inefficiencies around the edges, but the Australian polity will be healthier. The principal objective has to be diversity. And the only way to get it is competition. That alone.

You will hear from the cheerleaders for the current media proprietors the view that you can get all the diversity you need within individual publications. But it takes only a flick through the papers and the talk-back radio stations, let alone commercial television, to see how far plurality, press baron-style, will get you. I'm a long-standing fan of

Gerard's writing, but when he gets held up as the voice of the radical alternative in the media, you know that something is missing.

The last Labor government's policy approach to the need to prevent concentration and encourage diversity was the cross-media rules. These limit owners broadly to either print or radio or television. Princes of Print or Queens of the Screen. Separate classes of owners. We also imposed stricter foreign ownership controls than in other areas of the economy because of the political, social and cultural importance of the media.

The question now is whether digital technology, which enables all forms of content to be delivered in similar ways, makes these rules out of date. I think this argument is greatly over-stated by the government and the existing media owners.

The rules in Australia do not prevent any proprietor getting into new media. Kerry Packer already controls the most visited internet site in Australia, Nine MSN. Rupert Murdoch is in pay television. They do, however, prevent Murdoch from collecting Channel Seven or Packer from formally adding the Fairfax network to his free television, pay television and internet assets. It may not be everything, given the control interests associated with Packer already exercised over Fairfax, but it is important. In any case, the rationale given by those who argue for the ditching of the cross-media rules – that convergence is turning all forms of media into one – is the most powerful reason for not making it easier to concentrate ownership.

Given commercial pressures and the easy operation of modern technology, it is inevitable that, if the cross media rules are abandoned, the pressures on media companies to cut costs by merging more and more aspects of news and current affairs collection between print and electronic media will grow. That means fewer journalists, fewer views, less information and more power for media proprietors. Abandoning the cross media rules carries the danger of intensifying vertical integration and concentration without doing anything for horizontal diversification.

It is not the technology which is overwhelmingly important or its fundability. This is no doubt convenient and opportune, but it is incidental to the media's wider purpose. And that purpose has to be the pluralist, transparent transmission of news, opinion and entertainment.

The cross-media rules have never been an end in themselves, however. They were intended not to preserve a static media environment but to promote diversification; to facilitate dynamic change. And they have succeeded well by bringing entirely new players into free-to-air television formerly owned by newspapers, and radio, where the whole stable now comprises people outside the print and television empires.

But like all legislation the rules need to be reviewed from time to time. And it is true that technology like audio and video streaming has changed radically since the rules were introduced, and that it will continue to develop in ways we can't foresee.

The Productivity Commission last year issued a report on broadcasting. It was an excellent document and another example of how well Australia has been served over the years by that body and its predecessors. But, unsurprisingly, given what it had to say, it was promptly ignored by the government. The Commission acknowledged that simply removing the cross-media rules while new entrants to television and radio were barred would be counter-productive. It argued for the removal of cross-media rules only after:

- regulatory barriers to entry in broadcasting were removed and new spectrum made available
- Broadcasting Services Act restrictions on foreign investment ownership and control were abolished, and;
- the Trade Practices Act was amended to include a media-specific public interest test to deal with the dangers of cross-media ownership.

The approach seems persuasive to me. I also believe that the time has come to change the foreign ownership laws relating to the press to make it easier for foreign owners to buy in. As with the banks, the local proprietors have a built-in advantage which provides all the protection they need. The *Australian* reported recently that a Spanish publishing group decided not to go ahead with a new daily paper in Adelaide because of restrictions on ownership which would limit it to 25 per cent ownership after five years of operation. This is clearly absurd.

Competition for the media does not just mean competition from other commercial sources, however. Like education, the media is an area where it is not only legitimate but essential to have a competitive, independent, benchmark service, funded by government.

It's fanciful to think that standards will be maintained by commercial media alone, without competition from non-commercial services like the ABC. We already have a situation in which only one of the commercial networks has any real commitment to current affairs. And as I indicated earlier, that's completely dodgy.

The government's secret agenda, however, seems to be to turn the ABC into some pallid equivalent of the United States Public Broadcasting System. The agenda is already out there in the right wing think tanks. And we have seen the evidence for it in the constant squeeze on government funding, in the bullying of the institution and in the decision to keep the ABC and SBS out of multi-channelling in order to protect commercial interests. We've seen it in the tragically short-sighted decision to lease out Radio Australia's Darwin transmitter at a time when it has never been more important to have a clear

Australian voice in a rapidly changing neighbourhood. Australia Television was killed off long ago. This is a government that does not believe, fundamentally, in government broadcasting.

The ABC can be – and often is – just as self-absorbed, just as prone to error, just as reluctant to acknowledge it, as any other part of the media. But its freedom from commercial pressures gives it a unique cultural, educational and social role in this country. So I think it is vital that the Senate amend the government's proposed legislation to provide multi-channelling opportunities, including for radio, by the ABC and SBS. And that both institutions are funded to do this.

Beyond funding non-commercial broadcasting outlets and providing a proper regulatory environment for the commercial operators, governments have another, more important role in shaping this industry. They have a responsibility to use public policy to mould the national future; to create the sort of environment in which as many options and potentialities as possible are kept open. Australia's future depends heavily on how we handle the challenges of the information economy and how we build the highly skilled and educated nation Kim Beazley has been speaking of. That's why the government's current politically-motivated attempt to buy off its media buddies in order to serve its own rather than the national interests is, truly, a scandal.

It is easy to see why the subject of digital broadcasting and data-casting has received such little attention. The issues are complicated legally and technically, and the debate can be too easily characterized as a simple brawl between the media moguls, to which ordinary Australians reply, understandably enough, what does it matter? But it does matter much to the way this country develops.

You can tell a good policy on digital television through three simple tests.

- Does it return as much as possible to the taxpayers of Australia, as opposed to media company owners and shareholders, for the use of scarce spectrum?
- Does it serve to increase diversity of ownership in the Australian media?
- Does it help position the country for success in the information age by encouraging innovation and technological change?

The government fails on all counts.

A principal issue here is its gift to each of the free-to-air television proprietors of seven megahertz of spectrum, worth around \$5 billion to the taxpayers of Australia if it had been auctioned off. There's a lot of new schools, hospitals and roads in that. A lot of investment in anything including, for instance, in the ABC, local software or film and television production.

In an additional bonus, the government then banned any new television licences until 2007, to give the existing owners time to

entrench themselves in the digital world. They have been handed a huge financial advantage over any future competitor, who will have to bid heavily for spectrum the current holders have been given free. As a public policy decision it is unbelievable in this day and age.

We know from a leaked Cabinet submission that the key public service departments – Treasury, Finance, Prime Minister and Cabinet – opposed the approach of giving away spectrum. They wanted it to be handled in a way that gave a better return to taxpayers, and less to Kerry Packer. Their view, and that of the Productivity Commission, was ignored by the Prime Minister and a Treasurer whose job ought to have been to protect the national revenue.

The ostensible reason for this gift (and that was the word used by the Department of Prime Minister and Cabinet in its Cabinet Coordination comment – gift) was so that the free-to-air players could prepare for the introduction of something called High Definition Television. This is a standard of television not used anywhere else in the world. Nowhere. To watch it, Australians will have to buy special television sets worth somewhere between \$5000 and \$15,000, and spend an additional \$1000 or so on a special desk-top box. This standard will do nothing more than ordinary digital television except provide a picture quality used nowhere else in the world. You can see how helpful that will be to Australian content producers.

Understandably nervous about the political impact of these costs, the government changed its position, not by abandoning HDTV, but mandating that television stations also broadcast standard digital in addition to the current analogue for a required period. This will tie up a large amount of spectrum we could be using for other purposes. Remember this: in the information age, decisions about spectrum are decisions about the future of the economy. As Elizabeth Knight wrote in the *Sydney Morning Herald* last week, "...the Howard government has so clearly shown its bias towards the current network owners and Kerry Packer in particular that it is fanciful for operators to even hope for a remotely level playing field."

A sop to the new economy was found in the invention by the government of a totally new category of media called datacasting. The Productivity Commission called it, aptly enough, a "regulatory artifice". The government is currently losing itself in definitions about what it might all mean. But the main thing datacasters will be forbidden is to entertain. They can educate or instruct so long as it is not done in an entertaining way. The Productivity Commission said that this policy "places considerable and arbitrary limitations on the innovative, interactive and additional services made possible by the technology of digital transmission".

Why would you bother under these circumstances to try to buy datacasting spectrum? Well only, as some journalists have suggested, if

the government tries to claw back some of the money it lost giving spectrum free to the current television owners by bundling the current datacasting service together with an offer of turning this eventually into a broadcast licence. This would be a further corruption of good public policy.

There's no question the television owners know who they have got to thank for their good fortune. The government acknowledged last week that Kerry Packer voluntarily prevented the brewers' anti-GST ads being shown in prime time in conflict with the government's notorious "chains" ads. This gift to the Coalition was worth according to the *Sydney Morning Herald* several hundred thousand dollars. Packer seems to have been looking earlier for another gift from the government.

After the value of the Nine Network had been artificially boosted by the government's gift of spectrum to the current television moguls, we then had the curious affair of the attempted sale of the network to Telstra, a sale which seems to have fallen only at the final hurdle. The Packers, never ones to feel much shame about being on government welfare in one way or another, apparently expected the government, the 51 per cent owners of Telstra, to pay again for a second time for that gift of spectrum by handing over an inflated \$13 billion for the Nine Network. Not least, that would have made the government the largest shareholder in the largest commercial television network, raising extraordinary questions. Perhaps they were intending to keep Nine and sell the ABC.

We know much too little about this whole affair. This is a very legitimate place for some digging. But what we are seeing in the media area is truly lousy public policy. If the sleuths in this country want to talk about scandals or a potential one, this is the one to look at. When and at what stage does any sense of policy duty stop the government attempting to do these things?

In order to protect current free-to-air television networks the government ties up scarce spectrum, hobbles current and future competition, creates a legal and administrative nightmare over definitions of how to educate without entertaining, and saddles the Australian consumer with a highly-priced form of television not used elsewhere in the world. They futilely try to corral the internet's on-line content and they seek now to constrain streaming audio and video over the net.

The question should not be what this does to the interest of any of the media proprietors. Their interests are – or at least they should be – secondary here. The question is what the government is doing to the capacity of Australians to adjust to the new world and to shape it.

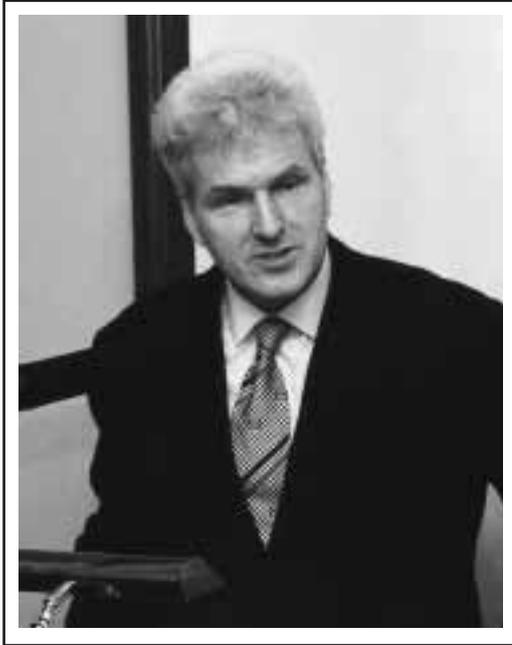


Photo – David Karonidis

*Gottfried Wagner*

The music of Richard Wagner is highly regarded for its apocalyptic operatic vision and the seriousness with which it melds all forms of art into the practice of opera. Yet the taint of its anti-Semitism haunts Wagner's works and likewise its later association with Hitler. Gottfried H Wagner, writer, lecturer, director and great grandson of composer Richard Wagner, is the author of the autobiographical *The Wagner Legacy* (First Sanctuary Publishing) where he details his grandfather's anti-Semitism. On Monday 19 June 2000 Gottfried H Wagner addressed The Sydney Institute on Richard Wagner and the anti-Semitism found in his writings.

# RICHARD WAGNER'S

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## *ANTI-SEMITISM*

I will begin with the following basic question: why was Wagner such a militant anti-Semite?

It is interesting to note that contemporary discussion of the psychological significance of Richard Wagner's racial identity, begins for most scholars independent of their ideological position. It begins with the question whether Wagner himself was Jewish because his adoptive father Ludwig Heinrich Christian Geyer (who might have been his real father) may have been Jewish. I consider this discussion a speculation without serious basis. Different Wagner biographers, like Ernest Newman, have proven that Geyer was not Jewish. Moreover, there will be always a mystery about Wagner's real father who might have been the police actuary Carl Friedrich Wagner or the actor, writer and painter Geyer. The name Geyer was a typical German-Jewish name. Wagner called himself Richard Geyer until he was 14. He lived in the Jewish fur traders district of Leipzig "Am Brühl". These facts provoked anti-Semitic remarks towards the young Richard Geyer and he changed his name from Geyer to Wagner.

Besides the insecurity of not having known who his father was, it appears evident that all his life Wagner had a profound crisis of identity regarding his physical appearance: being very short, with a huge nose and so on. He certainly did not correspond to his own ideas of his Aryan super heroes like Siegfried and Parsifal. This obvious weak point later became the target of many caricatures including those that made Wagner a stereotypical Jew. Wagner's preoccupation with the uncertainty of his father's identity can be traced in all his operas. There is hardly any father-son relationship with a natural identity and normal generational experience.

The uncertainty of his father's identity, as well as his physical appearance, and events in his biography like his self-imposed misery in Paris, certainly influenced Wagner's social behaviour. In this sense Wagner's letter of 25-26 January, 1854 to his revolutionary friend

August Röckel can be seen as the psychological key to Wagner's personality. In this letter, he confessed to Röckel:

Right now I can only exist as an artist; everything else disgusts me because I cannot handle life and love which are only of interest to me in connection to the arts... I see the only normal state of my nature is exaltation while the mundane rest is the abnormal state. Indeed, I only feel well when I am in this exalted state. There I am completely myself...

There remains the question of Wagner's anti-Semitism or, to be more precise, his Judeophobia. It is obvious, even understandable, that Wagner feared being compared professionally with the Jewish composers Giacomo Meyerbeer – his sponsor – and the converted Christian Felix Mendelssohn Bartholdy, the grandson of the famous Jewish philosopher Moses Mendelssohn. Meyerbeer and Mendelssohn were both very successful and strongly influenced Wagner's artistic work as an opera composer. The striving for power, jealousy and hiding the influence of Meyerbeer and Mendelssohn explains a lot of Wagner's later Judeophobia.

But these elements must be seen in the general framework of anti-Semitism in German speaking European countries of the 19th Century. Robert Wistrich gives essential points for a deeper understanding of the general historical development in which Wagner should have an eminent role. In his book *Antisemitism – the Longest Hatred* he writes:

The role which Jews played in their German-speaking culture of Central Europe, from the middle of the nineteenth century until the rise of Hitler, was unprecedented in its scale and quality. ... So deeply were Jews implicated in reshaping the culture, economy and politics of societies like Germany and Austria, whose democratic traditions were weak and whose own identity was insecure, that antisemitism which developed in Central Europe assumed a uniquely racial and extremist quality. Racial antisemitism, grafted on to an older and still powerful Christian legacy of hate, served here to uproot, at its very core, the modern dream of assimilation, replacing it first with segregation, then with expulsion and finally with mass extermination. ... A new kind of "Teutonia" came into being, rejecting the ideals of the French revolution as "alien" to Germany, adopting a mystical cult of the German nation as an "Urvolk" (natural folk) and attacking the Jews as despoilers of the German people.

Throughout the nineteenth century, German antisemitism would feed on this explosive ideological mix of romanticism, anti-capitalism, völkisch nationalism and hatred of Western liberal democracy. Even radical intellectuals in Germany during the first half of the nineteenth century – like the Young Hegelians, Arnold Ruge, Bruno Bauer, Karl Marx – made... their own distinctive contribution to the subsequent emergence of a secular, anti-Christian antisemitism. They condemned the "fossilised", antihistorical character of Judaism, its religious separatism and its "exploitative" character, which, according to the radical Hegelians, had permeated bourgeois Christian society with a Judaic ethos. This depiction of Judaism as something alien and inferior which

has nevertheless succeeded in “Judaising” European society and culture finds its apogee in Richard Wagner’s tract, *Jewishness in Music* (*Das Judentum in der Musik* 1850). Drawing on both the radical Hegelian and the romantic nationalistic traditions, Wagner identifies the “spirit of Judaism” with that of modernity – understood not as progress but as an expression of decadence and artistic decline. As it was for the young Marx in the economic arena, so for Wagner, “liberation from Jewry” becomes the goal of redemption in the creative sphere.

But the great composer, one of the most influential antisemites of the modern age, goes much further than his contemporaries in his backlash against Jewry and the “abstract rationalism” which underpins their emancipation. For Jewry’s entry into modern society is perceived by Wagner as the infiltration of a wholly alien and antagonistic group whose success symbolises the spiritual and creative crisis of German and European culture. The Jews represent the “evil conscience of our modern civilisation”, or ... “the plastic demon of the decline of mankind”. They embodied the corrupt, money-making principle of the new bourgeois world which Wagner held responsible for its artistic decay. The modern, educated assimilated Jew is depicted by Wagner, already in 1850, as “the most heartless of all human beings”, alien and apathetic in the midst of a society he does not understand, whose history and evolution are indifferent to him. The Jew, wholly divorced from the *Volksgeist* (“spirit of the race”), has no passion, no soul, no “inner capacity for life”, no true music or poetry. He is a cold, loveless, purely cerebral being. Contemporary German Jewish artists like the composer Felix Mendelssohn and Giacomo Meyerbeer, the poet Heinrich Heine or the radical writer Ludwig Börne, are dismissed as arid, sarcastic and self-negating in their life and work. The only redemption from this sterility lies in the “going under” of Jewry, its complete dissolution and disappearance. [p.55-56]

*Jewishness in Music* was the beginning of Wagner’s anti-Semitism as a public cultural and political concept. He repeated the “original” hypothesis, nearly unchanged, in his major artistic theoretical writing *Opera and Drama* of 1851. Wagner continuously developed his Judaeophobia in his essays: “A Communication to my Friends” (1851), “On the State and Religion” (1864), “What is German” (1856/1878) “German Art and Politics” (1867), “Modern” (1878) until his last writings from 1879 to 1881 called the “Writings of Regeneration”. It is important to know that Wagner, in his last years, was strongly influenced by the racist author Josef Arthur Count Gobineau.

### **The Wagner-Bayreuth Weltanschauung and its consequences**

Of greatest significance is the fact that this influence had fatal consequences for the Weltanschauung of the Wagner Bayreuth Festival itself. The Bayreuth Festival became, with its foundation in 1872 and its opening with *The Ring of the Nibelung* in 1876, the anti-Semitic “counter-art”, and his theatre there an anti-Semitic cultural and

political meeting ground. In his 1873 essay, "Report on the Festival Theatre in Bayreuth", Wagner contrasted his "new European Theatre of taste and morals" with a Parisian prostitute – alluding to Meyerbeer – or "a happy speculator in the stock exchange", meaning of course, the rich Jews.

With the second edition of *Jewishness in Music* in 1869, Wagner ended the forging of a ring he had begun 19 years earlier in 1850. Its development unfolded like this: first the conception of his Festival, then its organization in Bayreuth, and finally its role as a cultural model with widespread impact on German culture and politics, based on his Bayreuth propaganda machinery. This included an overnight boom of "Wagner societies" and, even more important, the creation of the German nationalistic organ "Bayreuther Blätter", which Wagner directed until his death, and which had a racist anti-Semitic bias. Although this bias was sometimes subliminal, it was omnipresent. With aggressively anti-Semitic writings such as "What is German?" (written as early as 1865 but published only in 1878), "Modern", as well as "Public and Popularity" in 1879, Wagner opened the doors of his place of worship – the Bayreuth Festival – to authors like himself, anti-Semitic, chauvinist and anti-feminist, therefore steering German culture in his direction.

Without going into a detailed discussion on Gobineau and his *Essay on the Inequality of the Human Races* of 1853/54 and his influence on Wagner's *Writings of Regeneration*, I must mention some essential points relating to Wagner's two central late anti-Semitic writings: *Heroism and Christianity* and *Recognize Yourself*, both written in 1881. I am referring especially here to Wagner's description of the Jews as "the plastic demon of the decline of mankind" in "Erkenne dich selbst". And by noting: "Let a Jew or Jewess intermarry with the most remote of races, a Jew will always be born." In these, one understands that Wagner's regeneration excluded the Jew forever. At the very end of *Erkenne dich selbst*, Wagner discussed ideas which today read like a horrifying prelude to Hitler's Final Solution. Here Wagner wrote on a future Germany free of Jews, something he considered as "the great solution". He stated:

This great solution could only be possible for us Germans as we overcome the most intimate shame in order to *Recognize Yourself*. This movement could not be conceived by any other nation. By penetrating into our deepest levels and overcoming all our false shame, we will have reached a vision of our presentiment.

## **From Cosima Wagner to Hitler**

By making herself Richard Wagner's successor, Cosima Wagner clearly articulated her husband's anti-Semitic ideology. This is evident in her letters, diaries, administrative and artistic direction of the Bayreuth Festival. With a cold-blooded fanaticism, she followed in the footsteps

of her “master”. Richard Wagner’s original idea of an avant-garde art happening was given up and replaced by a nationalistic and reactionary place of worship for the master’s ideology of art. When she took over in 1885, everything revolved around her opinion of the master, of his work and his “teaching of salvation”.

Part of Cosima Wagner’s authoritarian style in running the festival was to falsify those estate documents which she felt did not fit into the concept of her master’s last will. I allude among other things to her destruction of essential letters such as that of Nietzsche to Wagner and herself, as well as letters of Mathilde von Wesendonck to Wagner. In 1913, Cosima even proposed a law whereby the opera *Parsifal* would be put under historical protection. Fortunately that failed. Remember, Cosima was the granddaughter of the Jewish banking family Bethmann from Frankfurt. One questions how she managed to integrate Wagner’s anti-Semitism as an essential part of her stage direction in Bayreuth. One has only to read “The Bayreuth Blätter” and “Guides of the Festival” during the Cosima era, and even after her official retirement in 1907 when Siegfried took over. Her influence held right until her death in 1930.

To her ideological circle belonged: Hans von Wolzogen, Heinrich von Stein, Carl Friedrich Glassenapp, Ludwig Schemann and, most importantly, her son-in-law, Houston Stewart Chamberlain. Chamberlain’s very well known two books on Wagner, and his *Foundations of the 19th Century*, were based on Wagner’s anti-Semitism and strongly influenced Hitler, Goebbels and Rosenberg. Chamberlain’s public letters of November 1923 and January 1924 would open many doors to Hitler in his seizure of power ten years later.

Also in attendance was Winifred Wagner, the daughter-in-law of Richard and Cosima who, in 1923, initiated an intimate friendship with Hitler. These personalities were all responsible for the aggressively growing anti-Semitic propagation of Wagner’s ideology and works. Cosima Wagner and her circle were instrumental in the historical development that started with Wagner’s redemption and ended in Hitler’s Final Solution. In Bayreuth, in 1923, Hitler found fertile soil for his idea of the Aryan Wagner.

Hitler’s infantile idea of Wagner can be summarised as follows. In Wagner’s anti-Semitic autobiographical documents and biography, Hitler found an artistic expression of his political ideological superstructure for the Final Solution. Hitler could do so because he had the full support of the Bayreuth Festival director and the Wagner family. Especially with Winifred Wagner’s help, Hitler entered the German upper class. Her delivery of the paper for *Mein Kampf* to Hitler in Landsberg prison in 1923, her fanatic declarations of 24 November, 1923 and, in the summer of 1933, Hitler’s proposal of

marriage to her, are only some of the episodes in this sinister scenario. In this context, I need to briefly sketch the Wagner-Hitler axis.

### **Richard Wagner and Hitler**

The starting point for my discussion on Hitler and Wagner should be Hitler's book of racist propaganda, *Mein Kampf* (*My Struggle*) written after the Munich putsch in Landsberg in 1923 and published in 1924. In the first chapter of *Mein Kampf*, Hitler expressed his admiration for his political and cultural model, Wagner, referring to his first opera visit to watch *Lohengrin* at the age of 12. :

I was immediately overwhelmed. My adolescent enthusiasm for the Master of Bayreuth knew no bounds. Forever afterwards, I was attracted by his works. Today I consider it as a special stroke of luck that, because of the modest quality of the provincial performance, I was later even able to increase my enthusiasm.

The importance of Hitler's first attendance at the performance of *Lohengrin*, and his suppressed desire to become an artist, have been rightly discussed by all the major biographers of Hitler, such as Bullock, Fest and Haffner. In his recently published *Germany: Jekyll & Hyde – 1939 – Germany seen from inside*, Haffner wrote about Hitler's three aims in 1939 :

1. to maintain and enlarge his personal power.
2. to take revenge against all the persons and institutions whom and which he hated; and there were many.
3. to realise scenes from Wagner's operas and from pictures by [Austrian painter] Hans Makart, in which Hitler is the central hero.

### **Kubizek**

At this point, I would like to turn to another, very informative source – August Kubizek's book, *Adolf Hitler, Friend of my Youth*, (Graz and Göttingen, Austria-Germany, 1953). Familiarity with the contents of certain chapters of this book is indispensable for a genuine understanding of Hitler's admiration for Wagner and of his comments on Wagner in *Mein Kampf*. In the chapter entitled "Enthusiasm for Richard Wagner", Kubizek noted that the relationship of Adolf Hitler to the personality and work of Wagner was determined by a unique circumstance which was decisive in his life. He was faithful to the Bayreuth master from his adolescence until his death. His interpretation of Wagner had a very personal touch. He created his very own personal Wagner based on the power of his imagination, dedication and wish for change.

Equally informative is Kubizek's account of Hitler's understanding of Wagner's life: "Although it was not always easy for me to follow [Hitler's] explanation [of Wagner], I used to listen attentively. I was glad to hear the end of his monologues which were always the

same. Hitler would say: ‘The same thing happened to Wagner as to me. During his lifetime, he had to fight against the ignorance of his environment.’”

Kubizek’s account of the time when Hitler was only 17 years old can be interpreted as the attitude of an immature teenager; but since Hitler’s love for Wagner lasted throughout his life, one has to conclude that he never outgrew his early attitude. To understand more profoundly Hitler’s megalomaniac identification with Wagner, one has to read Kubizek’s chapter “At the Imperial Opera” in which he describes Hitler listening to Wagner:

Listening to Wagner was [for Hitler] not the same [experience] as attending a regular theatrical performance. It was for him an opportunity to put himself in the extraordinary state he experienced while listening to Wagner’s music. He experienced the state of forgetting about himself and flying away to a mystical dreamland which he needed in order to be able to bear the enormous tensions of his eruptive being. When Adolf was listening to Wagner’s music, he was a different person. Then he lost his hot temper, became silent and tractable. The nerviness in his eyes disappeared. The personal destiny, which burdened him, did not exist any longer. He no longer felt himself an outsider, a loner misunderstood by his fellow men. He reacted as if he were drugged and behaved as in ecstasy. I was elevated into that mystical world which, for him, was more important than the real world of his daily life. He escaped from the dull, musty prison of the backyard house into the world of Wagner which was ideal for him and which was for him the supreme aim.

Hitler’s escapism into the dream world of Wagner’s operas and theories, becomes progressively more concrete as one reads. Again, in the chapter, “Vision”, about Hitler’s reaction to Wagner’s opera we read:

Profoundly moved, Adolf and I experienced *Rienzi*. I asked him for his opinion of the performance. He looked at me in a strange, nearly hostile way. “Shut up!” he shouted aggressively. Nobody was around us. The city [Linz] disappeared in the fog. Driven by an invisible force, Adolf climbed up to the top of the Freinsberg. He spoke at irregular intervals with a hoarse and rough voice. He was in a state of complete enchantment in which he explained *Rienzi* without any reference to the performance. He transformed it with his explanations into his spectacular vision. He developed for me, in huge, passionate images, his future and the future of his Volk. Then he spoke about a mission which he would receive one day from his people to liberate it from slavery and to lead it to the heights of freedom. When I reminded him in 1939, [shortly after World War II started] and as a guest of the Reichskanzler [and Frau Winifred Wagner] in Bayreuth, of this nightly hour on the Freinberg ... he said seriously: “That was the hour when it all started.”

But let's return to Hitler as a teenager of 17, and to his idea of Wagner and Bayreuth. In another paragraph of the chapter, "Enthusiasm" Kubizek writes:

Adolf had only one major desire – to go one day to Bayreuth, to the national place of pilgrimage, to see Villa Wahnfried, to rest at the grave of the master, to experience the performances of the operas in the theatre created by Wagner. Many dreams and desires of his life had not been fulfilled but this dream was realised in unequalled perfection.

Hitler's adolescent dream came true on 30 September, 1923, when he addressed the German Day Rally in Bayreuth. On that day, he visited Chamberlain and Winifred Wagner at the Villa Wahnfried. He was shown the house and stood in silence before the Master's grave. His visit was a huge success. Hitler's reverence for Wagner and Chamberlain, and his promise to restore to Bayreuth full rights over *Parsifal* as well as his burning conviction that National Socialism would one day rule Germany, made a strong impression on the Wagner family, especially on Winifred Wagner. Only five weeks later, 9 November 1923, the Beer Hall Putsch failed, a fact which did not dampen the enthusiasm of the Wagners and Chamberlains for Hitler. On 10 November 1923, an article by Chamberlain, entitled "God wills it", was published in the *Völkischer Beobachter*.

There was never ever any doubt about Winifred Wagner's love for Hitler, including her public letter supporting Hitler as saviour of Germany written 14 November 1923. She was definitely loyal to him, not only in the years 1923-24 when she collected clothing and food for the families of the men who had been arrested after the failed Putsch. She brought him the writing paper he was to write his autobiography, *Mein Kampf*, on. After the deaths of Cosima and her own husband Siegfried, she was ever the weak opportunistic bystander (in 1930), even more than loyal. Hitler wanted to marry her, but she renounced the idea because she would thereby have lost her position as the director of the Festival as expressed in her late husband's last will. As in the case of Cosima, her yearning for power and the fact of having been the director as well as Frau Wagner was, for her, even more important than becoming Frau Hitler. After his victory in 1933, Hitler made several 10-day stays in Bayreuth for the Festival, at the Führerbau of the Siegfried Wagner Haus especially built for him after 1933. It is important to realise that Hitler considered the Bayreuth Festival as his personal responsibility and everything that took place there was co-ordinated with him very closely.

## **Mein Kampf**

There is not the slightest doubt that Richard Wagner's anti-Semitic writings and, as a consequence, books about Wagner along with Chamberlain's *The Foundations of the 19th Century* influenced Hitler's

*Mein Kampf*. Another important element was the appearance of anti-Semitic pamphlets in a magazine called *Ostara* published by the racist and fanatical anti-Semite Jörg Lanz von Liebenfels, a former Christian monk.

In Chapter 8 of *Mein Kampf*, one finds informative passages which recall to mind Wagner's anti-Semitic writings. After the absurd presentation of the Aryan as the real founder of the first global cultures and his idealised social behaviour in the *völkische* community based on Hitler-style idealism, he proceeds to present his enemy of culture – the Jew – whom he introduces with the following comments :

The most powerful contrast to the Aryan is the Jew ... The intellectual attributes of the Jew have been created in the development of millenia. He is supposed to be "clever" and, indeed, he has been, in a certain sense, at all times. But his intellect was not the result of his own development but based on instruction by foreigners. ... For that reason, the Jewish people have no true indigenous culture, nevertheless, of all the seemingly intellectual attributes the Jew owns today, pseudo-culture is, in his hands, mostly the rotten goods of other people. By judging the position of the cultural value of the Jew, clearly alluding now to Wagner's Judaism in music, one always has to be aware that the two queens of all arts, architecture and music, do not owe anything to Judaism. What it contributes to the arts is either destruction or intellectual robbery. For that reason, the Jews lack those attributes which are only reserved for creative and thereby culturally talented people.

It's only too obvious that Wagner influenced Chamberlain and Hitler, his intellectual murderous followers Joseph Goebbels, the minister of National Socialist propaganda, and Alfred Rosenberg, the other drummer of the Nazi cultural ideology and his book – which became like a bible – *The Myth of the 20th Century* (1930).

Both Goebbels and Rosenberg always referred to Wagner in essential moments of the development of National Socialist Germany. Rosenberg referred to Wagner in his book as "the fighter and victor against the Judaized world". Equally informative is what Goebbels declared in the third of the ten fundamental points for the Creation of German Music, which provided the basis for National Socialist totalitarian ideology of music, shorn of its frills. On the occasion of "The Days of Music" in Düsseldorf in June 1938. Goebbels declared:

Judaism and German music are in contrast. The fight against Judaism in German music, started once by Richard Wagner alone, ... remains until today one of our great duties ... which cannot be accomplished only by experts and genial outsiders but has to be carried out by the whole [German] people.

To give you an example of Hitler's understanding of Wagner's operas, I would like to present Hitler's statements about Wagner's *Parsifal*. In this opera of redemption one can find all the different theoretical elements of Wagner's anti-Semitism which were later to influence Hitler's ideology. In the important book by Hermann

Rauschnig entitled *Talks with Hitler*, published in Zürich in 1940, Rauschnig quotes Hitler as follows:

None of his epigons knows who Wagner really is. [Wagner] does not only mean the music, but the whole revolutionary teaching of culture which includes all the details ... [Wagner] is not merely a musician and poet. He is the greatest philosopher of the German people. He, Hitler, had discovered Wagner by chance or destiny. He had found with nearly an hysterical excitement that all that he had read from this great spirit corresponded to his deepest, unconscious conviction. ... The problem is: how can one stop the decline of the races?

Referring to *Parsifal*, Hitler declared:

By the way, you have to understand *Parsifal* quite differently from the way it is now normally interpreted. Here is no glorification of the religion of compassion by [the philosopher] Schopenhauer but the pure noble blood which has to be protected and glorified by the brotherhood of those who understand [the meaning of the Grail] ... I return to Wagner in every important moment of my life. Only a new aristocracy can produce for us a new art. When we come to the essential and forget about poetry, we will find that only in the continuous tension of a permanent fight can a selection and regeneration be found. A world-significant historic moment has come.

Whoever sees the sense of life in the fight will climb up the steps of a new aristocracy. My teaching is tough. The weak are hammered away. In my castles of order will grow a youth which will frighten the world. I want to see a tyrannical, fearless and cruel youth

I have added to this frightening vision the reflection from the historian Sebastian Haffner. Haffner wrote in his book *Comments on Hitler*:

There is no personal development and process of maturation in his character and his personal substance. His character was determined early: it would perhaps more accurate to say "stagnant" – and it also always remained surprisingly the same. Nothing was added.

Haffner's opinion on Hitler's general personal development parallels his idea of Wagner, which indeed remained stagnant after his *Lohengrin* and *Rienzi* experiences as a teenager in Linz.

Summing up Hitler's Wagner cult, one can say that Hitler saw in Wagner his cultural and political model, the Bayreuth Wagner Festival as his personal business and that included his special love for the Wagner family, his personal financial support of the family enterprise. He used his Bayreuth connection during the war as part of Nazi propaganda.

In dealing with Wagner's anti-Semitism after his death in 1883, we find two tendencies that cover two distinct periods. First, from 1883 to 1945 we see anti-Semitism transformed into a pseudo-scientific theory. After World War II it was repressed to the point of becoming an insignificant part of Wagner's musical theatre genius. Actually Wagner's anti-Semitism often served the Festival marketing strategy

when it was carefully shifted into a pseudo pro-Semitism, which includes also attempting to make kosher Wagner. Both tendencies have one point in common: they served to preserve the enterprise whereby the inherited position of director went hand-in-hand with cultural and political power.

The discussion on Wagner, his anti-Semitism and, as a consequence, discussion of Hitler seeing Wagner as his cultural model will remain a sensitive and controversial topic in German history. And it can only be confronted by not hiding anything of the dark side of Wagner.



*Anne Davies*



*Helen Trinca*



*Paul Houlihan*



*Chris Corrigan*

Photo - David Karamidis

Anne Davies, *Sydney Morning Herald* journalist and Helen Trinca, editor of the *Australian Financial Review's* *Boss* magazine are co-authors of *Waterfront: The Battle that Changed Australia* (Random). Shortly after the publication of the book, they were joined by Chris Corrigan, Managing Director, Lang Corporation, a key player in the waterfront battle when he sacked the entire, unionised workforce of his company Patrick Stevedores, and Paul Houlihan, Managing Director, FIRST IR, in a Sydney Institute seminar on what really happened over the months and weeks that transformed Australia's waterfront in 1998.

# THE BATTLE FOR

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## *AUSTRALIA'S WATERFRONT*

**Helen Trinca**

One of the most common questions that Anne Davies and I are asked as co-authors of *Waterfront: the Battle that Changed Australia*, is: “Was the media biased in its reporting of the 1998 waterfront dispute?”

I have said it before and I will say it again: the short answer is no and the long answer is, well, longer and more complex. I say that because the reality is that as writers – and readers, for that matter – we come to the news with our own prejudices and experiences, all of which have an impact on the way we receive or project information. That factor certainly had an impact on the way the dispute was covered.

The first point to make when assessing the coverage is to say that the Maritime Union of Australia won the propaganda war. I think that few would dispute that the union won back an enormous amount of ground in terms of public opinion during the dispute. Who would have thought that the wharfies could win the media battle at the end of the 1990s, at a time when unions generally were losing their clout and when many Australians had negative ideas about the waterfront union in particular?

In 1996 and 1997, John Howard’s Government was effective in building the case for reform on the docks. Waterfront employers, like Chris Corrigan, were also successful in getting their message across that the docks were still inefficient, even after extensive redundancies in the early 1990s.

But then, in December 1997, the revelations of the training exercise in Dubai eroded the Federal government’s efforts to get national support for reform. Dubai was easy to ridicule, because of its use of an apparently exotic port and the fact that ex-servicemen were involved. It was a gift to the union, which was helped along by a media happy to label the recruits as “mercenaries” when they clearly were not. We say in our book that there is no love lost between the armed services and the baby boomers who rule the Australian media, and this was clearly on show during the Dubai exercise. It is interesting to speculate about what would have happened to the coverage of this story

if it had been announced, rather than revealed, and if it had featured ex-servicemen doing their training in London or Portsmouth rather than Dubai.

Even so, by the time farmers went into Webb Dock in Melbourne, taking up the lease on Berth Five from Patrick Stevedores, at the end of January 1998, Australians were still probably pretty equivocal on the question of who were the bad guys, and who were the good guys on the waterfront. Webb Dock was radical, but it was legal and there was some sympathy for the farmers and the battles they had had with inefficient dock workers over the years.

In this period too, much of the coverage in the media was still focussed on the reasons behind the reform push, that is the question of efficiency, and the problems of farmers. And the MUA had a problem in putting its countervailing arguments about crane rates and benchmarks and pay.

But the media coverage unravelled for the Federal government, for Chris Corrigan and the farmers on 7 April when Patrick's security ordered workers off their cranes and fork lift trucks and locked them out of terminals around the country. Chris Corrigan says he had no choice but to have guards on the docks to protect his property from the wharfies. But the problem was that the images of guards, some with dogs, played negatively with the public and put Patrick on the back foot in the media battle.

Even so, I would say that Patrick came back very well. Within a few days, on Easter Sunday, Chris Corrigan was photographed in front of the Australian *Endeavour* at Botany. The ship was being stevedored by non-union workers and Corrigan's position looked commanding. I, for one, virtually wrote the union off at that stage: Patrick looked to have outwitted the MUA.

But in fact the wharfies had a major propaganda weapon up their sleeves in the shape of the pickets and the sacked workers. John Coombs, the MUA leader, was very crafty in his use of the pickets as a focal point for community sympathy. They became far broader than union events and they became a daily visual offering for the media. So the pickets turned out to be a brilliant ploy by John Coombs – not just strategically in blocking trucks from moving in and out of the terminals – but in PR terms.

In contrast, Patrick had little to offer the media as a focus, other than Chris Corrigan. It would have been good from Patrick's point of view if it had been able to put forward the idea of the non-union workers as equal victims. And why not? After all, they too were battlers, looking for a break. But the company had concerns for the safety of those workers and, as well, many were among those who had gone to Dubai and thus still laboured under the negative publicity that had stirred up.

So all these factors worked against Patrick, the Federal government and the farmers in terms of the media battle.

But wasn't there more? Isn't this too easy? Didn't it go deeper than that? In other words, the real question to be answered is whether the media was responsible because of the way it filtered or meditated the events? This is the crux of the argument about whether or not the media was biased against Patrick.

Chris Corrigan and others who have criticised the media's handling are not, by and large, saying that the media got things factually wrong or even that they did not report all sides of the story. (Although I do appreciate that part of Chris Corrigan's critique is that during the dispute, we did not do enough backgrounding of the reasons why he had had to take action i.e. the wharfies' intransigence in not changing work practices.) But by and large what all the critics argue is that we got the tone wrong. Whether by snide remarks in print or in breathless first person actuality from ABC reporters, they say that our tone let us down, that it was clear that we were sympathetic to the wharfies and identified them as the victims.

On this I would say simply that yes – there was tone in the dispute. Tone is an occupational hazard of the whole process of constructing news and it is particularly difficult to control during fast-moving, dramatic news stories.

I think that during the waterfront dispute, the media, as a group, tended to identify by and large with the union side of the dispute. This was not so surprising in an Australian context. I think it is difficult in our culture for many people to see owners and employers as the victims: it is far more likely that Australians will see workers, even the wharfies, as the victims, especially since they had not gone on strike this time, but had been locked out.

So I think three factors worked together to influence the tone of the coverage, a tone which was by and large sympathetic to the wharfies:

- The media, as a group, made a moral judgement about the events. There was a sense that this was a bit heavy, even for the wharfies. It was a sort of "fair crack of the whip" reaction.
- The Australian culture and history worked in favour of the wharfies because they were workers and in this case had not gone on strike, but had been sacked.
- When the union began winning public support around the pickets, that idea played back to the media. There was a sense in which the media sniffed the wind and decided that this was a story where there was little mileage to be had in bashing unions.

When Anne and I sat down to write our book a few months after it was all over, we knew we had to sort out this question of tone. We were clear that we didn't want to write an account which was basically

hagiography of the union. While we had plenty of issues with how Patrick had played the exercise, we knew that what would be most useful would be to write a book that told the story.

I am not claiming that our book is without prejudice or tone: I think that it is impossible to write without attitude. But we worked hard to try to explain the motivations – and histories – of both sides and to excise obviously loaded descriptions or comments on either side.

In essence our judgements are these: We argued that the MUA and Chris Corrigan were practitioners who fought their own corners and protected their interests. In essence, we saw both camps as self-interested, and suggested that there was little surprising about either a business or a union protecting its own interests.

But the Federal government's role, we say, should have been different. This was a public policy issue in which the Government's role was to act as an honest broker between the parties. Our book raises significant questions about the Government's role in the exercise from the point of view of transparency and fairness.

# THE BATTLE FOR

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## *AUSTRALIA'S WATERFRONT*

Anne Davies

When we first discussed writing *Waterfront* with our publishers, they said they wanted a thriller. "Could you write a book like John Berendt's *Midnight in the Garden of Good and Evil*." they said. Well, we didn't have any gay lovers or murderers, transvestites or voodoo witches to work with, but we did have Chris Corrigan, the head of Patrick Stevedores, and John Coombs the national secretary of the Maritime Union of Australia. We said we would give it our best shot.

*Waterfront* is a story about whether the ends justified the means.

When Helen and I began writing we thought we could do the journalistic thing: report all the facts and avoid making any overt moral decisions on those momentous events of 1997 and 1998. We genuinely wanted to write a book which equipped readers with the facts and allowed them to make a judgement themselves about the events of 1998. To a large extent we have done that.

But it soon became clear that in a story as sprawling and vast as this, we had to lead readers through the vast morass of events, accounts and documents. It was, of course, impossible to do without making some judgement calls about what was important.

We had to decide whether the ends justified the means. We decided that it did not.

That is not to say we did not understand Chris Corrigan's motivation. He was a businessman who was facing financial pressures.

But what I still struggle with is the federal government's involvement in this enterprise. I struggle with the idea that a government would side with one taxpayer, to develop a plan to sack another group of taxpayers.

Throughout our researching of the book, Workplace Relations Minister Peter Reith insisted to us that he was a player on the sidelines, that there was no carefully laid out plan. He did his best to convince us that he was not the instigator of the waterfront dispute. It was the position he presented to the Australian public from the moment the training exercise in Dubai became public.

But it was totally disingenuous.

This book charts the deep and calculated involvement of the federal government from the moment it was elected in 1996. It details how the government commissioned reports about about how to trigger a dispute, how to ride it out and went looking for a stevedore or someone, who would carry it out.

In Chris Corrigan it found such a person. In the National Farmers' Federation it found ideological warriors. Our book charts how by April 1997 the Prime Minister had signed off on the interventionist strategy. It charts a critical meeting in September in Peter Reith's office in Melbourne which brought together the key players. And it plots the involvement of Dr Stephen Webster, a former employee of Dick Pratt, who worked first as a consultant on the government strategy and then on Reith's staff.

Throughout this period, the government was holding meetings with the Maritime Union. After the meetings, ministers would give press conferences and claim exasperation with the wharfies. But in truth, the government was at the same time working on plans to sack the MUA.

Now I understand that the union had been very difficult, that the productivity employment program at Port Botany with P&O had been a failure and that Patrick was having difficulties negotiating a new agreement at Webb Dock. But it is impossible to judge whether a negotiated settlement might have been possible. In truth the government never tried. It was not bona fides.

What is the difference, you might ask, between this episode in industrial relations history and Bob Hawke's use of the airforce to break the pilots' strike in the late 1980s? The difference is that the pilots went on strike – it was their decision – after they failed to secure wage rises outside the Accord framework that existed at that time. It was they who stepped outside the system.

In the case of the waterfront, the government went out of its way to trigger a stoush, to push the country into a major stoppage. A strategy document, produced in February 1997 notes that one possible "trigger" would be the reforms to the shipping industry. The seafarers are also MUA members but support from the wharfies, by way of boycotts of ships would have almost been illegal under the government's industrial framework, as it would have amounted to a secondary boycott.

Another document talks about the need to have a well-organised strategy so the union workers could be sacked quickly and replaced by an alternative workforce to thwart intervention by the Industrial Relations Commission. Is this an appropriate posture for a government to take, to exclude its own arbiter?

The book also details the outcomes on the wharves.

The MUA claims to have the same number of members, but many of these are now casuals, and when the economy slows, John Coombs is likely to see his membership fall.

The productivity gains promised by Peter Reith have not been reached. He set a benchmark of 25 crane lifts an hour (measured using the net crane rate). The most recent figures for the December quarter show net crane rates of 19 lifts an hour. The Bureau of Transport Economics, which compiles the monitoring, noted that one cause was lack of skilled personnel in Melbourne.

The Union appears to have kept its hold on coverage of the docks. Despite claims of non-union people working as stevedores, we have yet to find one.

Most importantly for us, the consumers – the people for whom the government said this was all being done – have not seen falls in the price of stevedoring. Paul Houlihan might like to elaborate on that, for that was one of the main objectives of the National Farmers Federation. The big winner, of course, has been Chris Corrigan, who has seen the share price of his holding company, Lang Corp, rise from a low of \$1.17 during the dispute to \$9 in recent weeks.

Finally, I want to mention one of the failings of our book, which I hope you, as an audience, might pursue with Paul Houlihan and Chris Corrigan tonight. That is, we failed to uncover the funding of the waterfront dispute. We know some large corporates tipped in seed funding for the farmers' operation, and we believe that Lang Corp provided a line of credit to help fund it. Patrick was also receiving revenue during the dispute under a gentleman's agreement with P&O which provided for P&O to stevedore Patrick's cargos and remit a percentage of the fee.

If this question of the money trail can be answered, these are the two people to do it.

# **THE BATTLE FOR**

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## ***AUSTRALIA'S WATERFRONT***

**Paul Houlihan**

Firstly, let me thank The Sydney Institute for providing this opportunity to say a few words, in retrospect, about the waterfront dispute in 1998, and the book that has come out of that.

Also I should, at the outset, congratulate the authors of that book, Helen Trinca and Anne Davies. Their book, even if I don't completely agree with the account of the events, has obtained much notoriety in the past few weeks. This is not the appropriate venue to discuss the matters that I disagree about although, as I have already said to Helen, I believe she was far too kind to the Victorian police and this is a matter I want to come back to. I also think she took his Honour Justice North entirely at his own valuation and, for obvious reasons, I will not come back to that.

I want to talk about three issues that I see arising from the dispute and the first of these is the role of the police and, in particular, I refer to the Victorian police. Society has to make a very important decision about policing in relation to industrial disputes that can be summarised quite simply, but I do not believe the implementation is going to be that simple. Society has to determine whether it wants a police force that upholds the law or a police force that keeps order.

In that dispute, and particularly in Victoria, there was a complete disregard for a whole raft both of common law and statute law by the Victorian police. The net effect of which was to make legitimate business impossible to conduct. By the time Justice Beech's injunction from the Supreme Court was totally ignored, it is fair to say that trucks probably could not have got through those pickets.

It is certainly true that if the police had upheld the law previously, then trucks could have got through. It needs to be understood also that this is not a one-off event with the Victorian police. Again, as recently as earlier this year, in a dispute at Gordon & Gotch in Melbourne, picketers sought, entirely illegally, to prevent access and egress from a particular building. That picket was simply breached but the police

refused the trucks entry to that property to conduct their legitimate business because, again, they judged it would inflame the situation.

One of the issues that needs to be considered about this function of the police is that, essentially taken to a reasonably logical conclusion, participants in disputes which involve picketing, need to consider whether or not if the employer was able to put together enough people to overwhelm the picketers, would the police then have to decide that in order to keep the peace, they would move the picketers on? If that is the position, then they are almost inviting civil war by the course of action they have embarked upon. I think this is the most serious matter to come out of the recent level of industrial disputation in Australia, particularly the waterfront dispute, and it is an ongoing issue that will have to be resolved. Failure to address this issue will, in my opinion, lead to the establishment of rent-a-crowd operators, willing to supply one side or the other a large enough "mob" to overwhelm the other side.

The second area I wanted to speak about briefly was the role and the impact upon the labour movement of the then, and current, state of industrial disputation. It is quite interesting to recall that at the outset of the waterfront dispute, there was a lot of support, albeit given quietly and sometimes even surreptitiously, from a number of union officials and federal labour figures to the issue of increased competition on our wharves. That of course is as you would expect.

What amazes me about that dispute is the failure of the union movement to capitalise on the publicity it received during the dispute. That dispute put the union movement, not just the MUA, up front and centre before the entire Australian public. What has flowed from that exposure, remarkably to my mind, has not been a resurgence in union membership but, if anything, an increase in the rate of decline of union membership towards the disastrous level of fifteen per cent. Obviously this is of enormous concern to those in the labour movement who do think about its future.

It is almost impossible to conceive of what will turn that decline around if the waterfront dispute could not. Further, as we get close to what a lot of luminaries in the union movement are promising will be really major disputes in the manufacturing industry, you have to ask if the people who are driving that campaign have any awareness of the harm they are doing the institution that they claim, so vigourously, to support.

Thirdly, for those who sought to introduce competition on the waterfront by introducing another stevedore in an endeavour to break open the bottleneck on our wharves, there can be no question that that attempt failed. That is a huge disappointment to P&C Stevedores, which sought to inject some real competition into the industry, but in the end it could only do what the courts will allow.

What we now have is almost a monopoly in place of the duopoly which used to exist.

P & O have been reduced to a shadow of their former selves and, until P & O are prepared to bite the bullet in a most un P & O like way, it is very hard to see them becoming effective competitors to Patricks.

Some people who have looked at this situation, who have understood the result of the dispute, have suggested that PCS should have another go. That is unlikely to occur.

Rather than "Once more unto the breach", I think "It is a better rest I go to than I have ever had" is the more apt.

# **THE BATTLE FOR**

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## ***AUSTRALIA'S WATERFRONT***

**Christopher Corrigan**

The first point I wish to make is that I did not contribute to this book for the reasons properly recorded in the book itself, namely that my priority was the implementation of the very important reforms we had achieved to work practices on the Australian waterfront. My interests and responsibilities are different from those of the authors. My interests are in running a business. I'm not an author, an historian, nor am I a politician. My interest from the beginning has been to make my company productive and profitable.

By the wondrous symmetry that is our market-driven system, that objective coincides with what surely should be the broad community objective of ensuring a productive waterfront. The waterfront is, after all, the commercial gateway of the nation.

My interests have been directed at ensuring that the changes which we fought so hard to achieve were properly implemented.

However I've not been invisible, in fact I've more often than not been accused of the reverse. I spent much of last year in public forums, not dwelling on the past, but making sure people understood why things developed as they did, and far more importantly, the need, the nature and the extent of the changes that have flowed since 1998.

Having made the decision not to contribute to the book, I'm not going to be so ungracious as to attempt to review it other than to say it seems to be overall a reasonably fair and balanced account of the events covered. However, there are some surprising omissions which could have been tackled from public material and hence without my involvement. I'll come to those in a moment.

What I want to do tonight is to return to the main game, at least as I see it, namely productivity and answer the question – was this all worthwhile? But before I do that, I'm going to spend a few moments on the two major criticisms of our strategy for reform. Not the nonsense emanating from the cappuccino set that says either: reform wasn't necessary, or to achieve change, we should have simply negotiated endlessly.

Hopefully the serious among us have got past that point in the debate. I'm talking of the criticisms, or more accurately, fallacies, which have become part of labour dogma for which we continue to be roundly condemned.

The first is that on the night of 7 April 1998, we sacked our entire workforce. The second is that we conspired with the Federal government to injure those people because they were members of a Union. I'll return to the second and more fanciful proposition in a moment.

Strangely, neither of these two fallacies, which were used so effectively by the Unions to garner sympathy for their cause, is dealt with very fully. It may sound pedantic but the workers were not sacked nor, as is sometimes alleged, were their employment arrangements changed without notification.

I'm not denying that they were out of work. But I did not sack them. They essentially put themselves out of work through deteriorating, sub-standard performance which sent broke the companies which employed them. Exhausted of funds, the companies were placed in administration.

Now of course the allegation of the labour movement and their friends was that this was simply a setup, a device used to give effect to something we could not otherwise achieve. Further, it was said that we removed assets from the companies which hastened their demise. One theatrical QC even recently trotted out the misleading but emotive bottom-of-the-harbour analogy again. Perhaps if the Grant Thornton creditor's report, a publicly available document, had gained more prominence in the book, that QC might not have remained so poorly informed.

Now Grant Thornton, as those who followed the saga well know, were no friends of ours. However they concluded in what is a statutory report: "the Companies could expect to earn reasonable profits under the Labour Supply Agreements on the basis that the Enterprise Agreements negotiated could have been fully implemented."

In other words, the companies were viable, they were not shells waiting to crack. It was the fact that the employees and their union reneged on the Enterprise Agreements that had been negotiated that brought the companies down. That fact is frequently and conveniently overlooked but it's there as large as life in the Report to Creditors dated 16 May 1998.

To be fair, where the report did raise an issue was in the following area: "We consider that the Director in entering into [what Grant Thornton term] this Triple Transaction may have contributed to PI-3 [the employers] becoming insolvent on 7 April 1998."

Now without becoming obsessed with the detail, the Triple Transaction was a sensible corporate restructuring which, among other

things, effectively removed excess capital in the labour employing companies. I want to make three very important points on this issue.

First, it's apparently quite acceptable for employees to withdraw their resources, namely labour, from a company and in the process send it into insolvency but it's not acceptable for directors to withdraw capital resources which may, because of subsequent events beyond their control, contribute to the same result. What an amazing set of double standards. I have always believed it was one of a director's duties to protect and manage shareholders' capital. Apparently not – it's a one way street. If you put capital in, you cannot take it out without the risk of being judged to have contributed to possible insolvency. Directors had better be careful with those share buybacks.

Secondly, had the capital not been withdrawn and had work practices continued as they were, not as they had been negotiated, I estimate that those Companies would be facing insolvency about now in any event. The \$40 million of capital would have been expended. The companies would be in administration. The workers would have no jobs.

However two things would be different. One, there would be no redundancy fund to pay out the outrageously generous benefits which start at one and a half years remuneration after one minute of engagement. Two, there would be no trumped up conspiracy allegations on which to secure a legal stay.

So what was the effect of our action? At the very worst, we brought forward the inevitable but took steps to soften the blow by arranging a government-backed redundancy package. As my kids would say : how bad is that!

What about the much touted conspiracy to injure workers because they were members of a union. The great conspiracy trial we were denied as Phillip Adams trumpets on the back cover in a book more thrilling than the Maltese Falcon, which hopefully even had the authors blushing. Nine months covering the dispute and eighteen months researching the book and not a shred of evidence to support the union's central assertion of conspiracy to injure because they were members of a union. The reason is very simple – there was no conspiracy.

If you listen to the boasts of the union's lawyers, you will detect a certain self-satisfaction with the clever legal tactics which led to Justice North's temporary injunction – which ultimately led to the return of the old workforce – or more accurately – less than half of it. Of course, Justice North heard only union claims and our argument in response. He did not hear evidence of the alleged conspiracy to injure on the grounds of union membership. The union did not have evidence then and does not have any evidence now of a conspiracy because there was no conspiracy. The facts are these: The federal government made it

abundantly clear before the 1996 election that reform of work practices on the waterfront was a central plank of their micro-economic reform platform. After that election, those broad objectives were outlined to key industry players.

Meanwhile I was dealing with my own commercial imperatives and needed neither a push nor a plan from the government to attempt a solution to my own problems. As the book records, the NFF also was independently developing its own agenda. The fact that there was some commonality of objective is hardly surprising.

There was after all a common and glaring problem of a moribund waterfront riddled with corrupt practices, rorts and inactivity. From the Costigan Royal Commission which found that a proportion of the people still on the waterfront payroll were in fact dead, to the ineffectual WIRA reforms of the Hawke Government, little had changed.

Whether you liked it or not we developed our own plan. Where we needed the government was in the provision of funding for the outrageous redundancy benefits the WIRA reforms had left in place. So, far from a conspiracy to rob workers of entitlements, the meetings with the federal government were aimed at doing the opposite ... ensuring that everyone was paid their full entitlements. Quite the reverse of the subsequent collapses of Oakbridge and National Textiles where workers were left with little or nothing.

I might remind everyone that not one cent of taxpayers' money went in the payout to workers. The stevedores are paying a levy, which they are absorbing into their costs, of \$12 for every container and \$6 for every car moved, to pay for the redundancy monies. However you define "soft loans", these are not "soft" loans as described in the book. They are certainly not taxpayer handouts which the Hawke Government used to finance its failed WIRA reforms ten years ago. Interest is being paid at commercial rates and every cent advanced by the government will be paid back by the stevedores. If that's a soft loan you can get them from banks.

Now let's get to the main game. Let me show you some productivity figures. Of course these trends are not secret. I've spoken about them in every forum and they even occasionally are reported with the disclaimer "Patrick claims", a clever journalistic device intended to imply "take this with a grain of salt".

Well these figures, claimed or otherwise, come directly out of the company's operating systems database.

<b>ESD</b>	<b><i>up 53 per cent</i></b>
<b>Port Botany</b>	<b><i>up 66 per cent</i></b>
<b>Fisherman Islands</b>	<b><i>up 50 per cent</i></b>
<b>Fremantle</b>	<b><i>up 70 per cent</i></b>

Strangely you won't find much in the book about productivity. You will need to go to page 281 where the whole analysis rates less than a full paragraph. And that I suspect is because the working journalists who covered the events were almost completely diverted as the labour movement wanted them to be into believing this was an attack on organised labour in general and the Maritime Union in particular.

Perhaps this is part of a syndrome of isolation noted by Michael Warby in his quintessential analysis of the so-called quality press in Australia in *The Australian* last week: "Journalists suffer isolation from their audience. It is fellow journalists with whom they socialise." He went on: "In day-to-day terms, journalists' most important audience are fellow journalists. And, in this status-conscious age, the easiest thing in the world for journalists to agree on is their shared virtue, and they write to display that virtue to each other."

As I have addressed wide-ranging audiences over the past year or so, as diverse as The Australian-Israel Chamber of Commerce, CEDA, a Young Field Day and the Tocumwal Rotary Club, what has truly surprised me is the interest large numbers of people express in the outcomes of this struggle. Over and over again they express complete surprise at the extent of the change but are at the same time almost universally understanding of the need for and significance of it.

The real story of the structural and cultural change on the waterfront is still unfolding in ways that will surprise the sceptics. Perhaps *The Sydney Morning Herald* editorial will be right in their prediction in the anniversary edition of the dispute: "History will support the tactics used by Patrick to force through the waterfront reforms".



Photo – David Karonidis

*Ian Hancock*

*National and Permanent? The Federal Organisation of the Australian Liberal Party of Australia 1944-1965* (MUP) is historian Ian Hancock's much awaited story of conservative politics. In his book, Hancock challenges a number of conventional wisdoms about Australia's Liberals – for example that Robert Menzies was the "founder" of the Liberal Party. Ian Hancock examines the somewhat strained relationship between the organisation and the Menzies Government and offers new perspectives on how the Liberal Party was founded. Ian Hancock addressed The Sydney Institute on Tuesday 4 July 2000.

# THE LIBERAL PARTY

## – AND THE NEGLECT OF HISTORY

Ian Hancock

It took me only a fortnight of research into the early history of the Liberal Party to realise three things. First, Liberals have very little knowledge of, or interest in, their own past. Secondly, what they do know, they often get wrong. Thirdly, what they get wrong they frequently repeat.

I suppose that the most obvious example of ignorance and error is the common assertion that R.G. Menzies was the founder of the modern Liberal Party. No less a figure than Malcolm Fraser said so in 1979. The female Vice-President spoke of “our founder” at the 1994 Federal Council meeting in Albury in the tones of awe and reverence Christians reserve for the central figure of their religion. The story itself is so simple. Sir Robert Menzies founded the Liberal Party in 1944, and built it according to his own design. What more was there to know, and who needed to know more?

That story is now the authorised version in Liberal Party folklore. And the high priests of academic political science, who don’t bother to research the subject have, by quoting each other, and themselves, delivered their *imprimatur*.

Yet a mild dose of common sense, a respect for chronology, and a rudimentary understanding of the Liberal Party structure, would be sufficient to undermine the myth of a single founder. For, if the Liberal Party is considered to be the parliamentary party in Canberra, then that party had existed since 1931 when Menzies was in the Victorian parliament. It merely experienced a change in name in February 1945 and, in 1946, a change in direction. If, more probably, the Liberal Party as a political organisation is the sum of its State Divisions, its federal bodies and state and federal parliamentary parties, then – at most – Menzies was *a* founder.

Given its state and federal constitutions, the Liberal Party could not exist until the formation of these State Divisions. So who founded them? The answer is that many individuals and organisations were responsible. In some cases, Menzies had no involvement at all. The

South Australian Division, for instance, had existed as the Liberal and Country League since 1932. The Queensland People's Party, which became the Queensland Division, regarded Menzies as a loser, and refused to have anything to do with him in 1944-5. It took the negotiating skills of Malcolm Ritchie, the first Federal President of the Liberals, to bring these recalcitrants to the party. The key founding figures in Victoria included W.H. Anderson – the Liberal Party's leading intellectual – as well as members of the Institute of Public Affairs and of the Australian Women's National League. In New South Wales it was much the same story. A host of largely forgotten figures, of greater or lesser importance, were responsible for forming the Liberal Party.

Equally, many were responsible for defining the relationship between the parliamentary parties and the organisation. The Liberals in 1945 inherited a long-standing tradition from earlier non-Labor parties; namely, that the organisation (of whatever kind) should exercise influence but not control. This custom had been assaulted from the mid 1930s because of the role of business groups in the United Australia Party. It was precisely because of this experience, not because Menzies thought of the idea, that the Liberals in 1944-5 set out to restore the traditional relationship.

But did Menzies invent the *idea* of creating a new party? He certainly wanted to start afresh, following the annihilation of the UAP in the 1943 election. But then so did everyone else who discussed what should be done in the wake of that embarrassing defeat. The idea of a new party, and ideas about its shape and character, were the common intellectual property of non-Labor supporters in 1943-5.

My point is that Menzies could not have been, and was not, *the* founder of the Liberal Party. Further, if the key questions to ask are – how do we explain the emergence of the Liberal Party from the ashes of 1943, and how do we explain its structure? – and the answer given is “Menzies”, then that answer is at best superficial and, at worst, a thorough distortion.

In my view, a more accurate estimate of Menzies' role would be to describe him as the most visible of those men and women who worked to re-invent non-Labor politics after the 1943 elections, and the virtual disintegration of the UAP. His singular contribution in the early days was to express a Keynesian vision for the post-war Liberal Party, and to call and chair (brilliantly) the plenary sessions of two conferences held at the end of 1944.

Just the same, because Liberals are serial offenders in misunderstanding and neglecting their past, it would be naïve to expect them to re-think their creation mythology. Peter Aimer, a New Zealand political scientist, pointed out the fallacies 20 years ago, but no one in the Party

took any notice. I expect the same reaction to anything I might say on the subject.

In any case, the Liberals have never felt much need to know or respect the past. All they wanted was an icon and a tribal tradition. Menzies supplied the one, and Mates' Lounge in Albury provided the other. It is hard to find a Liberal who knows or cares that the Liberal Party of Australia was officially launched by Thomas Malcolm Ritchie, the Party's first Federal President. Or that he did so in the Sydney Town Hall on 31 August 1945.

Besides, even if the Liberals were disposed to re-examine their past, they would be hard-pressed in some States to find it. For, with the exception of the Federal Secretariat and the NSW and Victorian Divisions, they have sent most of their history to the rubbish tip. To be fair, the South Australians did not deliberately slash and burn. They merely allowed their early records to be drowned in a flood.

But does it actually matter that the Liberal Party gets its own story wrong? Surely, the creation myth is harmless enough? Well – “yes” – if deliberate or unconscious distortion are desirable attributes. But – “no” – if the elevation of Menzies (which extends well beyond the creation mythology) occurs at the expense of understanding important features of the early Liberal Party. I want to mention just three.

First, if Menzies was the imposing figure of the Liberal Party up to the mid 1960s, he must also be seen as its creation and creature. Back in 1948 Dick Casey, the then Federal President, decided that something had to be done to overcome Menzies' image as the champion of big business, as distant from ordinary Australians. Despite the protests of the South Australian and NSW Divisions, which thought that policies were more important than personalities, the Federal Executive agreed to finance a public relations campaign to project “the real Mr Menzies”.

In fact, it was not so much *Mr Menzies* but *Bob Menzies*. There he was, in the lead-up to the 1949 campaign, being photographed chatting to coal miners with a beer in his hand, or ironing a dress at a clothing factory. Australians were told that Bob Menzies was a self-made “man of the people”, the grandson of a miner and son of a storekeeper, the leading counsel who was consistently briefed by trade unions, the family man of simple tastes who loved sport and especially Australian Rules, and the bloke who had never “squibbed” a fight.

Subsequently, throughout the 1950s, Bob Menzies was supplanted by Mr Menzies as the Federal Staff Planning Committee and the State Divisions built upon the image of the statesman – and contrasted him with the irresponsible Bert Evatt and the allegedly unelectable Arthur Calwell. By 1963 Mr Menzies had become Sir Robert Menzies, Knight of the Thistle, the now revered elder states-

man. By then, the courtiers, who had helped to make the king, were wondering how they could win elections without him.

The important point here is that the relationship over time between Menzies and the Liberal Party organisation was many-sided and highly complex. Above all, it became one of mutual dependence. Indeed, Menzies became something like a chief or king in a traditional African society: that is, he was simultaneously an arbiter of disputes, the sought-after ally in feuds, the instrument of others' ambitions and the prisoner of the courtiers' demands. All the time, it was the Party's manipulation of his image, as much as the material it had to manipulate, which helps to explain repeated electoral success.

Secondly, I think it is important to look more closely at the men and women who joined the Liberal Party in the immediate post-war years. For one thing, the Liberals should know the debt they owe to an earlier generation. For another, they might even learn something from its values.

These post-war Liberals were, by any test, remarkable men and women. They were genuine idealists, almost to the point of being innocents abroad. And their shared experience had turned them into a special breed. Magnus Cormack, a defeated Liberal candidate in 1949, the year of the great federal election victory, had this to say of the so-called "forty-niners". They were men, he wrote:

who had undergone the social struggles that evolved as a result of the great economic depression from 1930 and onwards plus the fact that nearly all the men who entered Parliament that year were men who had served their country amid the flames of war.

The droves of young ex-service personnel, or older survivors of another era, who sought Liberal Party membership in 1945 talked or wrote of wanting to make their country a better place. Sure, there were the careerists and defenders of privilege. But the large majority of the new recruits sought, above all, a more equal and secure society, freed of the deadening hand of socialism.

The emphasis was on "service" and "duty". Listen, for a moment, to Herbert Taylor, the interim chairman of the Victorian Division. In mid 1945 he urged the formation of a party whose members were not merely seeking power but were "actuated by altruistic motives and a sincere desire to contribute a service to the community". If, he said, the party was to achieve anything worthwhile, it must also select as candidates "women and men who are inspired by the highest motives and sense of public duty".

So many of the new Liberals believed that they could and must transmit the selfless values of wartime service to the task of post-war reconstruction. They thought that politics was about, or should be about, serving the community. And their idea of "community" in 1945 was that of Australia as one nation, not an arena where competing

classes fought to the death. Labor, they argued, had divided Australians along class lines; Liberals, convinced that Australia was, or ought to be, a classless society wanted to translate wartime unity to peacetime Australia.

Thomas Malcolm Ritchie took up this theme at the Inaugural Federal Council of 1945. If party members, he said, would place "Service Before Self", the Liberal Party could become "the greatest influence in the development of the destiny of Australia that this country has so far experienced". The party must promote "better ways of living for the whole community". It must oppose the extremes of the Left and the Right and those who placed sectional interests above the nation's welfare. For the Liberal Party was to be the party for all Australians. A party, in fact, to borrow the slogan of 1996, "for all of us".

To dismiss these sentiments as hollow, even quaint, would be to visit the sins of the present upon the past. "Service" and "duty" and "community" were among the hallowed words in 1945. No one who uttered them ever felt in the slightest bit self-conscious.

A third point I want to make is that the post-war Liberals contributed significantly to the survival of the Liberal Party in its later, leaner years. Their own sense of history was acute and immediate. They had witnessed the virtual overnight disintegration of the UAP following its electoral annihilation in 1943. They also knew what had happened to earlier non-Labor parties.

Their task was to create an organisation which would be national in character and would become a permanent fixture in Australian politics. It must be self-financing, have a mass membership and encourage grass roots participation. There would need to be a federal secretariat and policy committees and, though the federal parliamentary party would not be subject to external control, the organisation should determine the platform and influence policy.

There were striking failures on the road to success. The post-war Liberals failed to create the mass membership. By 1950 the membership had reached nearly 198,000, though well short of Ritchie's vision splendid of one million paid-up members. By 1960 it stood at 114,500. By then, too, every State Division was complaining about apathetic branches, and about subscriptions falling well short of needs.

The Liberals also failed to create a party organisation which was national in outlook. Starting with Ritchie in 1945, successive federal presidents complained about the "state-mindedness" which had particularly affected the work of the Federal Executive and the Federal Finance Committee.

In 1958, W.H. Anderson, in a report on the organisation, found that there was "little federal spirit". On what had become his favourite subject – the deficient arrangements for raising federal finance –

Anderson argued that, unless this problem was solved, “we cannot have a Liberal Party of Australia any more than we could have had a Commonwealth of Australia”. At the moment, he wrote, one could be forgiven “for believing that there were two utterly distinct parties – the Federal and the State”.

Even so, the Liberal Party became more truly national than its predecessors. The term “Liberal” was commonly used throughout Australia in the 1950s. The State Divisions had roughly similar organisational structures. Although the Country Party accused the Liberals of representing only the cities, the Liberals held more federal rural seats than their accusers. And the post-war generation did manage to create a *permanent* Liberal Party.

Two factors were principally responsible. First, the Menzies Government kept winning elections at the federal level, assisted by economic prosperity and the Labor Split. In 1965, 20 years after its formation, the Liberal Party was also in government in five of the six states. Regular victories put off the evil day when the pessimists in the Staff Planning Committee thought that one major defeat would mean disintegration. When the day arrived in federal politics – in 1972 – the walls shook but did not crumble.

Secondly, there was the investment in a proper party organisation – enduring, adaptable and relatively professional. It wasn’t easy. Despite claims to the contrary, the post-war Liberal Party was never rich. Indeed, the Queensland, West Australian and Tasmanian Divisions were perennial paupers. Not surprisingly, Liberals looked enviously at a Labor Party able to draw upon regular trade union subscriptions.

Yet committed and skilful officials and volunteer office-holders overcame the more serious internal crises. So when, at the end of 1965, the Party chieftains assembled in Canberra to celebrate what they believed – wrongly – was their 21st birthday, they could claim to have achieved their quest for permanence, symbolised by the opening of the federal headquarters. By then, the Party was in a fit condition to survive the departure of the king, and the arrival of others who could not match him. Critically, it was a Party which could also survive electoral defeat, in fact a succession of reverses.

It would not hurt modern Liberals to reflect upon their inheritance. And, who knows, even a casual glance at their history might encourage them to stop repeating the tedious parts of it. The trouble is that this political party which doesn’t have much sense of, or respect for, its own history, has even less of an institutional memory.

Back in the mid and late 1940s the Liberal Party addressed, and failed to resolve, issues arising from the relationship between the federal and state organisations, between the branches and the federal and state executives, between the parliamentary and organisational wings, and

between the Liberal Party and the then Country Party. In the 1950s the Liberals endlessly debated the question of how to finance their federal operations, and how to overcome the near-bankruptcy of the smaller state divisions. From the early 1950s, committees and sub-committees investigated, reported on, and passed resolutions about, branch apathy and declining branch membership. As for pre-selection methods and procedures: all I can say is that every known permutation had been canvassed by the end of the 1940s.

The Liberal Party has routinely re-visited all of these issues without taking account of previous attempts to address them. Instead of utilising the past, each new generation of “reformers” would “discover” problems. And because some of these problems seemed at the time to be insoluble, or because there was neither the will nor the means to solve them, the reformers would leave behind roughly the same amount of unfinished business as they had just confronted or uncovered.

Hence it is hard to find anyone in the present party machine who has heard of the Anderson Report of 1958. Anderson, the former Federal President who tried to steer the party in the 1950s into free market thinking and practice, offered as shrewd an appraisal of the organisation’s weaknesses as any of the preceding or subsequent investigations. Damned by the state divisions as a meddling centralist, his ideas were quickly branded as heresy.

The so-called Valder Report of 1983, which consumed the time of a star-studded committee, never mentioned Anderson. Its members, apparently, did not know that nearly every one of their ideas for improving the organisation had been canvassed in some form in the 1940s and 1950s. The Valder committee was not guilty of plagiarism, just ignorance. In other words, there is good case for knowing your history – for, at the very least, you don’t fool yourself that you are being original when you are merely being repetitious.

My overall argument, however, is that the Liberal Party, by choosing to ignore, or casually to misrepresent, its past, has lost an understanding of itself and an appreciation of its early achievements. Central to that understanding is that the Liberal Party was never a one-man show.

Nor was it just a conservative version of Labor. Curiously, and insanely, both Ritchie and Anderson thought that Labor represented the ideal of a political party. They wanted a Labor-style organisation, without Labor’s tight external control of the parliamentary parties. Although they overstated the strength and national outlook of Labor’s organisation, they certainly got one thing right. Labor’s supporters were passionate. To counter Labor’s appeal to sentiment, Ritchie wanted the Liberals to discover what he called “a soul-raising gospel”.

In 1957 Harold Holt, then Deputy Parliamentary Leader, wrote that the Liberal Party lacked “a sufficiently large following of devoted

people who are wholeheartedly for our principles, and enthusiastic about the way we apply them”. He lamented: “We have never experienced the fervour and unquestioning loyalty which Labour [sic] could confidently expect for so many of its better years from a great mass of people”.

Anderson pondered long and hard on the issue. In 1958 he wrote that, while the Party had “a giant framework of mechanical organisation”, it lacked sufficient internal “warmth of life and industry and clarity of purpose”. It distressed him that even Liberals thought of their party as “non-Labor”. When, he asked, will Australians vote *for* the Liberal Party and not *against* Labor? Mind you, Anderson was a bit of a pessimist. He believed that Labor was the natural party of government in Australia, that non-Labor came to power when, and only when, Labor split or had manifestly failed. Hearing this in 1955, Bob Willoughby, then the Federal Director, pleaded with him not to make the remarks public.

Ten years later, Anderson was worried that the Party remained satisfied with the seventeen-paragraph publication *We Believe*, which he drafted in 1954. *We Believe* contained a series of warm and fuzzy commitments to the Crown, the nation, the rights of the individual, the rule of law, good citizenship, the protection of minorities, social justice, and to religious and racial tolerance. Disinclined to engage in systematic and close philosophical analysis, the Liberals just kept reprinting *We Believe* in the 1960s and, despite much trumpeting about changing the platform in 1960, did not seriously re-visit their stance between the 1948 and 1974 versions. But why should they? They were winning elections and, just when senior Liberals were casting about for an alternative to “the spirit of 1949”, the Vietnam war removed the necessity of thinking beyond anti-communism and Cold War politics. The more significant point, however, is that, for all their post-war idealism and ideals of service of duty and service, most first-generation Liberals were not obsessed with politics. Their Liberal Party consisted of thousands of part-time volunteers who conducted their politics outside the workplace or in addition to what was then called “home duties”. The driving force might have been an habitual loyalty, political ambition, a bee in the bonnet, or a rejection of socialism and of socialists. Few, it seems, bothered to form or articulate a world view; not many lived and breathed politics. As a result, they could be easily led but difficult to regiment. Defensive rather than driven, they were not the sort to seek out the barricades.

For all that, these same Liberals, in the 20 years following the founding of their party, had done much for modern Liberals to celebrate. First, they helped to elect and re-elect the Menzies government. And that was a government which presided over, and contributed towards, a period of unprecedented economic growth and social

change, and rescued Australia from socialist engineering and communist-inspired disruption. It also protected Australia from the Depression resentments, internal divisions and erratic leadership which would have characterised Labor rule in the 1950s.

Secondly, it is worth stressing that the organisation was highly innovative in the post-war years in promoting women, encouraging the Young Liberal Movement, and attracting a migrant membership, as well as developing a more professional approach to politics.

Thirdly, the early Liberals had captured and expressed their share of the spirit of post-war reconstruction and its enviable idealism.

Now there is no point in trying – in the year 2000 – to re-create that same zeal and idealism, to recover “the spirit of 1949”. The context is entirely different. Yet one thing has not changed. In 1946 Anderson told the Victorian State Council that the Liberal Party wanted to appeal to the men and women “interested in getting a home, a family, and taking a responsible outlook on life”. Because, he said, the party had already achieved this goal, it was built on “sound foundations”.

Most Australians, individuals and families (however they are composed and of whatever cultural background) probably still want physical and financial security, responsible economic management, reward for effort, a comfortable life for themselves, a sound future for their children, and reassurance about the worth of their country and of its past. And they could just respond – in the very different circumstances of today – to something more visionary than a new tax system and revised work place agreements. If they would greet sceptically, and even cynically, a Liberal who talked about “service” and “duty”, they might nevertheless take seriously a Liberal Party which, convincingly and substantially, stood up “for all of us”.



Photo – David Karonidis

*Robert Hunter*

Ambassador Robert Hunter, Senior Adviser at RAND Corporation, Washington DC, and member of the RAND-Europe Advisory Board, addressed The Sydney Institute on Friday 7 July 2000. Ambassador Hunter sees a bright future ahead for the US-Australian relationship, reminding his audience that in the presidential primaries for the 2000 presidential election, not one candidate standing for party nomination was an isolationist.

# **GLOBALISATION, THE**

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## ***US, GEOPOLITICS AND NEW PARTNERSHIPS IN THE TWENTY-FIRST CENTURY***

**Robert Hunter**

I've had a long association with Australia, even though this is my first visit here – along with my wife – this week. In the 1960s, I lived in London for a number of years in a graduate residence called London House, which was mostly made up of Australians. Under the rules of the House of Commons at the time, visitors from the Commonwealth could vote in Britain. The local MP, Geoffrey Johnson Smith, came around about every two weeks because London House provided his margin of victory. So Australia struck a blow for freedom, at least for the Tory Party. And Smith is still in office.

Coming here, I rather expected, as I got off the plane for the very first time, to be met by Paul Hogan putting another shrimp on the barbie, or by Rolf Harris, with his wobble board, admonishing me to “Tie me Kangaroo down, Sport”. Or to hear Banjo Paterson's great song, of which I know all the words. Instead, my wife and I showed up in Sydney to discover, if I may say so, that it incorporates the best parts of New York and San Francisco, with a little bit of Boston, New Orleans and Denver thrown in. This is a truly stunning city that you've been hiding. I just hope you're prepared. After the world shows up here for the Olympics in September, nobody will leave you alone in the future.

This week, in the United States, we are celebrating our 224th birthday. And you're celebrating a part of your 100th with the Royal Assent to the Commonwealth of Australia Constitution Act. I can understand, though, why the date you celebrate is not 9 July but 25 April, given what this country has done for so many of the rest of us, beginning with the United Kingdom but also deeply affecting my country, in more than one conflict.

I was in Gallipoli two years ago with Lord Gilbert who, as Minister of State for Defence at the time, was in charge of the British War Graves Commission. We went to Suvla Bay and to Anzac Cove, where Australia lost 8,700 killed and 19,000 wounded. This was an extraordinary devotion to being engaged on behalf of what truly

mattered in the world, but which didn't impact directly too much on this country. The war historian C. W. Bean characterised it in a way that is quite affecting, saying, "...for reckless valour in a good cause, for enterprise, resourcefulness, fidelity, comradeship and endurance." I'm led to believe that that pretty well characterises the people who settled this great country and who continue to keep it great.

In terms of the United States in the Pacific, we have a truly special relationship with Australia, because of what you stand for, and because of what you have done with us and what you continue to do. And we recognise that it's very important to keep it that way.

It's already been announced that I've served in the current administration and I'm involved with the presidential campaign of Vice President Al Gore. But the next US president might not be Al Gore; it might be George Bush. Frankly, it's too early to tell. But the good news is that, no matter which of these very distinguished gentlemen is elected President of the United States, we will continue to be an internationalist country. There has been no serious isolationist candidate in our election campaign this year. John McCain was a great war hero in Vietnam and suffered unspeakably over six years, and yet he has been to Vietnam to try to accomplish reconciliation.

Whether it's Gore or Bush you will find an internationalist US president, someone who recognises the importance of the United States continuing to be deeply engaged in East Asia and in the Pacific.

When I was at NATO, our European friends wondered whether America would somehow abandon Europe. I suspect that's said out here, including the relationship with Australia. But we do have, as a country with global interests and global engagements, a very clear understanding that among essentials you don't have priorities. You do them all. And my country, I can assure you, will continue to do that.

We are now a little more than ten years since the end of the Cold War. We are in the post-Cold War era. In fact, we're grappling to find a new name for it. Al Gore calls it the Global Age. It is appropriate to find a new name for the era we're in – following an era of adjustments to the remarkable events that occurred at the end of the 1980s. We saw unprecedented events, including the massive strategic retreat of the Soviet Empire, the greatest retreat in peacetime in all of human history. And with the collapse of that empire, we saw the emergence of aspirations on the part of millions of people in Central and Eastern Europe, to join the free and democratic and prosperous world that we have ourselves enjoyed for so long.

But the end of the Cold War left the United States in a very unique situation. During the Cold War, we had a complicated foreign policy, very difficult and demanding, both intellectually and strategically. But when you reduced it all, it came down to two or three simple ideas, or paradigms. If anything conflicted with one of these paradigms,

we more or less put it to the side or into second place. Our pre-occupation was simply to contain the Soviet Union, its allies and its acolytes; to confound communism; and to lead a growing global economy. And that was it. But we don't have such simple paradigms, anymore. The Soviet Union is gone. Communism is isolated to a few places, including a pesky little island off the coast of Florida. And even there, we may see some decisive changes, because of a six-year old child named Elian Gonzalez, who has now gone home, leaving Americans finally to think afresh about Cuba. Communism also still dominates the eastern rim of Asia, but these are terminal communist societies.

Only one of the Cold War paradigms is still in effect. That is the responsibility and the opportunity of the United States to lead a growing global economy. We have a requirement, now, to think more clearly about our situation in the outside world, on a long-term basis. This includes a need to integrate analysis of the different parts of policy, both regionally and functionally, and to make the trade-offs and decisions about priorities, so it will all make sense for us. Because even though we are in a unique situation, we know we will not be able to fare well in the outside world unless we continue to be deeply engaged and have partnerships that are effective, both for us and for the partners.

In terms of power, we find ourselves in an unparalleled situation. I don't say this in any way in terms of triumphalism or bragging or the like. But we have discovered, since the end of the Cold War, that the United States disposes, in terms of incipient capacity, more military power relative to other countries, more economic power, and to an extent, political and even cultural power, than has been enjoyed by any country for an awfully long time – some people have even argued since the end of the Roman Empire. This fact concentrates the mind in some respects, but it also immediately summons up a grave sense of responsibility and stewardship.

One of the striking things about the United States is that we are not an imperial people. We're not interested in occupying anybody else's territory. One of the more difficult tasks is not about restraining Americans from trying to dominate, but rather convincing the American people that we need to be engaged in the outside world at a time when, not only do we have so much latent power, but also we find a relative dearth of direct challenges to our security. Leaving aside concerns about the potential emergence of weapons of mass destruction and the means of delivering them – threats which are not minuscule, but not in the same league as the Cold War threats – we face no direct threat to our homeland for the first time since before Pearl Harbour. This leads to a question about whether the United States will become an isolationist country. Are we going to retreat into

ourselves? Are we going to do what we did after the First World War, and some people feared we might do after the Second World War. There's a pretty decisive answer. In all the polling, in all the attitudes, in all the political activities, my country is engaged permanently in the outside world.

For one thing, this comports with our values – including values that we share with you and others: democracy, human rights, and a particular attitude towards human society which now has more opportunity for expression in the world than has ever before been true. There was a meeting last week in Warsaw of a coalition of democracies. One hundred and three countries were represented. Now maybe some of them were there on sufferance, and some of them might not be there the next time around, but if you had held the same conference 20 years ago you might have been able to marshal 20 or 30, this country included. But you wouldn't have thought of looking at such a large number as 103. This fact helps to keep us Americans looking outward because of the importance of these values to my country and to others.

Thirty five years ago, when I started my career in foreign policy, the US had about four per cent of its gross domestic product tied up in relations with the outside world. Today it's well over 20 per cent, heading to around 25 per cent. That's a six-fold increase in terms of the drive into the global economy, which now penetrates to the far corners of the American psyche and the American continent. In fact, I would suspect that, as a nation, we have been thrust more rapidly and more deeply into the international economy than any other modern economy I know of, except maybe Japan under the Meijis. The American people, from one end of our country to the other, and from one end of the world to the other, are now deeply engaged in travel, trade and communications. For more than two full generations of our elite leadership, and of people coming into that leadership, it has been natural to be engaged abroad and to exert and to exercise a good deal of leadership. We also now recognize that, in the post-Cold War world, even though fortunately there are a lot of other countries prepared to lead, in many circumstances what we would collectively like to get done will depend a lot upon America's willingness to continue leading. And we are prepared to do so.

There is also the inspiration of the Internet. I can go into a hotel here in Sydney and plug my little computer into the wall, and I might as well be sitting in my study at home. We had a popular song after the First World War, "How Ya Gonna keep 'em down on the farm, after they've seen Paree?" Well, the answer was that you could. I don't know what happened in Paris, but they all went back to the farm. Well now the farm is wired, and the American people are engaged. But the real question is, how will we be engaged? It will be significantly different from the way it was in the past.

One of my former colleagues at the Rand Corporation at one point came up with a lecture title: "The End of History". Someone who was present at the lecture said, "Not a great thesis, but what a great title!" Even Frank Fukuyama, who coined the phrase, has now partially recanted. In some ways, history is only just beginning in terms of the fantastic opportunities out there and the extraordinary number of challenges, as well.

In fact, in the 1990s I would say our democracy in the United States was drawn even more deeply into the outside world, but in new and different ways. And we are learning to exercise responsibility with power under new circumstances – but not because we are forced to do so and not because we have an alien regime in opposition, a country pursuing regional or global hegemony. It is because this exercise of responsibility with power has flowed naturally from a more sophisticated view of our own interests.

If you're going to be involved abroad, as a democracy at a time when the sun is shining, when there are few immediate impulses to do the kind of things we did in the three great wars of the 20th Century, then you've got to start with a strong domestic base and convince the American people that being involved abroad is somehow relevant to their own lives. You need to be strong at home to be strong abroad – a phrase, incidentally, I coined for Governor Bill Clinton in his 1992 presidential campaign. Of course, it's reciprocal. As well, you also have to be strong abroad in order to be strong at home. This goes beyond elected leadership. We have discovered this in the role played in the American economy by the person who has probably been most important in sustaining prosperity for the last several years. His name is Alan Greenspan, Chairman of the Federal Reserve Board. The President recognised this in recently reappointing Chairman Greenspan for another seven-year term. That was done in a nanosecond. There are certain risks you don't want to take!

So much of what we do now asks the government to get out of the way and let this fantastic engine of the private economy, the globalising IT-driven economy, do its work. And we have now had the good fortune to have had the longest sustained period of growth in American history – so much so that Vice-President Al Gore may not get as much political benefit as he normally would from a strong economy in this year's election because so many Americans now take a growing economy for granted.

The US economy and its technological dynamism are shared with a lot of other countries: indeed, we benefit from what others are doing. I wander around here and I can see that you people in Australia are right out there on the cutting edge with a lot of others – this unprecedented growth, the basic transformation of the US and global economies with far greater integration, but also with a far greater

The importance for our government and other governments of these economic developments, and of globalisation, is the extent to which they will have a capacity to influence, much less control, work toward a post-Bretton Woods architecture for the international system. But this is an architecture that has to be open, so that, even if some countries move faster than others, no society that is getting into the IT culture will find itself left behind, simply because it isn't moving in the same direction or at the same speed. In some ways, this may be the most critical matter.

Second, we also have classic concerns of national security and foreign policy. Let's face it, the old world did not go away. In fact, there's a certain irony, a certain tension, between a globalising economy and a continued regionalising of national security challenges. There will be interactions among regions, to be sure, but much of what will happen in international politics will still take place within individual regions. And there is a tension there – between economic globalisation and security regionalisation that I don't think anyone yet understands.

In the 1990s, in US foreign policy we began the rebuilding process with Europe. We did this for a variety of reasons, such as the dramatic shifts in global politics, because of what happened at the end of the Cold War, and the re-emergence of so many societies on the global scene. Some 21 new countries came into being, on top of some that had come back into history after having been behind the Iron Curtain. As a nation, we spent a long time in the 1990s getting right the implications of all that change.

Thus NATO has been fundamentally reformed, around four great challenges – to keep America engaged as a European power (while also, of course, continuing as a Pacific power); to preserve the best of the past in European security, including the unprecedented developments in Europe among the 15 European Union nations, by which war among them is now unthinkable; to offer the countries of Central Europe, fully and finally, their fair and rightful place in Western society, secure and no longer the playthings of international politics; and finally for NATO to play its role in reaching out to Russia. President Bush and now President Clinton, with their European colleagues, have come to a fundamental understanding that Russia needs to be treated the way Germany was after the Second World War rather than after the First War – to try to help Russia succeed as a society, and to be drawn out of its 70-year self-imposed isolation.

Regarding developments in NATO, a raft of things have been done to stabilise the security situation in Europe and set the Alliance on a fair course for the future. At the same time, a lot of observers had felt that, when the glue provided by the Cold War loosened, there would be corrosive transatlantic commercial rivalry and competition. But that

didn't happen, in part because of common values and interests, a similar political and security agenda and a robust economic relationship. I mention that here because the United States has a well-balanced economic relationship with Australia. We don't with Japan and with China, but here we do. This is something we really need to prize.

These are extraordinary developments with regard to what has happened in Europe. And we learned some things in the process. Among other things, we learned that, if the United States were to be effective in building security for the future in Europe, in exercising leadership, this had to be done in partnership. We couldn't direct other countries to do it. We had to help people as they saw their own self-interest. One of the remarkable things (and I was privileged to be there when all of this happened at NATO) was that you could go round the 16 ambassadors who then sat at the NATO Council table and ask, "Who achieved this creation of the New NATO?" And every single ambassador could put up his hand. Everybody could take credit. Ronald Reagan was right. There's no amount of good you can get done if you don't mind who takes the credit. This was not the United States' imposing its will. It was helping a group of countries, as a partnership, to do things in common.

We also learned something else, because we did engage finally in Bosnia, finally in Kosovo. We did what was morally the right thing. And we did what was also required, not for strategic reasons – since both Bosnia and Kosovo are strategic backwaters – but because it was important for the European Union, and for NATO, to have a future, to demonstrate that they could take care of conflicts happening in their own backyard.

But certain things were noticed along the way. First, NATO's reach is limited. It's unlikely to go beyond the Continent. But if it does go beyond the Continent, it will do so through coalitions of the willing – not as an alliance as a whole, but through partnerships built on ad hoc arrangements, even if they draw on the capabilities of the broader alliance. You can hear some echoes of such a development already in East Asia.

NATO and the European countries are also for us a great repository of possibilities – not just military and strategic, but economically, socially, in terms of ideas and in terms of ambition. In terms of a whole range of factors involving globalism. Think environment, think human rights, think development, think about dealing with weapons of mass destruction. Start with countries that are your partners – countries that have a capacity to think similarly but not alike. And that is a major lesson that we learned in the 1990s, a very positive lesson.

We also learned something else. We had a debate in the United States at the beginning of the 1990s. Would we be a nation acting unilaterally, on our own? Or would we act multilaterally? Well, that's been decided, at least for now. At least when it comes to the use of military forces, we act multilaterally. We did so in the Persian Gulf War. We certainly did so in Bosnia and Kosovo. And that is likely to prevail in the foreseeable future. We're looking for partnerships in terms of acting in the common interest in the use of military power.

Part of this relates to what I call a paradox of military of supremacy. I may be a little direct here, but we are militarily supreme – although we aren't prepared to use this potential, except in circumstances where we can convince the American people that it's in our interest and our values to do so. In many respects, that is a very healthy phenomenon. We were prepared to use force in the Persian Gulf War in 1991. But over Kosovo and Bosnia, where you could not demonstrate, as clearly, that the use of force was justified by American interests and values, the outcome was different. In Kosovo, the most important requirement for the United States and for the European allies, other than prevailing, was to have as few allied combat fatalities as possible. In fact, we had zero combat fatalities. Partly that stemmed from the critical need to preserve the cohesion of the Atlantic Alliance. This can be illustrated by an anecdote. When the Greek Foreign Minister came to Washington, someone asked him: "Surely, Mr. Minister you're having problems with Greek public opinion over Kosovo." He replied: "We're not having a problem with public opinion. Everybody's against it!" But the Greeks and all the other allies stuck with us.

We look here at what Australia did in East Timor. Not only is this more likely to be the kind of thing that, individually or together, we will face in many parts of the world, but individual countries or collections of them in different parts of the world will be taking the lead. My country provided a lot of support. Your country took the lead. Your country took the risks with men and women on the ground. And we salute you for that. We're prepared to be with you on that. But the average American believed that East Timor came out exactly right in terms of the degree of our engagement.

Now that does not mean that, if something more difficult comes along, East Timor would set the pattern. If something happens in the Taiwan Straits for example, the United States will take the lead. I believe we will do what we need to do to make that come out right. But East Timor can be instructive for the future. And in fact it reinforces, from our point of view, our critical bilateral relationship with Australia.

Let me look beyond Europe. In the Middle East, we continue to be as deeply engaged as we have been before. That is not because of old Cold War reasoning. We're not worried today as we were in the

past that, if you don't get Arab-Israeli diplomacy right you might have a nuclear confrontation, or worse, with the Soviet Union. But we're still deeply engaged, because we see it to be in our long-term interests in the region, as well as our relationship with Israel and our underlying national values. You will see that President Clinton has called a new Camp David summit, and a lot has been achieved during the Clinton-Gore administration, and we will see that through to the end.

We will continue to be deeply engaged in the Persian Gulf. Right now, Saddam Hussein is still lost to the world, but there are possibilities in Iran – two steps forward one step back, perhaps. But it is our hope that we will be able to see an evolution where Iran can eventually play a positive role in the region. In the Subcontinent, we are involved, maybe for the wrong reasons of being goaded by the nuclear potential of India and Pakistan. But we recognise the increasing importance of that part of the world, and of our being engaged, as in the Transcaucasus and Central Asia. In particular, we are, and will be, engaged in East Asia.

We are an East Asian power and will continue to be so – starting with our three important alliances, with Australia, with Japan and with South Korea. There are different dimensions in each of these alliances. But they are absolutely critical as a base for evolving policies in this region, so we can try to get it right; as a base for trying to manage what may be possibilities with North Korea; as a base for dealing with what will probably be the most important geopolitical development in this part of the world – the future of China and its internal and external development. We still don't know whether China will be able to do what Gorbachev tried to do, to try and capitalise the economy but not give up Communism. Gorbachev tried it and failed, to the benefit of the Russians and everybody else.

Nobody can tell you what exactly will happen in China, but it will become a significant power. It will be a middle power, and it could become a major power. I don't think one can easily argue with that proposition, other than to assign a timetable. It is critical to try nurturing China's emergence into the outside world and the way in which it will come to see its interests: to try to make that come out positively, from the viewpoint of the region, rather than China's becoming assertive and aggressive. As we in the United States work toward that engagement, we will need to do that as closely as we possibly can with Australia and with our other Pacific and Asian partners. We do a lot of preaching, but this is one area where we have an awful lot to learn from you.

I mentioned weapons of mass destruction and terrorism in various parts of the world, whether it's North Korea or the Middle East. We will be building a National Missile Defence (NMD). This is provoking a big debate in the United States. National Missile Defence is not the old idea

of the Strategic Defence Initiative, or “Star Wars.” It is not to about trying to isolate ourselves from the world. It’s not an attempt to blunt the Russian deterrent, or the Chinese. It’s not designed that way. NMD has two goals. One is to deal with a few ballistic missiles if they were launched by accident. My country spends \$400 million a year trying to help the Russians control their nuclear arsenal. If a Russian nuclear weapon moves from point A to point B, it’s probably being moved by a team that includes Americans. And that’s in our mutual interest.

Then there’s part two. What about other countries that might have a nuclear weapon and threaten the United States at a point when we’re trying to do something beneficial for all of us? Think about it. In 1991, if Saddam Hussein had had a ballistic missile with a nuclear weapon which could hit New York, would we have done things differently in Desert Storm? We don’t want to be in a position where we are forced to have to make such a choice in the future, if we’re trying – in our interests and in the interests of others – to use our conventional military forces to make the world more secure. That’s the point of National Missile Defence.

The third area of US engagement abroad in the new era is, of course, the new agenda. The global age. We are entering a time that is far less ideological. We don’t have an impetus anymore to be selective in our approach to other countries, regarding issues like human rights, depending on whether they were “allies” or “enemies.” We’re being much more universal. We also need to find a political basis for action, building support in our domestic politics, in regard to a number of societies that might otherwise get left out. That includes most of Africa south of the Sahara and other areas that used to be called the developing world. We don’t have a Cold War incentive to act anymore, as with foreign aid. But if we look far enough ahead, I think we can agree that we don’t want to live in a world in which 50 per cent of some populations are dying of AIDS, or where whole societies are going in the wrong direction in terms of human possibilities. We have not yet come up with a dynamic understanding of the world as a whole that will enable us clearly to see what is in our long-term interest, and then to act decisively and coherently upon that knowledge. At one point, the Clinton administration started talking about health as a strategic question – and that and other concerns are indeed long-term strategic questions for all of us.

I suspect that, if we were having this talk at the end of this century, and we were looking back, people would say that the most important thing that happened in the world of the 21st Century was that we either did or did not get control of the environmental questions. They can become more important than anything else, and getting them solved requires mobilizing political power. That’s one

reason I support Al Gore for president. I think he's got that very firmly in view.

We also need to deal with the so-called digital divide, the differential impact of globalisation within societies and between societies – a development that doesn't, in the long-term, benefit any of us. And we also have to look to the future in regard to one other critical factor. We have just more-or-less finished with the after-effects of the Industrial Revolution. It started in 1776 in England and we finally worked out its effects in 1989. In the 20th Century, three great contending ideologies competed to define the meaning of the Industrial Revolution and its aftermath – liberal capitalism, communism, and fascism. Fortunately, liberal capitalism and democracy prevailed.

Now, we don't at the moment see any prospect for a unifying philosophy that could grow out of the differential impacts that globalisation could have on peoples and societies – dividing the world and individual countries into winners and losers. But I cannot say to you, today, that we won't face such a unifying philosophy in opposition to our values and political and economic system in the future.

This leads to some final lessons. If we in the United States would like today's relatively salubrious situation to be enduring, we have to recognize that we will not achieve that by ourselves. We will not achieve it by appearing to be, or becoming, a hegemonic country. We will not achieve it by turning inward or by demanding that other peoples cut their cloth to an American pattern. We will only achieve it if we take a leaf from what we did in NATO. I don't mean to imply that we should have a NATO in East Asia, but rather that we should learn from what the U.S. did with NATO in the 1990s: to try building something which is in our interest and, at the same time, is in the interest of all the other countries with which we are working. In my judgement, that is the only way that we Americans will be able to seize the fantastic opportunity that has come to us at this moment in history. We must make something that can be built and something that can last – something about which people in Australia, and in many other places, will be able to say, "We got this one right".

Doing this is also not just about governments. We're heading now to a great triple partnership – government, the private sector, and what we call non-governmental organisations (NGOs) together, this triple partnership will either make it or break it. In so many places in the world, it is this triple partnership – the average person in association with the private sector and government – that will have to collaborate, because none of them can do alone what has to be done.

Three hundred years ago, Sir Isaac Newton said that, "If I can see farther, it is because I stand on the shoulders of giants." If we end up having seen farther, if we end up finding that, 50 years from now, people will look back and say that we, all of us in this room, did a

pretty good job, it will be because we built on a lot of inspiration and ideas of previous generations – the generations of Australians and Americans that fought together in the First and Second World Wars, and in Korea and Vietnam, who built a lot of things together, as you Australians have built this extraordinary country. And history should be kind to us, because I believe the partnership between our two countries and peoples is fully up to the task.

## The Larry Adler Lecture – 2000



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1. Lynn Cosgrove, Peter Cosgrove, Meredith Hellicar
2. Ethel Adler, Ted Kremer
3. Meredith Hellicar introduces Peter Cosgrove
4. Rob Ferguson, Jenny Ferguson
5. Rodney Adler, Deirdre Mason, Jenni Neary

6. David Dinte, Judy Dinte
7. Priscilla Williams, Carol Berg
8. Bob Mansfield gives the vote of thanks.
9. Catherine Beall, Gerard Henderson, Michael Monaghan, Arun Abbey
10. Stephanie Fahey, Peter Charlton
11. Frank Conroy

12. Lucy Brogden, John Ferguson, Janette Bain

Photographer: David Karonidis & James Hunt

## Supplementary Speeches at The Larry Adler Lecture 2000

### Introduction – Frank Conroy

May I, on behalf of The Sydney Institute, welcome you to the Year 2000 Larry Adler Lecture. A special warm welcome is extended to the members of the Adler family who are here tonight.

The Larry Adler lecture for this year will be delivered by Major General Peter Cosgrove. He will be introduced more formally by the Chair of The Sydney Institute, Meredith Hellicar, a little later. For the present, may I say welcome to Major General Cosgrove.

You were appointed to do a particularly difficult and sensitive job. For most of us, we could only view the process from the comfort of our television sets. You provided the leadership and communication to allow us to appreciate the role taken by Australia's armed forces. You did this with dignity, frankness and honesty. It is a pleasure to have you with us tonight.

The Larry Adler lecture is made possible by the generosity and support from the Telstra organisation which is represented by the Chairman, Mr Bob Mansfield accompanied by Mrs Peggy Mansfield. Welcome to you both and thank you, Bob, for Telstra's continuing support.

The format for this evening is that we shall first enjoy our entrée and main course. I shall return at 9.10 pm to introduce you to the Chair of The Sydney Institute who will, in turn, introduce our guest speaker.

The vote of thanks on our behalf will be expressed by the Chairman of Telstra.

The dinner will conclude at 10.30 pm.

Can I convey a special thanks to the Staff of The Sydney Institute who organise this dinner each year. To Anne Henderson, Lalita Mathias, Neeta Noronha and Astrid Campbell – thank you for a job well done. Also thanks to my colleagues on the Board of the Institute and all its supporters, many of whom are here tonight.

For those who are new to The Sydney Institute, can I mention that The Sydney Institute is a current affairs forum which conducts around fifty policy forums a year – the papers of which are published in The Sydney Papers.

To celebrate the Centenary of Federation, the Institute will be conducting a series of seminars and conferences in 2001 on the theme "Australia Chooses". We will be looking back at the decisions made at Federation in 1901 on a trio of issues – protection, industrial relations and immigration – and looking at the policy options in 2001 for an immigrant, trading nation in an increasingly globalised world. Emphasis will be on considering a new set of fundamentals for business and policy makers involved with business. The Institute will be publishing further details a little closer to the event.

The annual Larry Adler Lecture is the highlight of the Institute's year. Larry, an early supporter of the Institute, was a refugee from the harshness of both Nazi and Communist regimes. Like millions of others, Larry found refuge in Australia after World War II and made an important contribution to his adopted country.

### **Meredith Hellicar – Introduction to Peter Cosgrove**

Twelve months ago our speaker tonight, Major General Peter Cosgrove, was Commander of the Army's 1st Division – the formation containing Australia's regular combat forces – some 12, 000 men and women. He and his headquarters were monitoring events in East Timor. The first officials from United Nations Assistance Mission – East Timor were arriving to conduct a referendum on whether the East Timorese people would accept an offer for a future as a special autonomous province within Indonesia. If the answer was "No", then East Timor was to be separated from Indonesia and assisted to nationhood by the United Nations. If things went wrong, Cosgrove and his staff stood ready to control an operation to evacuate Australian nationals and any other persons approved by the Australian government.

Nine months ago all hell broke loose in East Timor. Peter Cosgrove and his headquarters were appointed to command the International Force – East Timor – INTERFET, a multinational force that would build up to about 11,500 troops, 35 ships, 50 fixed and rotary wing aircraft and a fleet of over 1,300 vehicles. The mission was to restore peace and security, relieve the suffering of a terrorised population and assist the UN back into East Timor.

Six months ago he stood on a stage at the Dili Sports Stadium accepting a standing ovation from several thousand of his subordinates and 6,000 East Timorese attending a Christmas Rock Concert. The Stadium was the same place where thousands of East Timorese displaced persons had been fed, given medical aid and temporary shelter before returning home. The Stadium was also located only a few hundred metres away from where East Timorese had been killed or maimed during weeks of violent mayhem. The concert was televised here in Australia. I am sure there were many watching from their living

rooms who would have also given him a standing ovation had they been in Dili.

Three months ago he returned to Australia to an amazing personal welcome home and invitations to speak and support activities around the nation. Though tired from the responsibilities of commanding INTERFET, he made himself available. Subsequently, contingents of those whom he had the honour to command in East Timor and compatriots from the Australian Federal Police who also served in harms way in East Timor were welcomed home in several capital cities.

Two months ago, he was made a Companion of the Order of Australia. He also reported back to the nation at Parliament House and signed off his involvement with INTERFET by saying to the Prime Minister and assembled parliamentarians, "Mission accomplished".

One month ago he was appointed Chief of the Army and will be promoted to Lieutenant General and assume command of over 50,000 men and women in a few weeks time.

By most measures, this has been an eventful twelve months for Major General Peter Cosgrove. Tonight he reaches another milestone on his remarkable journey of command, promotion, recognition and celebrity. We are very fortunate to have secured his services. He is presently taking a well-earned break with his family after handing over to his successor at Land Command. Hopefully we are catching him at a time of reflection before he assumes his new appointment in Canberra.

Peter Cosgrove is not like many of his contemporaries. To borrow from Gilbert and Sullivan, he is a "thoroughly modern Major General". Australian military history is replete with General officers who have largely remained out of the public eye.

They have mostly been strong, silent types who conducted their business within the cloistered confines of the profession of arms – possibly a little wary of the media and focussed on military mechanics of beating hostile forces, usually in open contest by force of arms.

From the beginning of the INTERFET campaign in East Timor Peter Cosgrove has been a master communicator. He harnessed the formidable power of the media to express his intentions. He wanted to give his fellow Australians, the government of Indonesia, regional neighbours and the international community confidence that the man at the head of INTERFET knew what he was doing. Simultaneously, he wanted to deter those contemplating opposing INTERFET in East Timor from doing so. He wanted to accomplish his mission without having to fire a shot in open contest. Sun Tzu, the ancient Chinese warrior-philosopher, said, "those who render their opponents helpless without fighting are the best of all." The success of the INTERFET campaign puts Peter Cosgrove in the company of Sun Tzu's "best of all".

Sun Tzu also said that leadership is a matter of intelligence, trustworthiness, humaneness, courage and sternness:

Intelligence: to plan and know when to change;

trustworthiness: to make people sure of reward or punishment;

humaneness: to have love and compassion for people, being aware of their toils; courage: to seize opportunities to make certain of victory;

sternness: to establish discipline in the ranks.

Peter Cosgrove stamped this style of leadership on INTERFET. However, there was one more leadership characteristic that added to his effectiveness – humility.

Humility: to value the collective contribution of subordinates above one's own contribution.

Peter Cosgrove called on his subordinates to help him accomplish INTERFET's mission – not just to do as they were told. They gave their very best because they knew that he genuinely valued their contribution. Thus he was able to harness the individual and collective capabilities of all of the national and international assets assigned to him. It was their mission accomplishment, not his alone.

I think you will agree that we found it refreshing to have a returning victorious general use a circus analogy to describe himself as the monkey who sat on the back of a performing elephant – highly visible to the crowd but it was the elephant who should be recognised as the substance of the performance.

Speaking of performance, I do not think many people realise that if he had not joined the Army he may have joined an opera company. Over the years he has been known to lend his voice, either in company or alone in the shower, to the choruses of many great operas. Simone Young, one of Australia's greatest conductors of opera, delivered the Larry Adler Lecture last year. Rather than the circus analogy, it may be more appropriate to use the analogy of the opera to explain Peter Cosgrove – not only as the conductor who orchestrated a successful military campaign – but also the one who gave the campaign its strongest voice.

I would now like to ask Major General Peter Cosgrove to come up to the podium and deliver the Larry Adler Lecture for the year 2000.

### **Vote of thanks – Bob Mansfield:**

It is a pleasure tonight to give the vote of thanks to Major General Peter Cosgrove, our guest speaker. Peter has demonstrated throughout his career, and in his address tonight, that he is not only a great leader, but also a great communicator. He joins speakers as diverse as conductor Simone Young, writer David Malouf and scholar Jill Kerr Conway to give The Sydney Institute's Larry Adler Lecture, among the

many other distinguished scientists, scholars and communicators who have addressed the Larry Adler Dinner.

The Sydney Institute's commitment to the communication of ideas and a celebration of intellectual diversity is what makes this a very special event and one which Telstra has been very privileged to be part of for the last five years.

I was particularly interested in Peter's emphasis on communication through team building and relationship building, messages which have equal relevance in the business and professional organisations represented throughout this room tonight. Success is heavily dependent on people and their teams and their relationships and, as Peter mentioned, also on the right technology and equipment.

Peter, I have no doubt that army training has a lot of things that business can learn from. I'm sure all of us in business have had days when we believe we're in the middle of a pitch battle, but the leadership and unspoken communication between that young army officer and his team at the control point in Dili is sometimes, sadly, all too lacking in professional life. It really did demonstrate the word, discipline.

Peter, you and your team are a credit to your profession and to Australia. You genuinely made every Australian feel proud of being Australian. I'd like to thank you for your very interesting address and for your contribution to broader debate on the issues you've raised.

Ladies and gentlemen, please join me in thanking Major General Peter Cosgrove and his wife, Lynne, for being with us tonight.

I'd like to conclude, if I could, by thanking our host The Sydney Institute and in particular Meredith Hellicar, Rob Ferguson and the people that worked so hard to organise tonight's dinner – Gerard and Anne Henderson and their colleagues. The Sydney Institute turned ten last year and there's no doubt that it is certainly in the category of an institution for Sydney. Already it has become the cornerstone of public policy debate in its home city and around the country. Through its journals, weekly briefings and events like tonight, the Institute provides a platform for many different voices and in doing so has helped ensure that writers and thinkers have access to an audience which will always challenge but always appreciate their work.

Telstra is delighted to be involved and thanks for your attendance this evening.

## The Larry Adler Lecture – 2000



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1. David Foster, Peggy Mansfield, Bob Mansfield
2. Frank Conroy
3. Ronald Finlay, Lucy Brogden
4. Pam Wilkinson, Owen Eather, Jeff Wilkinson, Bob Breen, Diane Breen

5. Ros Persaud, Rob Whitton, Hanne Hyman
6. Dana Sykes, Trevor Sykes
7. Marilyn Banfield, Lyell Crane, Marianne Crane
8. Simon Storey, Judy Fullerton
9. Ken Tribe, Joan Tribe

10. Margaret Szalay, Wendy Baron
11. Geoff Harper, Liz Sims, Tony Sims

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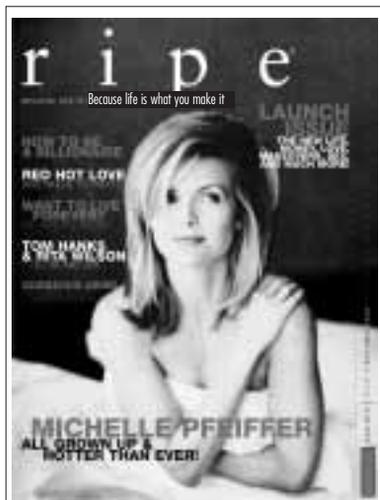
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dispersion and different centres of activity, which means that each contributes to the whole.

This is particularly so in the financial world. We are now at a time when governments, even if they wanted to control things, find that they are much more inhibited than in the past. The global marketplace turns over the equivalent of more than a trillion dollars a day. The opportunity and the possibility of affecting domestic economic policies in individual countries can be decided in a matter of minutes, half the way around the world. We saw that in Malaysia a couple of years ago, when decisions taken a long way away had a fundamental impact on that country – for good or ill, depending upon your point of view.

We're also seeing the degree to which factors of production are moving incredibly rapidly – in terms of labour, in terms of goods, in terms of production itself. This is happening not as fast as in the financial marketplace, but it is still a revolution in possibilities. Building upon this base of prosperity, the current US president and his successor, whoever it is, will have to reach out and create a solid basis of American new-era engagement in the outside world. Let me just single out three areas that developed in the last decade.

First is trade and the economic system. The North American Free Trade Area, which may not seem like very much, particularly measured against what's happening in the European Union, is "going Gangbusters," as we Americans say. Over the next decade or so, particularly if other countries like Chile are added to NAFTA, this will be an extraordinary economic engine within the Western Hemisphere, which we all have to work on to keep open rather than closed off. There is also the creation of the World Trade Organisation. What happened in Seattle, with the so-called Seattle Round, has given people some understanding that globalisation is not an unalloyed good, but that there are, or can be, winners and losers within society, and as between one society or another. The impact of globalisation is having a revolutionary impact in ways that nobody yet understands. But – and this will be a significant preoccupation for governments and the private sector – it's already begun.

Then there is Most-Favoured Nation treatment for China – as we used to call it. Now it's PNTR, Permanent Normal Trade Relations. It was passed by the U.S. Congress, which has a Republican majority, and there were enough Democrats on the president's side to pass it. It has a couple more steps to go through before it comes to signature. This act may also have broader ramifications – not just for our engagement with China, but also in terms of the adaptation of the American economy, and the adaptation of American politics to the American economy. There will be implications elsewhere and the American labour movement is rapidly trying to figure out how it will adjust to that. But all that's a healthy matter.

The Sydney Institute's

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