



# THE SYDNEY PAPERS

Winter 2001

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# The Sydney Papers

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Boral  
is delighted  
to help build  
the Sydney  
Institute.

(Not to mention the rest of Australia.)



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*Pilita Clark*



*Rob Johnson*

Photos: David Karamidis

According to Rob Johnson, author of *Cash for Comment* (Pluto Press), journalists operate within a culture of self-delusion, even though they paint themselves as crusaders against power and privilege. The so-called quality media, he says, the broadsheets and the ABC, are just as compromised as the tabloid shock jocks they criticise. *Sydney Morning Herald* journalist Pilita Clark doesn't agree. In a discussion at The Sydney Institute on Tuesday, 8 May 2001, Rob Johnson and Pilita Clark aired their differences.

# CRITIC CRITIQUE

## ***THYSELF: THE MEDIA AND SELF-DELUSION***

**Rob Johnson**

The topic we're going to cover today is entitled "Critic critique Thyself: The Media and Self-Delusion". The topic implies that journalists can dish out criticism but they can't take it.

I've recently had a book published called *Cash for Comment: The Seduction of Journo Culture*. For the benefit of those who haven't read it, my book described how the cash-for-comment story unfolded from the point of view of journalists working for the "quality" press (the broadsheets and the ABC). Some readers may have expected a condemnation of John Laws or Alan Jones, but I didn't want to do that. I was interested in looking at the craft of journalism, and the limitations of that craft. I chose the "Cash for Comment" scandal as a story to illustrate this, because it provided an easy contrast between best practice and worst, and could still illuminate the problems with each.

As a result, the book was critical of the "quality media" in Sydney. It was reviewed critically by some journalists, including Pilita Clark, so you could expect me to say tonight that journalists are not capable of taking criticism.

But I'm not going to do that.

One reason I won't is because in the book I criticise journalists for boiling their stories down to a simple conflict. Unfortunately, I don't believe reality always fits that structure.

In fact, tonight I'll talk about two elements of the book that received little or no attention in the reviews, but which I think are important. The first element is about that adversarial model of journalism, which I think distorts as often as it informs. The second element involves the various attempts by PR agents and corporations to influence editorial. Many journalists I have spoken to see John Laws' and Alan Jones' endorsement agreements as the most extreme example of a freebie culture. I feel that what I wrote wasn't sufficiently clear about my thoughts on the topic. Tonight I hope to correct that – which is to say, fighting the freebie culture is a distraction from greater and more insidious forms of influence.

If journalists are “self-deluded”, it isn’t because of arrogance or a desire to pervert the truth. It is an unfortunate by-product of the craft of journalism. It can be fixed.

Journalists have a model for best practice in their craft. It’s called the Fourth Estate model. A definition of this model offered in 1852 says the journalists’ duty is to “present to his readers not such things as statecraft would wish them to know, but the truth as near as he can attain it”. According to this definition, the function of journalism is to scrutinise the powerful. It offers a structure for a good story: powerful figure says something is the truth; journalist reveals the real truth. It suggests the truth is revealed through a conflict.

An example of this is, of course, the “Cash for Comment” story: John Laws previously bagged the banks, now he’s an apologist for them – and *Media Watch* revealed why.

I say in chapter one of my book that the fourth estate model of journalism determines an adversarial structure, which you then fill with content. A journalist can recognise a good story because you recognise its structure. The next step in the process is to fill that structure out.

The “Cash for Comment” story on *Media Watch* (and later the *Sydney Morning Herald* and the *Australian*) was driven by this basic conflict: Laws bagged the banks, then praised them, because Laws’ representatives organised a deal between the presenter and the Bankers Association.

That’s true. However, that simple story is not the whole story. It doesn’t fit that opposition comfortably if you reveal that Laws’ bank bashing was paid for by RAMS Home Loans in a sponsorship deal similar to the one he had with the Bankers Association. That story is also complicated by the fact that the “The Whole Story” radio series, sponsored by the Bankers Association, was the initiative of a representative of that organisation, and pre-dated his involvement with the Bankers Association.

A simple conflict-based story also couldn’t, and wouldn’t, explain whether there was any merit in “The Whole Story” series itself, or whether the information in that series was tainted. It couldn’t reveal what Laws’ listeners thought about the deal. It couldn’t explore how successful the deal was for the Bankers Association.

This is not to say that the journalists covering this story had not done their job, or had done it poorly. They had seen a good story on *Media Watch*. They had followed it up.

The details I list above muddy a good basic journalistic conflict. When you add those details in, the story seems less like a summary of a standover operation, and more like an opportunity to explore the depth to which money can influence trusted sources of information. The whole story does not make Laws look any better. It does not apologise

for his actions. But it does give a more complete picture of what happened – which is what I think journalists aspire to do.

I'll give you another example of where a basic conflict can unintentionally mislead – one that I'm a lot closer to. The first coverage of my book was a gossip item by Amanda Meade, beginning with the line, "Who the hell is Rob Johnson?" Her article said I purported to reveal the true story behind the "Cash for Comment" scandal, but that what I'd written wasn't true, and it was filled with mistakes.

Amanda's article was a simple adversarial story. It was funny (as she intended) but it couldn't – by the very nature of it – address all the subjects that are brought up in the book. Were there alternatives to covering the book that were entertaining but not based on conflict? Possibly. But because the limited space she had was used setting up conflict, the unfortunate result is she couldn't summarise everything in the book. That unintentionally gives a misleading impression of the book's contents.

In the spirit of critiquing myself, and as a way of diffusing that conflict, I'd like to hop to a few of the mistakes Amanda identified.

At one point in the book, for example, I described Amanda and her colleagues retiring to their anonymous brown cubicles to file their stories. She pointed out that the cubicles were actually an attractive blue-grey colour scheme. It's a mistake I will gladly admit to, and if there are ever future editions of the book, I will clarify that only the trim around the cubicles is brown, while the panels are an attractive blue-grey.

Around the same point in the book, I described a certain group of News Corp employees as wearing "white shirts, preferably with a singlet showing through". I said such people were old-school Murdoch loyalists and went on to say being a "White Shirt" wasn't so much a mode of dress, but a state of mind. On the same day Amanda Meade's article came out, the chief-of-staff of *The Australian* rang me to inform me that my book was littered with errors, most of them too small to worry about, but they had been around the office and no-one was wearing a singlet. I want to clarify that I do not believe you have to wear a singlet to express loyalty to Mr Murdoch senior or junior, and I apologise to anyone who has rushed out and bought a singlet on the assumption that they're buying influence with the Murdoch family.

Finally, Amanda's article pointed out, quite rightly, that I had said a Walkley Award comes with a cash component, whereas the award *Media Watch* got had no cash component. I'm happy to concede there was no cash award. The point I was making is that the Walkley's are very prestigious and much sought after – whether they come with cash or not doesn't change that.

And it doesn't change the fact that RAMS Homes Loans – who originally paid Laws to bash banks – were the sponsors of the TV

Walkley that *Media Watch* won. I didn't include that information as a serious criticism of *Media Watch*, but as a funny irony that nicely framed the story I was telling. I am ashamed to admit that I still find it funny.

Not long afterwards, Pilita Clark wrote a very interesting and entertaining article for the Spectrum section of the *Herald* that discussed the rather poor state of self-criticism in the Australian media, contrasting it with the more robust critical culture in the United States. This led to a critical review of my book. She made no secret of the fact that she wasn't a fan. She made a point of saying her partner, *The Australian's* Deputy Ed (News) Peter Wilson, owned no white shirts, and had never worn a singlet in his life.

Pilita's article was also driven by a basic conflict – that journalists are happy to scrutinise others, but are often not comfortable with being scrutinised themselves. To back this up, she quoted publisher John Iremonger, who said that journalists generally respond to books about the media with either silence or hostility.

She then went on to give the book a hostile review, thus proving her point. That's fine and I respect her opinion. I also feel that in order to talk about the book within the framework of that conflict, it was necessary to leave out discussion of much of the content and not discuss ideas, themes or issues brought up in the course of the story.

I believe that editors or journalists who were given the book to review immediately looked for some point of conflict, which would make for an interesting story. I think to do so is second nature for them. If you do this job for a while, you spend six days a week seeing the world as fodder for your stories.

You train yourself to sniff out stories that fit this model, and hunt for the content. You try to boil reality down to basic conflicts, and if it doesn't fit the model, it's not a good story so not interesting to you. However, if you can demonstrate a clear-cut conflict, you have a good yarn.

It's important for me to say here that I'm not criticising either of these journalists (or any others) for what they put into their stories, but for what they left out. If journalism purports to represent reality, despite what some cynics may say, journalists must recognise that reality doesn't always fit into a series of tidy conflicts.

I should also qualify my comments – as I do in the book – by pointing out that the adversarial model works well when there is a clear-cut conflict in the real world (natural disasters, wars and sport). But in this case, the actual criticisms of journalists in the book were not harsh. There was no natural conflict.

There was, however, a press release – which brings me to my second point about journalists' reliance on freebies, press releases and the machinations of professional spin-doctors.

I say in chapter three that it is too easy to rely on press releases, spin doctors and the clippings library when putting a story together, which is a problem for several reasons. In relying on previous stories, mistakes, biases, inaccuracies and omissions of other journalists can unintentionally be repeated. In relying on press releases, you are running the risk of running unchecked, and possibly dubious, information.

Here's an example. Review copies were sent out with a press release that said, "John Laws and co cop all the flack, but according to Rob Johnson, all journalists are prostitutes now". I never said that in the book, and I don't believe it. I saw a draft of the release and asked for corrections, and it was explained that we should leave it, as it would beat up a bit of interest. I thought, "fair enough", and was curious to see how many reviewers would repeat sentiments from the press release, even after they had read the book. Nearly all of them did – some actually said that I compared journalists to prostitutes.

This in itself is hardly a scandal. In fact, most of the time I found it entertaining, not in the least because I had written about the dangers of relying on sources like press releases and the work of other journalists in the book.

Why I find this topic interesting is because the information in a press release is not disinterested information. It has two functions. The first function is easily understood and clearly expressed in the release itself – to publicise an event, or product or service. The second function is to establish some kind of contact or ongoing dialogue between the person who put out the press release and the journalist who received it. As such, it is the most benign end of a scale of influence that journalists have to work with every day.

Freebies are a step beyond that. They have a tangible benefit. It is generally understood that those individuals or corporations who give you this freebie expect some kind of positive editorial coverage in return – even if they don't explicitly ask for it.

What Laws and Jones were doing with their endorsement contracts was perceived by journalists to be on the extreme end of a slippery slope of freebie taking. However, I don't believe that freebies necessarily compromise a piece of journalism. And I don't believe that refusing a freebie necessarily bothers the individual who wants to influence that journalist's opinion.

If a journalist does produce a story that results from taking a freebie of some sort, there may be a perception of bias if that benefit isn't disclosed. But that issue is easily dealt with – if there has been an offer of some benefit, you disclose it. As I understand it, the newspapers' current rules on disclosure dictate as much. Reading or hearing a story followed by a statement of disclosure at least gives the audience a chance to decide whether they think it's trustworthy or not.

Furthermore, as I say in the book, these benefits are not always out-and-out junkets. There are situations where they often have a valid educational purpose, which should better inform a journalist. And the very provision of that information can sometimes justify a story. For example, Pilita would hardly have reviewed my book if she hadn't got a freebie copy of it.

The reason freebies are offered is not for the joy of spending time with journalists. PR folk use freebies to establish a relationship, and so become a trusted source. If a particular journalist consistently refuses freebies, then the PR person will just have to find other ways to influence them – and if they're lucky, cheaper ways of doing it.

But if a personal rapport can be established between journalists and spin-doctors, you don't need to offer the freebie to get the client's point of view across. The agent is in the position to use journalism's primary currency – access – to ensure a journo covers a particular line. He or she can become a trusted source by opening the information floodgates to varying degrees – all in the name of being a trusted contact.

It was due to this strategy – not by the use of freebies – that John Laws' story during the "Cash for Comment" came across. The results were quite striking.

When the story broke in July 1999, Laws was quoted in the *Herald* as saying, "I'm an entertainer, not a journalist."

None of the reporters covering the story appeared to be sympathetic to this idea. So Mr Laws and his agents hired a PR firm, and Laws' lawyer made himself consistently available to the press. The PR agents were at the inquiry every day, and established a rapport with the journalists there. No-one was bribed. No-one let their standards slip.

By the end of the year, feature articles in both the *SMH* and the *Oz* said, "Laws is an entertainer, not a journalist". At the start of the process, he was portrayed as someone abusing a position of immense power at the expense of his own audience – at the end he was portrayed as a larrikin who had done something silly, and obviously wasn't sharp enough to understand his mistake. At the start of it, John Conde put out a press release that suggested if Laws or anyone had broken 2UE station policy by taking cash for comment, they'd be sacked. At the end of it, Laws' job contract remained intact. At the start, John Laws was the bad guy. At the end, Alan Jones was.

One journalist explained the change in emphasis of the reporting from Laws onto Jones by saying simply that Laws had given them his side of the story, whereas Jones had not. Jones stayed silent, which was like a red rag to a bull.

Once again, I don't think journalists can be castigated for this. They kept telling the story as they saw it, and as it fit the model.

However, the “Cash for Comment” inquiry showed how easily that model can be manipulated by vested interests – either in the form of straight endorsement arrangements with presenters, or through the offer of access, the provision of information, and the use of trusted sources.

It’s worth asking – if only out of pure intellectual curiosity – that if journalists concentrated on the conflict-based stories provided by the Broadcasting Authority, or by Laws’ publicists, or 2UE’s flacks, which elements of the story did they not have the time or resources to cover? Was there more to the story than merely scrutinising some powerful individuals? Were there also story angles in looking in detail at how this effected the powerless – the 2UE audience or the audiences of the ABC or the broadsheet papers? What more could this story tell us about the city, or the world, in which we live?

There are ways of countering corporate influences. Logic dictates that the simplest way of countering it is to not run any stories that have been tainted by freebies. That way there is a space that has to be filled with something – something which isn’t tainted.

That’s true – the space can be filled by expanding a picture; by padding out another story; or dropping in a house ad, or buying in a wire story or something from the *New York Times Syndicate* or the *Los Angeles Times Syndicate* or from any one of the many online journals and magazines. And all of that is cheaper than publishing an original story by an Australian journalist anyway.

Another solution, which I suggest in the book, is to experiment with different models for stories. I suspect that if journalists find new models – new ways of looking at the world – then they will also, inevitably, stumble across new stories. Such experiments would have the added benefit of expanding the role of journalism generally – so at its best it could be more than simply a watchdog. It’s possible that powerful vested interests would also find a way of manipulating the new models – but at least it would take them a while to catch up.

I’m also more than happy to admit that all I have done here – and in the book – was identify some problems with the craft of journalism as it’s practised. It will take people far smarter than me to come up with workable solutions. And I acknowledge that it’s very easy to fall back on a basic conflict, if only because you can be sure that it will entertain people.

For example, the conflict this evening between my views and Pilita’s is slightly misleading. Because, within the framework of an adversarial story, it’s difficult to find a comfortable way of revealing that several weeks ago we sat down over a cup of coffee and worked out the points that we would disagree on. I don’t believe either of us changed our opinions for the benefit of the audience. We just narrowed what we were going to say to provide a distinct conflict.

In order to do that, there were certain elements of my book that I haven't addressed – so if you believe that hearing this speech you're hearing a summary of what I've written, then I've unintentionally misled you. You've only heard part of the story.

Luckily for me, the only way you can really correct that state of affairs is by buying a copy of the book and reading it for yourself.

# CRITIC CRITIQUE

## ***THYSELF: THE MEDIA AND SELF-DELUSION***

**Pilita Clark**

I want to say at the outset that I am slightly surprised to be here tonight. From the moment I went into journalism, I always planned to be a newspaper journalist, never an electronic one, because the safety of the printed word always seemed much better than actually facing your quarry over a microphone. So it's a bit unnerving to find myself here tonight, within centimetres of an author whose book I have described in a less than flattering way.

As some of you know, I did not especially like a lot of Rob's book. When it came out, I wrote a piece on it for the *Herald's* Spectrum section, saying it was "inaccurate", badly argued and "inadequately edited". I said some of his opinions "bordered on the undergraduate"; the book was poorly proof-read; its jacket was badly designed and its cover blurb was overly dramatic. Apart from that, I thought it was fine.

Actually, what I wrote was relatively gentle compared with other reviewers. The *Courier Mail's* Peter Charlton, said it was "infuriatingly puerile in tone", "riddled with factual errors", and many of its conclusions were "sheer nonsense". And that was nothing compared with what was said about the book in newsrooms around Sydney.

Now was all this, as the topic of tonight's talk suggests, just another example of the inability of the critic to critique himself or herself? On the whole, I think the answer is "No". I suppose I would say that, but I don't think, for example, there was a lot of evidence of journalists saying the book was dreadful and non-journalists saying it was flawless. It did have a number of errors and its conclusions were woolly. It seems that not even the publishers were sure what it was about – never a good sign – because when they released the book, they sent it out with a media release saying – John Laws and co. cop all the flack, but as Rob Johnson sees it, all journalists are biased and compromised: when it comes to journalism, they're all prostitutes now. This book explores the myth of quality journalism – how ... the so-called quality media – the broadsheets and the ABC – are just as compromised as the tabloid shock jocks they criticise.

Now I understand that Rob doesn't think that is what the book is about and he didn't agree with the press release that went out. And he's right. That's not what the book's about. And to me, that's one of its major failings.

Just to be clear, I don't necessarily like to think of myself as a prostitute. And it's inane to suggest that journalists like Michelle Grattan or Laurie Oakes are just as compromised as Alan Jones and John Laws. But I do think the "Cash for Comment" story prompted some important questions about the behaviour of the entire Australian media, not just that of one Sydney radio stations. And Rob's book missed an opportunity to explore those questions.

I should say here that, as a former media writer for the *Sydney Morning Herald*, I know all about missed opportunities. I wasn't actually doing the job by the time the *Media Watch* program broke the Laws story, but even so, I'd managed to miss it myself for a whole year. And I should also say, as I said in that *Herald Spectrum* article, that Rob did at least have the initiative to do a book on this issue, which is more than anyone else has done so far.

And it was a book that ended up getting all of us here on a wet, cold night for a talk on media ethics, when we should be at home getting ready to watch *West Wing*. So you have to give him points for that. Anyway, in the spirit of non-self-delusion, I'd like to look at a few of those questions I think he missed.

The most important, I think, was that the "Cash for Comment" story symbolised one of the most critical issues facing media organisations around the world, namely the growing tension between producing good journalism and producing good profits in an increasingly competitive and fragmented market. At 2UE, you had a radio station that basically saw no ethical problem with its presenters dressing up ads for big companies as if they were sincerely held opinions. To do otherwise was, of course, to risk the vast streams of revenue they got from having Laws and Jones at their station.

I'm not suggesting that any other media organisation in this country, or many others in the English-speaking world, did quite what 2UE did. But there is no doubt that in a climate of increased financial pressure, the temptation to look the other way when profitable but questionable activities occur is a real problem.

To some extent, this is not new: media companies are businesses and there's always been tension between journalists trying to do journalism and owners trying to make a profit. And speaking as a former editor of a spectacularly short-lived magazine called *The Eye*, I would also say that I don't have anything against media companies making money. I just wish we'd made a lot more of it on *The Eye*.

But I do think we're going through a period now where the tension between journalism and profits has increased markedly in many

companies. And I think one result of this tension is that journalism has become what one academic at Harvard University, a Professor Howard Gardner, has described as a “misaligned” profession. In other words, the aims and beliefs of the people actually doing the journalism – the reporters and editors and producers – are often out of synch with the aims and beliefs of the industry’s executives and shareholders.

Most journalists still want to go out and explain and inform and reveal, but their executives are forced to focus more and more on selling and entertaining. You can see this very clearly in the language some news media executives are using now to talk about their organisations. To the horror of many journalists, newsrooms have become “cost centres”.

Mastheads have become “brands”. Programs have become “products”. Readers are “customers” and journalism itself is lumped in with advertising and just called “content”. As Harold Evans, one of the world’s best known newspaper editors has said, the challenge for newspapers now is not to stay in business, but to stay in journalism. And I think the same goes for all traditional media, not just newspapers.

If you looked at one particular newspaper recently, the Sydney *Daily Telegraph*, you might have noticed the paper has developed a slight obsession with the Channel 10 reality series, *Big Brother*. The *Telegraph* – and in fact News Ltd papers around the country – have run literally dozens of items on the program. They’ve had everything from an eight-page “armchair guide” to the series, to news stories about the over-the-top sexual antics of Andy, the dominatrix. (Although I don’t know what else one expects from a decent dominatrix if not something over-the-top.)

One story the papers didn’t write was that their company, Rupert Murdoch’s News Ltd, had done a sponsorship deal with Channel Ten, which meant that Ten actually paid for the armchair guide and, according to Ten’s corporate spokesman, “ongoing editorial interest” in the *Big Brother* program. Now News Ltd denies it gave any promises of news coverage. And in fact some of that coverage was hardly the sort you would expect from a paid ad. The *Telegraph* columnist Michael Duffy said *Big Brother* was, “The ultimate cheat ... manufactured from beginning to end, and designed to seduce you into a vast money-making web.” But the fact remains that News Ltd did run that armchair guide as if it was a part of the paper, without saying it was a paid ad.

And that is not all that different to what Alan Jones and John Laws did for Qantas and Optus and the NRMA and a raft of other companies. It’s true that the advertisers paid Jones and Laws personally for their endorsements, rather than 2UE. But the end result was that listeners heard an advertisement disguised as editorial comment.

And that's not the end of the *Big Brother* story. When the *Sydney Morning Herald's* media writer, Anne Davies, rang up News Ltd to ask for comment on the sponsorship, News Ltd's spokeswoman said it wasn't any different to the deal done with the Royal Easter Show by Fairfax, the publishers of the *Sydney Morning Herald* and the *Sun-Herald*. And it turned out, those papers did run quite a few news stories on the Show and Fairfax did do the official guides to the show, one of which was inserted in the *Sun-Herald*. It was labelled as an official guide, as opposed to being made to look like part of the newspaper's editorial coverage. And Fairfax's marketing department, like News Ltd, insists that there was never any agreement for its papers to have an "ongoing editorial interest" in the Show. But the fact is there was a sponsorship deal and that will probably always raise the sorts of suspicions News Ltd voiced.

I don't want to get too bogged down in the Easter Show and *Big Brother*. The larger point is that you don't have to look very far to find plenty of examples of advertising masquerading as independent editorial coverage. It's especially rampant in magazines. In fact, not that long ago, a couple of glossy cosmetic surgery magazines came out with so-called "articles" that didn't merely gush about the magazine's advertisers, they were actually written by the advertisers themselves. Talk about cutting out the middle man.

Being a middle man – or woman – myself, I'll admit there is some self-interest in this argument. But I don't think journalists are the only ones who feel this way. The Australian Broadcasting Authority released a very fat report last week with the tantalising title "Sources of News and Current Affairs". It included a large survey of public attitudes about how the news is influenced and interestingly, it found that the public believes the business interests of media organisations are the greatest source of influence on what is in the news media. The biggest influence, they said, were media owners, then big business and then commercial sponsors.

So clearly there is no shortage of material for a book on the implications of the "Cash for Comment" story for the rest of the media. But there were some more uplifting sides to that story as well, such as the way it sensitised many media organisations about ethically questionable behaviour they'd happily taken for granted for years.

At the *Sydney Morning Herald*, for example, it had long been common practice for journalists from nearly all sections of the paper to take free trips and tickets and gifts, or as they are technically known, "freebies". A lot of people on the paper had argued against the practice over the years, not just because it had the potential to influence the paper's news coverage, but because it had the appearance of doing that, even when it didn't. And as the media is constantly telling politicians

and business people, it's not enough to merely do the right thing, you should be seen to be doing the right thing as well.

And it is not as if banning freebies has never happened before. In fact in 1995, one *Herald* journalist, Matthew Moore, used a Churchill Fellowship to study papers in Canada and America. He wrote a report making the point that many American papers, big and small, banned free trips and gifts and the *Herald* should do the same. Sad to say, that particular recommendation went pretty much nowhere, until, four years later, the "Cash for Comment" story broke.

The *Herald's* editors decided it was time for the paper to pay its own way. A memo went out to all section editors, from travel, sport and business, to motoring and news, saying that from now on, no more free trips were to be taken. As well, all gifts worth \$10 or more had to be either politely turned down or handed in at the office, where they were given away to charity. And that's what has happened ever since. In fact, there is a letter pinned up on the *Herald* noticeboard at the moment from Elaine Henry, the chief executive of the Smith Family, thanking Alan Revell, the *Herald's* editor-in-chief, for another two boxes of gifts, the latest in a series of bounty that has been handed over to that particular charity.

Now this decision was not uniformly popular and it did cost the *Herald* quite a lot of money, because frankly, freebies were so accepted they had effectively become part of the budget. And I am sure they still are in a lot of other media organisations. But I'm also sure a lot have had second thoughts about them.

There's another issue raised by the "Cash for Comment" story that Rob tends to downplay in his book, and that's the growing influence of the PR industry in the media. A couple of years ago a Brisbane academic named Clara Zawawi did a one-week study of several newspapers and found that 60 per cent of what ran in the news pages and nearly 90 per cent of the business pages, was prompted by people in public relations. Those are pretty staggering figures, but maybe not that surprising in the current climate, given that re-writing a press release is a vastly cheaper exercise than going out and researching, finding and reporting news independently.

Now you can argue that not every story that comes from a media release is un-newsworthy or even unimportant. But the fact remains that all these stories take up very limited space on a newspaper page or in a TV news bulletin. And I think you always have to ask, what sort of stories did they replace? Were they stories that were equally important, but didn't make it in because the people involved didn't happen to have a PR budget?

One thing Rob does talk a lot about in his book is this idea of adversarial journalism. I agree that there is too much "he-said-she-said" journalism that doesn't include enough context, history and

explanation. The reality of most stories is usually much more complex than what's reported in a two minute television report or even a 2 000-word political column. But where I do not agree with him is where he says journalists' influence is waning because they rely too much on this adversarial model and an outdated "fourth estate" ideal that says journalists should act as watchdogs in a democracy.

Without wanting to sound horribly pompous, I would say that some of the most memorable pieces of journalism are outstanding examples of journalists imbued with those "fourth estate" values that Rob tends to dismiss. Watergate, for example, was a classic conflict between the White House and two reporters abiding by fourth estate principles to expose a bad president.

Closer to home, Paul Toohey's story in *The Australian* last year about the petrol-sniffing in Aboriginal communities or Paul Barry's recent story on bankrupt barristers in the *Sydney Morning Herald*, were other examples of the genre. And I don't see the problem with any of that. As a matter of fact, I think we should do a lot more of it.

Unfortunately, these sorts of stories usually take a lot of time, commitment and money. Which brings us back to square one and my earlier point about the growing pressure on media executives to save money, not spend it. I'd like to say that the sorts of financial pressures and tensions we're seeing in the media at the moment are only temporary. But I'm not going to because unfortunately, I don't think they are. In fact I think they are only going to increase.

And that leads to one final, but important, point. The only reason we know about the "Cash for Comment" story and many similar aspects of dubious media behaviour, is because of one television program, *Media Watch*. And in fact, in that Broadcasting Authority report I talked about earlier, focus group participants were asked to name positive influences on news and current affairs. And they specifically named *Media Watch*, the ABC and the Broadcasting Authority's "Cash for Comment" inquiry.

In an ideal world, there is no reason why any media organisation couldn't do exactly what *Media Watch* did, but the fact is, none do it with quite the same dedication and nor do any achieve the same impact. I don't think it was any accident that this was a program on the ABC, which is not subject to the same commercial pressures as other media companies – or at least isn't supposed to be. I think it's fairly clear that we need more of this sort of criticism, not less. None of the official explanations for *Media Watch*'s sudden death last year make any sense to me and I think the sooner they bring it back, the better it will be for all of us.



1. Marcia Capel  
2. Mary-Lynne Koloff, Tony Hibbert  
3. Kelly Nichols  
4. Deborah Griffin

5. Annabelle Chaplain  
6. Glenn Phillips, Jason Soon  
7. Rod Harding, Lee Hayes  
8. David Williams

9. Ross Fitzgerald  
10. Harold Scruby, Michael Sexton  
11. Marilyn Gosling, Gabrielle Crompton

Photographer: David Karonidis



Photo: David Karonidis

*Philip Ruddock*

In the words of Australia's Minister for Immigration Philip Ruddock, "The countries that will fare best in the future will be those, like Australia, which look outwards and accept a full role in the global economy. A key part of our engagement with the world is through skilled immigration, both temporary and permanent." In an address to The Sydney Institute on Wednesday 16 May, Philip Ruddock outlined the Howard Government's optimism about its immigration program, especially in attracting greater numbers of skilled immigrants in future intakes.



# THE 2001–2002

## *MIGRATION PROGRAMME*

**Philip Ruddock**

It is a pleasure to be here today to talk to you about the 2001–2002 migration program.

Just over three weeks ago, I announced an increased migration program for 2001–2002 of 85,000 places, with an expanded skill stream of 45,500 plus a skill stream contingency reserve of up to 8,000 and an expanded family stream. I also announced that the humanitarian program would be held at 12,000 places.

The expanded migration program is more targeted than ever before. It is highly skills focused, employing rigorous selection criteria to ensure that those coming to Australia under the skill stream are young, English proficient migrants with skills that are fully recognised in Australia and, increasingly, were obtained from an Australian tertiary institution. The new program responds to Australia's economic and social needs, both at the present and longer term where it will assist in slowing the projected decline in our workforce growth rate and in stabilising our population at around the 24–25 million level in about 50 years.

### **Population context for the 2001–02 program**

Policy decisions made now can have significant and enduring effects years after they have been made. This is particularly so with immigration where the size and composition of the intake has both immediate and longer-term impacts on the size and demographic characteristics of Australia's population and labour force.

Population projections for Australia based on current demographic trends indicate that growth in our population and labour force will slow significantly over the next 50 years. Australia's population of around 19 million is currently growing at just over one per cent per annum. Around half of this growth is due to net overseas migration (ie long term and permanent arrivals minus long term and permanent departures) and half to natural increase (births minus deaths).

This rate of population growth is, however, projected to decline steadily due to our below replacement and declining fertility rate which has fallen to 1.74 children per woman in 1999. All indications are that the fertility rate will continue to fall as the currently large cohorts of women of reproductive age (the “baby boomers”) move out of childbearing age and the numbers of women available to have children decrease. This trend is replicated in many developed countries around the world. If Australia’s fertility rate declines to 1.65 children per woman by 2007-08, (and there is no guarantee that a decline will stop there), we will need net overseas migration of at least 75,000 per year over the next 50 years just to prevent our population going into decline.

Moreover, by mid century, the proportion of people aged 65 and over will double to around 25 per cent of the total population, while the younger age group will decline to around 15 per cent of the population compared to around 20 per cent presently. At the same time, workforce growth will have slowed substantially. According to the Australian Bureau of Statistics, the annual growth rate of Australia’s labour force has already slowed from 2.7 per cent in 1979-80 to 1.6 per cent in 1998-99. It is projected to fall further to 0.4 per cent by 2015-16.

This will mean that by 2050, there will be just over 1.5 people of working age to every person of non-working age compared to the current situation of just over two people of working age to every person of non-working age (using current definitions of the working aged).

To put it another way and perhaps more starkly, in recent years Australia’s labour force has been growing by about 170,000 people *per year*. However, for the entire decade from 2020 to 2030, the labour force is expected to increase in size by approximately 100,000 people in total.

While this may sound alarming, Australia is in a comparatively better position than many other developed countries (such as Western European countries and Japan) in that our fertility rate has not fallen as far as others and our population is not nearly as aged.

Moreover, Australian governments have been taking steps to deal with this much earlier than our counterparts elsewhere.

We have already taken measures to improve our superannuation savings and our age pension has long been means tested. In other areas like health, the concern is not so much from increasing numbers of aged people but from affluence which is largely responsible for much of the increase in health expenditures in recent times.

From a population perspective, there are three key strategies we must continue to pursue:

- we must continue to pursue family friendly policies that will help to minimise further falls in fertility (but noting that there are limits to the effectiveness of these policies);

- we must also continue to encourage more older workers to remain in the workforce longer; and
- we must continue to enhance our skilled migration intake which is what I want to talk about today.

Planned migration has an important role to play in assisting Australia to cope with the demographic transition to lower fertility. Average long-term net overseas migration of around 75,000 per annum would essentially stabilise our population at around 24 to 25 million, provided our fertility rate does not fall much below 1.65 children per woman, and life expectancy continues to improve by around one year every ten years. This would mean that the ratio of working age to non-working age members of the population would continue to decline but only slowly, giving time for any necessary adjustments to occur.

Given the highly mobile nature of skilled people today, however, we should not take for granted that we can maintain an average net overseas migration at 75,000 per annum. We are currently above that level by 10,000 or so but Australia faces real challenges to maintain this level in the long-term:

- Over the last ten years, net overseas migration has fallen below 75,000 three times, ie in 1992, 1993, and 1994. The pressures for this to happen again are increasing.
- There is an increasing global demand for skilled workers that means Australia will be increasingly competing with many other countries that in the past have not been traditional migration countries and have not sought skilled workers.
- At the same time, skilled workers in Australia are being lured to other countries either permanently or on a long-term basis.
- We can also anticipate that the recent changes to access to social security for New Zealanders will also put downward pressure on net overseas migration given that New Zealanders make up such a large component of net overseas migration.

If the 2001-02 migration program is perpetuated over the longer term, it would go some way to offsetting the likely downward impact on Australia's net overseas migration from the rising global competition for skilled people.

The increase in the program for next year should be seen in part as insurance against the possibility that net overseas migration in future years could fall below what is required.

### **Skill stream**

I mentioned before that the new program provides for an increased skill stream of 45,500 places and a skill stream contingency reserve of up to 8,000. The skill stream of the migration program is specifically designed to target migrants who have skills that will contribute to the Australian economy. It will comprise at least 54 per cent of the total

program in 2001-02. If the whole skill stream contingency reserve is used this will bring the total skill stream to 53,500 or some 57 per cent of the program. This will be the largest skill stream in the last three decades both in percentage and absolute terms. The skill stream contingency reserve has been expanded to accommodate any increased demand from overseas students successful in obtaining an Australian qualification in skills in national shortage, particularly ICT skills.

The skill stream contingency reserve provides a flexible approach to allow us to take full advantage of such students where they wish to stay permanently in Australia. While the labour market has softened recently, national skill shortages in areas such as Information and Communications Technology (ICT), nursing and finance remain a significant brake on the economy. Targeting these shortages through the skill stream will facilitate growth in the economy.

### **Reforms to the skill stream**

The skill stream of today is very different to that of the past. Today it is far more rigorous in terms of the criteria that applicants must meet. The introduction, on 1 July 1999, of a new points test for skilled migrants has had a dramatic impact. Of applications received for the period 1 July 1999 to 30 June 2000, over 80 per cent are aged between 18 and 34, nearly 88 per cent of all skilled applicants have scored the maximum points available for English, nearly 94 per cent of successful independent skilled applicants have scored the maximum points for skills, around 50 per cent of applicants are former overseas students who have undertaken studies in Australia and who have the advantages of qualifications easily recognised in Australia and of prior experience of life and work in Australia.

Introduction of the Migration Occupations in Demand list (MODL) to target skills in demand nationally led to around 50 per cent of principal applicants in 1999–2000 having an occupation on this list. The major occupation is information technology professionals who account for 25 per cent of all principal applicants entering under the new points test. Given that MODL occupations represent only eight per cent of all occupations this illustrates how targeted the skill stream has become. There is much evidence to suggest that the reforms we have made to the migration program over the past five years, including the 2001-02 migration program, are delivering major economic, budgetary and employment benefits and will continue to do so for many years. Chris Murphy of Econtech estimates that compared with the program we inherited in 1995-96, changes we have made since gaining government, including the 2001-2002 migration program, if continued over the next five to six years, would enhance living standards by some \$323 per head or by \$6.7 billion in total by 2007–08.

Modelling done for my department by Access Economics suggests there will be a net benefit to the Commonwealth budget of around \$3.7 billion over the next four years if the program is maintained at the 2001-2002 level and structure. Preliminary research conducted by the National Institute of Labour Studies using the results of the Longitudinal Survey of Immigrants in Australia shows that skilled independent migrants are performing many times better in the labour market, with higher rates of employment and higher incomes, than those who were entering under the same category back in the mid-1990s.

The research clearly shows that increases in the skilled migrant intake at the standards we have set can only benefit Australia and that today's migration program is very much in the national interest. This is in stark contrast to concerns being expressed in the U.S. and Canada about the impact of unskilled and lower skilled migrants on the economy and poverty. Leading American researchers believe that the U.S. experience since 1965, when immigration criteria began strongly favouring unskilled, family reunion migrants, has been that a large unskilled migration program has: dramatically increased inequality by increasing the gap between the wages of unskilled and skilled workers; been of very little economic benefit and had a negative fiscal impact; and greatly increased the number of people living in poverty in the U.S. The Canadian experience is also instructive. Like Australia, Canada is well aware of the contribution immigration can make to a sustainable future population. However, the labour market performance of migrants to that country has raised concerns over the Canadian program. Recent research indicates that in 1996, new immigrants were making just 60 per cent of what the average Canadian earned, compared with 80 per cent in 1981.

It has been suggested that the chief reason for this decline in the labour market performance of migrants to Canada is a growing gap between the educational qualifications of migrants and those of the native population. This situation has been exacerbated by the emergence of a "knowledge economy" with a greater emphasis on education and changing labour market structure, leading some Canadian researchers to propose a sharper focus on skills and qualifications and greater targeting of key areas such as ICT.

### **Family Migration**

The 2001-2002 migration program also reflects the government's firm and continuing commitment to family migration. To maintain a balanced program, the increase in the skill stream has allowed an increase in the family stream by over 4,000 places to meet demand for the migration of spouses, dependent children and other close family. The new program provides for 37,900 places in the family stream.

Family stream places will make up nearly 45 per cent of the total program in 2001-02.

This increase in numbers, coupled with changes made to the family stream in recent years to improve the integrity of assessment procedures for spouses, means that we are now able to meet the legitimate family migration needs of many more Australians. It should be noted that these family stream migrants are in addition to the families of skill stream migrants who are visaed as a family unit within the skill stream. I am also continuing to look for viable options to allow more parents to be reunited with their families in Australia where that can be accomplished without placing an undue burden on the public purse.

Community consultations and policy development work continue on a package of parent measures including flexible visitor visa policy, long term temporary entry and new permanent entry arrangements. The 2001-02 migration program includes a contingency reserve of 1,000 additional places and an additional 4,000 places per year thereafter for parents if there is support from the community and opposition parties for any options so developed.

### **Humanitarian program**

The government also maintains its commitment to a strong humanitarian program – 12,000 new places will be available for the 2001-2002 program year. Australia continues to be a major participant in global refugee resettlement. We have traditionally had one of the most generous per capita offshore refugee and humanitarian resettlement programs in the world. However, the continued influx of people arriving illegally seeking asylum on our shores is threatening the humanitarian program and ultimately those in greatest need. Every time someone who arrives illegally is granted refugee status, it means that a place is denied to someone often in more dire circumstances. A whole of government approach has been taken to these issues and we will continue our strategies to protect the integrity of our borders.

### **Conclusions**

There is no doubt that Australia, like most other developed nations, will continue to face a dual reality. On the one hand, we will continue to have to deal with rising levels of illegal immigration and immigration fraud. At the same time, there will be rising competitive for young skilled migrants as global demand for these people intensifies.

We must continue our strategies to protect the integrity of our borders. Nothing undermines public confidence in our immigration arrangements more than to see people rorting the system. However, in ensuring that the back door is firmly closed to unlawful entrants,

we must endeavour to open the front door wider for those who seek to come here lawfully, particularly those with skills in demand.

The 2001-2002 migration program goes a long way towards helping to retain Australia's position in the rising global competition for young, skilled people who will make a significant economic contribution to Australia as well as provide social and demographic benefits. However, we cannot rest on our laurels. We are constantly reviewing and fine tuning programs with the objective of becoming increasingly more competitive in the market for highly sought after skilled labour. We must also continue to research issues impacting on fertility and labour force participation, particularly of older workers, in Australia.

This multi-facted approach will give us the tools and information to enable us to manage Australia's future population environment and ensure that we retain our position in the global race for young, skilled people.

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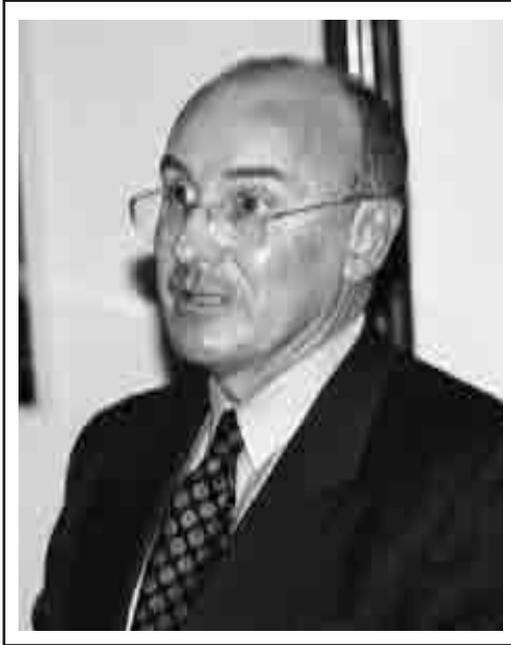


Photo: David Karonidis

*Bob Breen*

Bob Breen is an Army Reserve officer with a keen interest in the Australian Defence Force's participation in peace support operations. He has conducted research on these operations in Somalia, Rwanda, Mozambique, the Middle East and Bougainville. More recently he spent three months with INTERFET in East Timor and in 2001 published *Mission Accomplished* (Allen & Unwin), the story of Australia's successful intervention and peacekeeping in East Timor. To coincide with the release of his book, Bob Breen addressed The Sydney Institute on Wednesday 23 May 2001.

# PEACE KEEPING

## *LESSONS: EAST TIMOR AND BOUGAINVILLE*

**Bob Breen**

East Timor and Bougainville are two places where ordinary people have suffered. In East Timor, hundreds of thousands were displaced in September 1999 while their homes, community facilities, such as schools and hospitals, and their public buildings, were looted and burnt. In Bougainville, tens of thousands were displaced during a secessionist rebellion that had also spilled over into a civil war where Bougainvilleans were killing Bougainvilleans.

Bougainville and East Timor are two places where military action by a coalition of nations has relieved this suffering by restoring a secure environment. In 1997 the Australian Defence Force (ADF) combined with military contingents from New Zealand, Fiji and Vanuatu to form an unarmed 250-strong Truce Monitoring Group, known by its acronym TMG. Two years later, the ADF combined with regional neighbours and contingents from around the world to form an armed International Force – East Timor, known by its acronym INTERFET.

For Australia in general and the ADF in particular these two military operations constitute the most important military engagements with the near region since World War II. In East Timor there are just over 1200 troops conducting border and logistic operations as part of INTERFET's UN successor, known by its acronym as UNTAET. In Bougainville the successor to the TMG, called the 195-strong Peace Monitoring Group, or PMG, facilitates a peace process through good offices, distribution of information, transportation of delegates and leaders and a reassuring presence during negotiations and reconciliation ceremonies.

While the ADF's operations in East Timor and Bougainville are very different, they have one thing in common. They are both "good neighbour" operations. Lieutenant General Peter Cosgrove characterised the INTERFET operation idiosyncratically when he said, "Australia saw a neighbour being beaten up and jumped the fence." In Bougainville the analogy also applied but with an ironic twist. Australia only jumped the fence with other regional neighbours after

Bougainvilleans had endured a slow, nine-year beating and blockade. The ironic twist was that Australia had previously assisted those who were doing the beating and blockading with training, materiel and helicopters. In both East Timor and Bougainville Australia and its allies were invited to jump the fence. I hope that Australia will never be forced to knock the door down to get in for any future good neighbour operations.

Before going on, I should point out that the ADF is no stranger to “good neighbour” operations in the near region. The ADF has often been the means for the Australian Government to provide prompt disaster relief and delivery of emergency humanitarian aid when cyclones, floods, tidal waves, earthquakes or volcanic activity have damaged towns and villages and displaced communities in the near region. For example, in 1998/9, the ADF conducted three “good neighbour” operations. One in West Papua in conjunction with the Indonesian Government and its armed forces, one in the Papua-New Guinea highlands and one on the north coast of Papua-New Guinea. The first two were drought relief operations and the last was the provision of emergency medical support after a tidal wave had destroyed several villages.

I have just returned from conducting research in both East Timor and Bougainville. I work for the Land Commander – Australia as his Operations Analyst. He is the man who prepares and dispatches Army units for operations and he commands the Army’s combat formations. My job is to identify the lessons we are learning from off shore peace support operations and help apply them to the preparation of forces replacing our contingents when they have completed their tours of duty. I am the Army’s corporate memory for offshore peace support operations. I began this work in Somalia in 1993 and have conducted research with Australian contingents in Rwanda, the Middle East and Mozambique since then. In recent years I have visited East Timor three times, beginning with a 10-week secondment to INTERFET, and Bougainville many times. My other role as an operations analyst is to anticipate the Army’s next offshore peace support operation and assist with the preparation of force elements before deployment.

While I do plan to take a nibble at the hand that feeds me in a spirit of constructive criticism, my opinions do not represent Defence policy, nor should I be characterised as a Defence spokesperson. I come to the Institute this evening as a private citizen to share some observations, to raise the profile of issues related to the ADF involvement in East Timor and Bougainville and to help inform the way Australians might think about the use of military action in the cause of peace and stability in the near region.

## Situation in East Timor

The centre piece of the ADF's engagement with East Timor is the 1100-strong battalion group serving along the northern sector of the border with West Timor. The group's mission is to deter infiltration by hostile groups into East Timor and create a secure environment for nation building by UNTAET in conjunction with the East Timorese Transition Authority.

So how are things going and what is the ADF learning?

I interviewed a cross section of the men and women serving in the 1<sup>st</sup> Battalion, the Royal Australian Regiment Group, known by its acronym 1 RAR Group, as the Group left East Timor last month after six months service. I had a particular interest in this formation because I had already written two books about it. One telling the story of the 1 RAR Group in South Vietnam in 1965 where it fought as part of a US Airborne Brigade. The other told the story of the 1 RAR Group in Somalia in 1993, where it served as part of the US-led Unified Task Force. So what would the battalion be like in 2001?

The changes were profound. This battalion group had achieved the highest level of integration and synergy that I had seen so far on Australian land operations. In the 1 RAR Group the Infantry were just one major ingredient in a potent mix of surveillance and information systems technology, combined with mobility and firepower. Underpinning these attributes was a civil affairs team that ensured that the East Timorese people remained in a close working security partnership with the Australians. Socially, that integration combined young Australians from a mix of ethnic backgrounds, different levels of academic achievement and from both genders. From the top down it reflected both the society it came from and a smart way of doing business.

In 1993 the ADF hastily issued the 1 RAR Group with five laptop computers and printers two weeks before it embarked for Somalia and assigned it an *ad hoc* national headquarters and group of supporting elements. The 1 RAR Group had never worked with this headquarters or some of the assigned elements before. Those assigned elements guarded their work domains jealously and refused to be integrated with the unsophisticated Infantrymen. For their part the Infantrymen kept support troops at a distance and ensured that women were rarely seen anywhere near the battalion group headquarters – the domain of warriors – and none would have been allowed to work there.

In 2001 the Commanding Officer of the 1 RAR Group, John Caligari, changed traditional military paradigms that were based on pre-Information Age doctrine. He removed specialist and gender demarcations he had observed in Somalia in 1993. He flattened the traditional hierarchical pyramid and reorganised his battalion group into 15 elements. Female personnel were incorporated into all facets of

the Group's operations with the exception of direct combat operations. He employed technology in general and information technology in particular to integrate these elements.

Caligari had also fielded a battalion group that was politically and culturally well prepared. He recognised that a major part of his Group's effectiveness would come from its engagement with the local population. The Bobonara District was not just perceived as a two-rifle range where the Australians would hunt and trap infiltrators while the East Timorese looked on from the sidelines. He formed a partnership with them through his civil affairs team. He was the first Infantry commander to book out entire language courses at the ADF School of Languages so many of his key subordinates could speak with the East Timorese in their own language. He arranged for Xanana Gusmao's daughter to brief the Group on the language, culture and aspirations of the East Timorese people.

The 1 RAR Group also used information technology to link the frontline to the home front. Soldiers had routine contact through the Internet to loved ones and could send and receive e-mail. Loved ones could access the Group's web site to catch up with the news of operations and send e-mails to the Group's Hotmail account knowing that their loved ones would read them either later that day or early the next day. The intermittent mail system was by-passed. Predecessors in Vietnam and Somalia would have found this connectivity to families in Australia to be quite remarkable. Poor mail services and very little telephone contact back to Australia dogged both operations.

John Caligari had used his own initiative to grow most of the capabilities he felt were important to achieving his mission in East Timor. He applied the lessons from Somalia because he was a veteran from that campaign. He organised the language and cultural training. He took soldiers out of other employment and tasked them to become IT specialists. In my opinion, the higher Defence organisation should learn from Caligari's example and give priority to underpinning regional engagement with substantial investments in language, culture and civil affairs capabilities, and the employment of more IT specialists at the tactical level.

Fortunately, an infiltration campaign was not mounted against the 1 RAR Group as had been the case with its predecessor. Few shots were fired. The border area has never been as quiet as it has been over the past eight months. Relations between the 1 RAR Group and the Indonesian battalion opposite were warm and friendly. This is an encouraging situation as East Timor prepares for elections in August.

The other interesting ADF engagement in East Timor is the deployment of a 23-strong group called the Australian Training Support Team. Its mission is to provide logistic support to a basic training program being run by the Portuguese at Aileu in the highlands,

an hour's drive inland from Dili. By the middle of the year the first 650-strong battalion of the East Timorese Defence Force, known by its Western acronym for the moment as the ETDF, will be in training at an Australian-built facility at Metinaro, located on the coast about a 30 minute drive east from Dili. The ADF will coordinate putting training arrangements in place for this battalion and an ADF officer is scheduled to be Deputy Commandant of the facility.

I was struck by the potential for the East Timorese Defence Force to become a mini-clone of a Western defence force. At the moment the policy is to structure the ETDF into conventional regular and reserve light infantry battalions, to recruit and train them centrally and for full time battalions to occupy barracks. I think the ETDF should be structured, trained and accommodated to defend East Timor in a way that reflects East Timorese culture and the limited budgets of future East Timorese Governments.

I think that the ETDF could be formed like the Regional Force Surveillance Units we have in northern Australia. These units should be recruited from the districts they are going to defend. They should be trained near their home communities in the terrain that they will be operating in. They should be trained in the specific requirements of counter-infiltration operations that have been re-discovered and refined by Australian and New Zealand battalion groups on the border since early last year. As well as being recruited and trained locally, I believe the East Timorese surveillance force companies should live locally in barracks with their families and close to their communities. This not only accommodates East Timorese cultural preferences but also binds the ETDF to itself as a military community and to neighbouring communities in a way that should facilitate a security partnership with their compatriots as well as the police.

For the time being, senior East Timorese military officers and Defence officials have gone for Western structures and Western-style centralised training at Metinaro, away from their families and communities. In the short term this is probably the best way of binding ETDF personnel together and imparting a sound professional ethos. Centralised training also assists in achieving consistent standards and can achieve certain efficiencies. Down the track, these structures and training arrangements may need to be refined if they do not satisfy the needs and means of the East Timorese Government.

### **Situation in Bougainville**

After I completed research in East Timor in April and earlier this month, I headed off to Bougainville. During 1998 and 1999 I had been a frequent visitor after being put in charge of training and dispatching the ADF contingent to the Truce Monitoring Group in late 1997. I

had been away from Bougainville for over 12 months while I concentrated on East Timor.

So, how were things going and what is the ADF learning?

The intervention into Bougainville represents a new type of “good neighbour” operation for the ADF. Military personnel and assets are there to support dispersed monitoring teams and provide the means for those involved in the peace process to meet, negotiate and reconcile. Though not armed like the 1 RAR Group was in Somalia and East Timor, the PMG has a mission to create a secure environment. This is achieved by moral force and friendly engagement, not by armed force and violent engagement. Australian military personnel work alongside civilian peace monitors recruited from the Australian Public Service and trained by the ADF to bring Bougainvilleans together in peace and harmony to work out their future through negotiation among themselves and with the PNG Government.

The timing of my visit turned out to be fortuitous. The PNG Government and the Bougainvilleans had just signed an agreement on weapons disposal that gives the green light for negotiations on arrangements for Bougainville to become a fully autonomous province. Those talks began this week with the prospect of agreement in the next few weeks. The final phases of the peace process, that began formally in April 1998, are about to be played out, namely, weapons disposal and the election of an autonomous government.

The Australian Defence Department and the Department of Foreign Affairs and Trade are in a bit of a dilemma about how to support the final two phases of the peace process. The UN has accepted responsibility to co-ordinate weapons disposal and the elections will be at least nine months away. Is it time to pull out and leave weapons disposal to the UN and to support the elections next year with a group of electoral officials and monitors who can be assembled quickly and flown to Bougainville when the time comes?

This dilemma has brought to the surface tension between what I will describe as the pessimistic downsizers and the optimistic peacemakers. The first group, comprised of a few senior ADF officers and Defence officials, were most reluctant to back the unarmed, New Zealand-led TMG in late 1997. Since the ADF took over the TMG's successor, the PMG, in 1998 this group has put pressure on each Australian commander to downsize and make the transition to a small, civilian organisation. At the same time the optimistic peace makers, comprising senior Australian diplomats and a group of ADF officers with overseas peace keeping experience have encouraged commanders to stay the course and not become impatient with Melanesian consultative processes.

The first four ADF commanders of the PMG in 1998 and 1999 concluded that service in Bougainville provided ADF personnel with

opportunities for professional and personal development as well as financial reward and a chance to engage with another culture in the near region. They also concluded that the job was worth doing well and that the ADF was the best organisation to do it in cooperation with the Department of Foreign Affairs and Trade as well as military personnel and diplomats from contributing nations. Furthermore, ADF operations in Bougainville grew and exercised specialist ADF logistic capabilities that were being phased out. It also gave an under-exercised ADF logistic system opportunities to sustain an off shore operation. Incidentally, these specialist logistic capabilities proved to be crucial for ADF operations in East Timor in late 1999. Further, the Army's Logistic Support Force was also in a better position to step up to support operations in East Timor having learned many lessons from supporting operations in Bougainville.

Despite these conclusions by previous commanders and the success of the PMG in 1998 and 1999, the "downsizers" got stuck into the PMG in 2000. It went from being 250-strong to a 195-strong organisation. Some of the strongest attributes of the 250-strong PMG were its capacities for exercising good offices, interacting with communities and providing reassuring presence for reconciliation and consultative processes. It was also able to facilitate communication between communities in districts and higher level negotiating processes through a mature group of senior military officers, a senior Australian diplomat and multi-national monitoring teams supported by a capable information support team and helicopter and maritime transport. It was also able to protect itself from recalcitrant, hard line elements through the synergy of civil affairs, continuous contact with communities, information operations and warm personal relationships between senior members of the PMG and key players in the peace process. The 195-strong PMG has weakened these attributes. Further downsizing will remove several crucial capabilities that will be important if the PMG is to assist with weapons disposal – a tricky and potentially dangerous process to facilitate.

Next door to Bougainville is the troubled Solomon Islands. I have read recently in the media that the small Australian-led, largely civilian International Peace Monitoring Team that has been sent there to facilitate weapons disposal has been unable to make much progress. In my opinion, the size and capabilities of this team compared to the larger military-led PMG in Bougainville serves to support an argument that small civilian-led organisations may not be the answer to facilitating peace processes in general or weapons disposal in particular.

I detect that the tide may have turned against the "downsizers" as the Australian Government had agreed to support the weapons disposal process in Bougainville by providing the multi-national Bougainville Peace Process Consultative Committee with technical advice. Both

professionally and personally, I hope Australia stays the course with the peace process in Bougainville. Bougainville is a special place in our regional neighbourhood that deserves Australia's patience and good will.

In summary, at the tactical grassroots level where I do my research, the ADF has learned a lot from its participation in peace support operations in East Timor and Bougainville. Commanders have recognised that peace support operations have more political and cultural working parts than conventional military operations.

From the beginning, ADF units serving with INTERFET in East Timor integrated the military, humanitarian and political imperatives of its UN Security Council mandate. The battalion groups that have served in East Timor since INTERFET have evolved into organisations that not only integrate a variety of specialist capabilities using technology, inclusiveness and a flat hierarchy, but also understand that language, cross-cultural skill and political savvy contribute to effective security operations. Initially the East Timorese were engaged to relieve their physical and mental suffering. The engagement now focusses on a security partnership and providing encouragement so that they can come out and vote a second time to determine their future and no one will terrorise them again as punishment for exercising their human rights.

In Bougainville Australian commanders of the PMG and ADF personnel have adapted well to the political and cultural imperatives of achieving both internal harmony between Australians, Fijians, New Zealanders and Ni Vanuatu and external harmony with Bougainvilleans and members of the PNG Government's security forces and administration. Operations in Bougainville have been a triumph for unarmed military-led peacekeeping. They have also been a triumph for patient negotiation and the exercise of moral force within a traumatised society and set to the volatile backdrop of PNG politics.

I believe the strategic level of the ADF should give more priority to the development of language, cross-cultural and civil affairs skills to underpin regional engagement. Language and cultural training should not have to be cobbled together at the last minute as part of pre-deployment preparations. Few officers graduate from the Australian Defence Force Academy with a second language and there is no compulsory language training at any of the single service officer training institutions. There is no civil affairs unit in the ADF and there are insufficient language courses that anticipate the further engagement with the region that the recent White Paper on Defence suggests would be a prudent investment.

I think the Australian Defence Organisation should direct resources to continuing regional military engagement. That engagement should be developed within the context of Australia as a

good neighbour wishing to engage for the common good of regional and international stability. There should be no assumptions of leadership or superiority. The only assumptions should be that Australia has shared interests with regional neighbours and is willing to co-operate in shared national objectives of prosperity, harmony and security.

In conclusion I would like to quote from what Lieutenant General Cosgrove said to the Royal United Services Institute of Queensland on 15 July last year to summarise my position. He said, "The lesson is that the ADF in general and the Army in particular must continue to engage our regional neighbourhood. Good neighbours learn to speak each other's languages. Good neighbours learn to respect each other's religious and cultural beliefs. Good neighbours learn to allow for differences, and to be inclusive. Good neighbours spend time with each other. Good neighbours understand that contentious issues should be resolved through negotiation so that conditions are not created for young men to take up arms to resolve issues at gunpoint. Good neighbours understand that at the end of the day it is in everyone's interests to ensure that families, communities, nations and regions are able to prosper free from armed intimidation and human rights abuses."



*Barry Jones*



*Meredith Hellicar*



*Katharine Betts*



*Kevin Andrew*

Photos: David Karonidis

What should be the criteria for expanding or limiting Australia's population? Globalisation and relevance? Environmental concerns about the fragility of the natural setting? The market? Jobs? Cultural diversity and cohesion? Or all of the above? Barry Jones, author and former Labor ALP President and Member of Parliament; Meredith Hellicar, CEO of Corrs Chambers Westgarth; Dr Katharine Betts, Associate Professor, Social & Behavioural Sciences, Swinburne; and Kevin Andrew MP, Liberal Member for Menzies took up the issues in a wide ranging discussion at The Sydney Institute on Thursday 31 May 2001.



# POPULATE OR

*PERISH ?*

**Meredith Hellicar**

Population. Everyone has an opinion and what two more emotional issues does it raise than fertility and migration? What two more fundamental considerations does it generate than economic and social development and environmental sustainability? And why does debate focus so much on population size at the expense of demographics? Given that Australia's minimum carrying capacity will not be reached this century by any feasible increase in our population, including through migration, surely the immediate challenge for Australia is to reverse the ageing of our population and to secure a return, through a combination of stemming the fertility decline and increasing migration, to at least natural growth levels rather than debate the theoretical nature of significant longer term population increases.

It seems almost inevitable that discussion on population is fraught with sensitivity and bias. Indeed at times it reminds me of the story about the *scholastikos* or absent-minded professor in ancient Greece who met a friend and said: I heard you had died. Well, replied the friend, as you can see, I'm alive. Yes, came the retort, but the man who told me you were dead was much more reliable than you.

Sixteen centuries later, population growth and its impact on the environment attracts widely differing views at least in part due to differing visions for our future. This shouldn't be surprising, because none of us has any experience of the sort of world we are moving into.

So, in Australia, what is our starting point? Where are we headed if current population trends continue and what vision of the future for Australia might we aspire to?

## **Our starting point and near future**

Australia's population is currently 19 million people. Our fertility has been falling and is now 1.7 children per woman (with rates in metropolitan Australia already below 1.65). This compares with a population replacement target of 2.2 children per woman. Our net immigration rate has averaged 80,000 people per year over the last

decade and now sits at 0.5% of population. The highest net migration in Australia in the last 50 years approached 150,000 (a number reached only twice in that time).

To put it bluntly, we have a falling birth rate and historically low levels of immigration. Without action our population will peak and start to decline within 30 years.

On current trends, fertility will fall below 1.6 children per woman in about 5-6 years time. There is no present sign of any slowing down in the rate of decline of the fertility rate. With immigration at current levels, the most respected projections have the Australian population reaching about 24 million in 2028, peaking, and thereafter beginning a gradual decline. As you would expect, the population ages dramatically. As an example, for every six people in work in 1990 there was one retiree. By 2028 there will be three people in work for every retiree. The proportion of our population aged over 65 will double in the next fifty years to around 24 percent.

This is not a uniquely Australian problem. Indeed, in 61 countries accounting for 44 per cent of the world's total population, the fertility rate is below the level required for population replacement. These countries include virtually every developed nation. In another 34 countries in Asia and Latin America, fertility rates are only a little higher than the replacement level and are declining rapidly. Elsewhere, rapid population growth continues, in parts of Asia, the sub-continent, parts of the Middle East and in parts of Africa. The United Nations, aided by among others the World Bank and other aid organisations, is leading a co-ordinated attack to reduce population growth.

Australia must confront with urgent action the consequences of two indisputable facts: we face a long-term decline in population and we face an ageing of our population. Do either of these prospects matter?

The key concern is what this decline in numbers and change in demographics means for our economy, our society, our environment? What do they mean for our ability to fund extra services for the increasing number of elderly and our capacity to benefit from our best and brightest young people in the face of a stagnating population.

The concern is that ageing will reduce labour force participation, reduce savings and investment, raise social service expenditures, reduce taxation revenue, increase resistance to new ideas and induce intergenerational tension.

## **Vision for the future**

It seems somewhat pointless to try to determine an ideal population size or age makeup in the absence of a long-term vision for Australia. I endorse the vision being developed by the Business Council of Australia which, for the past two and a half years, has been engaged in

a program of research into the size and make-up of our population as part of a process to develop a population policy. Its canvas is broad – it's not focusing on narrow economic criteria at the expense of a wider view of the social, environmental and strategic considerations.

Its vision is one of a country whose people will be better-educated and more highly skilled, with particular strengths in new technologies and emerging industries. Importantly, they will be equipped through a more integrated national education and training system to deal confidently and effectively with the rapid changes ahead of us.

We will have developed and will be building on our international reputation for innovation, kick started by government and business co-operation in research and development, taxation and a sensible and contemporary approach to skilled immigration.

We will continue to foster international competitiveness which will be critical to success in a globalised world in which commerce is freer than ever, in which communications are instantaneous and open to all, in which more and more aspects of national government have an international dimension.

Sustainability principles, already fundamentally important to so many businesses, will be at the heart of company decision making, small, medium and large. Clever design, new materials, new technologies, new ways of living and working and technical and behavioural innovations will dramatically reduce the environmental impact of human existence, based as it is most likely to be, around large cities. The appalling farming practices of the past – in the Murray Darling Basin, in the Great Artesian Basin, in our forests – will have been ended and work done to restore the damage. We will have a strong, growing domestic market, contributing to the ability of Australian companies to compete globally. We will have a rich and diverse cultural life and a clean, fair, stable and just society.

I think that to have a prosperous, sustainable and confident society at the end of the 21st century, we need to have a growing, dynamic, well-skilled, internationally-sophisticated population rather than one that is shrinking and ageing.

## **The questions**

### *Age*

To achieve this vision, what is the ideal age profile of the Australian population and how might it best be achieved?

The most comprehensive work in this regard has been done by Professor Peter McDonald at the ANU. Without getting into too much detail, he argues that Australia needs a “beehive-shaped” age structure to provide long-term demographic sustainability. Furthermore, if we wish to achieve this structure, whether we are aiming for a low-sized

sustainable population or a large-sized sustainable population, cessation of fertility decline is essential.

We appear to have no hope of returning to the rate of 2.2 children per woman required for the population to replace itself. However, the stemming of fertility decline should be an issue that exercises the minds of governments and companies alike because, in some countries already, very low birth rates are already leading to falls in the absolute sizes of their labour forces. Our declining fertility rate should be addressed through the range of measures demonstrated internationally to impact on family size. The solution is not to recall the male breadwinner model of the family. Indeed, OECD studies show quite the opposite, namely that birth rates are highest where female workforce participation is highest. In other words, policies are needed that remove the need to choose between work and family. The need to balance work and family arrangements is a key issue for many families, and crosses a number of policy areas, including workplace relations reform and social security reform. Men and women quite rightly want a career and family. To modify the words of one academic, if women are provided with opportunities equal to those of men in education and employment but these opportunities are severely curtailed by having children then, on average, both men and women will restrict the number of children that they have. This is not a women's only issue – it is one for all society.

Frankly, I don't think we understand enough about the influences on fertility rates and I encourage more extensive research which, in turn, will assist most effective policy making. I certainly don't subscribe to the glib theory that "women" are simply exercising "real" choice. Far from it. The choices are neither real nor solely those of women. Anecdotal evidence is simply too strong that the so-called choices being made by men and women to delay or not have or have less children are being made with a great deal of anguish by both men and women.

Policies, practices and attitudes are needed which allow men and women to combine parenthood and work without a detrimental impact on earnings, career, health, life satisfaction and fulfillment. This policy of gender equity involves strategies to ease the financial, physical and emotional costs of raising children while working. International experience has demonstrated conclusively that it is possible to reverse the downturn in the rate of natural population increase through intelligent, sensitive and targeted approaches.

### ***Immigration***

Leaving aside all the other manifest benefits of immigration to our economy and society, given that we simply won't be able to achieve sustainable demographics through fertility measures alone, the level of migration to Australia must be increased. To that end, the BCA has welcomed the increase in skilled immigration announced by the federal

government last month. I also note Wal King's recent call for an immigration program of 150,000 a year.

Getting greater numbers of skilled immigrants is important, but it is also worthwhile to look at how we encourage those of our people who travel overseas to build their skills base to come back and share that expertise. Simply, overseas experience is a major benefit to all; the challenge is to capture that experience and expertise for Australia. The most recent ABS figures highlight, perhaps surprisingly, that Australia is a net importer of IT skills. The encouraging news is that many of these, according to the ABS, are former Australian residents returning home after gaining international experience in their professions.

### *Size*

I don't propose to try to establish a target growth rate beyond that required to secure sustainable demographics although from my own reading I'm attracted to a figure of 1% of population. In this regard, it is worth noting the analysis by Glen Withers at ANU that immigration directly increased Australia's post-war GDP growth rate from 3.2 per cent to 4.55 per cent – this is a 42 per cent increase in GDP growth. Without immigrants and children of immigrants over the post-war period, our GDP would be more like \$260 million – less than half today's size. Migrants and their children have provided almost 60 per cent of the post-war growth in the Australian workforce.

### *The environment*

Clearly, a fundamental and particularly delicate issue related to population growth is its impact on the environment. The carrying capacity of our country has been a matter of great conjecture for more than 80 years, with estimates ranging from 6-12 million people to 400 million. Increasingly, international literature presents evidence that resource deficiencies need not set population limits in economies open to change and technology. The old Club of Rome theories have long since been discredited.

A new study released last year by the Australian Academy of Technological Sciences and Engineering says that predictions of environmental disaster in Australia arising from population growth are ill-founded and arise from muddled and sometimes emotive thinking about the cause of environmental impacts. Simply, the report says: "Australia can support a higher population." Elsewhere, it states: "A number of environmental issues previously thought to be connected to population growth can clearly be demonstrated not to be. Of those that are, there appears to be technical and behavioural methods of dealing with them over a 50-year time frame." Specifically, it rejects the often expressed view that a higher population will contribute to a significant worsening in greenhouse emissions globally. It also rejects any suggestion of a relationship between a higher population and land degradation in parts of Australia.

This analysis gets to the heart of suggestions that Australia cannot sustain even the current level of its population. Rather, as the Academy of Technological Sciences study argues, the solution lies in putting in place policy measures appropriate to the problem in question. Salinity and greenhouse are certainly real, but they will only be overcome by a determined application of remedies explicitly relevant to the problems.

Recently announced national strategies lay the basis for just such responses. This is not to say that population growth has not, in and of itself, had implications for the quality of the natural environment. The structure and functioning of our cities is being adversely impacted by urban sprawl and the dominance of car transport. A rapid increase in medium density living, particularly in Sydney and Melbourne, is one response. We are also a high resource usage and waste generation society, although strategies designed to remedy this situation are now well developed.

And, it's a fact Australia's dry climate results in low fresh water stocks near major population centres. The management challenge this represents will always be with us.

I don't in any way mean to dismiss these issues as superficial by saying they can be managed over a 50 year period. The real value of the Academy's study, however, lies in the detail with which it documents the now extensive range of strategies – available and proven – to manage the environmental impact of a larger population.

These include:

- a) Technological innovations, both those that involve proven methods and those that rely on techniques still at an early stage in development but which have considerable potential for effective application within a 50-year time frame. The Academy's study is scrupulous in avoiding the notion of the technological fix. It does say, however, that technological innovations can contain or potentially reverse environmental impacts through improved efficiency, containment or new ways of doing things.  
The Olympic Park site at Homebush Bay in Sydney illustrates how technological intervention can reverse environmental impacts. In 1989, it was estimated the site contained 9 million cubic metres of landfill across 220 hectares of waste, with severe dioxin contamination in some cases at levels that posed a serious threat to human health. A comprehensive clean up strategy allowed the site to host the most successful Olympic Games in history.
- b) Behavioural shifts caused by education programs and regulatory measures can be applied to minimise the impact people have on the environment. Recycling is an obvious example, with successful programs being run in Australia and internationally at community and industry levels.

- c) Pricing policies rendering the true cost of services more transparent to consumers. The application of pricing which more closely demonstrates the link between a service and the environment can change behaviour. I am sure many of you are familiar with the “pay as you throw” programs in the US, where residents are charged for the collection of waste based on the amount they throw away. Communities with these programs in place have reported significant increases in recycling and reductions in waste. Pricing policies have also been spectacularly successful in discouraging water use in the Hunter Valley. In three years following the introduction of pay as you use, consumption per residence fell by almost a third, and has consistently remained at the lower levels in the 15 years since. This reduction of demand for water has seen the Hunter Water Corporation avert the construction of two new dams.
- d) Planning and settlement pattern policies, which seek to deliver superior environmental outcomes through more favourable land use and transport arrangements. Use of CSIRO modelling has identified the development of compact cities as the best way to achieve reductions in transport emissions. It is now possible for state and local government planning agencies to guide major infrastructure investment decisions and development strategies for cities.

In summary, the Academy’s study concludes that it is not appropriate (and is indeed simplistic) to use population as the only policy option to address environmental concerns whilst maintaining environmentally damaging technological, lifestyle and economic arrangements into the future. Rather, the adoption of the above strategies could potentially deliver superior environmental outcomes even in the context of a larger population.

Finally, one also can’t ignore that many of the major environmental challenges we face, including water usage, energy consumption, greenhouse gas emissions and land degradation are more closely related to export activities than to the size of our population. For example, 70 per cent of all the water used in Australia is consumed by agriculture but only a fraction of the food produced is consumed here.

## **Conclusion**

I’m quite certain that the best guarantee of our future will not be to accept fertility decline and reduce migration. It is not to build walls around us. Rather, our future will depend on our worldliness and our integration with the world. It will depend upon the less tangible resources of culture and tradition; on our values of tolerance and democracy; on our common heritage and interest. It will depend upon

sustainable progress, where companies and individuals focus on the triple bottom line: the economic, social and environmental implications of their actions. And I think it will be enhanced significantly by a young, dynamic, growing and vigorous population.

# POPULATE OR

*PERISH?*

**Barry Jones**

Back in 1888, the centenary of European occupation or settlement (depending on your point of view), there was an optimistic debate about Australia's likely population for the Bicentennial. There was much talk about what the population would be in 1988. The consensus seemed to be that Australia would have between 50 and 100 million people by the year 1988. The actual figure, of course, was 17 million. In the 1920s the geographer Griffith Taylor had correctly predicted that Australia would have fewer than 20 million people by the year 2000.

In discussing population, we have to take account of the extraordinary Australian pattern of urban development, which in its own way is unique.

Australia's urban phenomenon dates from the earliest European settlement when activity and population was concentrated around capital cities. The development of the Australian colonies was strikingly different from the frontier tradition of the United States. In the Australian colonies, political control was far more centralised, with a lower level of personal initiative. In addition, the harshness of the interior, a pitiless desert which Aborigines understood but Europeans did not and where so many explorers died, led to development along the littoral. As early as the 1870s – not the 1970s – decades ahead of the US or Britain, employment in Australia was dominated by “services”, the commonest characteristic of an urban society, marked by a decline in self-sufficiency and mutual dependence (see *Sleepers, Wake!*).

Decentralisation from the city to the bush has been one of the major political illusions in Australia for a century and it will be difficult to maintain population levels in the provincial cities, let alone the countryside. Instead, we have car-dependent decentralisation *within* cities, so that Australians cover among the biggest urban areas in the world.

Since Australia is almost the size of continental United States, it might be assumed that it would be easy to absorb large numbers of additional people. Given the history of our urban development I think it is very unlikely unless some new factor comes in. Will there be a massive development of conurbations somewhere or another away from the sea coast? Will Canberra, for example, become a multi-million person city?

This is the basis of Bob Carr's concern.

Given Sydney's huge area, the probability is that if Australia is going to absorb over the next 30 years, we'll say, another 10, 15, 20 million people, the vast majority will be located in Sydney, Melbourne and Brisbane. Projections by planners in the major cities, make this assumption. We must recognise that our cities have an extraordinary footprint, as the demographers call it. Our cities consume a very significant proportion of resources overall – though what Meredith Hellicar said of course, was absolutely correct with regard to water. But other than that, we do have extraordinarily big footprints and the highest per capita fuel use outside the United States.

I've been working on population for many years. From 1990 to 1996 I chaired the House of Representatives Standing Committee for Long Term Strategies – a job created after my defenestration as a Minister. Kevin Andrews, I'm glad to say, was a Committee member. No Minister asked us to do it, but we chose to produce a report on population, called *Australia's Carrying Capacity: One Nation, Two Ecologies*. In the circumstances using the words "One Nation" was perhaps unfortunate.

Australia has a unique land mass could be roughly classified as 90 per cent arid and 10 per cent fertile. The fertile area is almost exactly the same as the area of Great Britain and France combined, with about 110 million people. Some witnesses argued that this demonstrates that Australia has the capacity to absorb very many more people.

We have an extraordinary tradition of urban development in Australia. Sixty-six per cent of the population lives in five cities, the highest proportion in the world, leaving aside city-states such as Singapore (or Monaco). The next highest figure is New Zealand, followed by Argentina, Uruguay, Canada and Mexico. Seven of the eight most urbanised nations (six of them in the Southern Hemisphere) are colonial, in which urban development was, in effect, an act of state, not the development of an organic process, over millennia, as it had been in Europe. Greece is the exception.

In 1998 I was invited to Cambridge to take part in a bi-centennial symposium on Malthus' famous book, *The Essay on Population*. When Malthus published his essay in 1798, he made the heroic assumption that the world population was something like 850 million and that this

was as much as could be sustained for a long period. But he suspected the population might grow at a much faster rate than the means of subsistence could increase. Well, of course, the last two centuries seem to prove Malthus was wrong: world population has increased to just over six billion. On the whole, quality of life has improved; people are living much longer and consuming far more.

Nevertheless I am hesitant in following Meredith's buoyant, and indeed infectious, optimism suggesting an absolute correlation between population growth and GDP. It certainly was true in the period after World War II but that expansion was probably a special case. If you suggested to Europeans the GDP levels are associated with population growth they would express strong scepticism. The Swedes and the Dutch would deny it. None of the major European countries would adopt that view. Indonesia, for example, or Haiti have very rapid population growth compared with the Netherlands, but their GDP is far below the Dutch. The Netherlands has a natural increase rate of 3.3 per 1000 while Haiti's figure is 18.6. Somehow, increases in GDP don't seem to be absolutely tied to the population growth.

Meredith referred to a recent report of the Australian Academy of Technological Sciences and Engineering. I must propose a modest correction. I doubt if even the Academy of Technological Sciences and Engineering would call itself "Australia's peak scientific body". I think the Australian Academy of Science would make that claim. I'm a Fellow of both. The Australian Academy of Technological Sciences and Engineering, as the name suggests, is very keen on technological sciences and engineering and enthusiastic about a development ethos.

I am agnostic about specific population targets, in the sense of plucking a figure out of the air and saying "This is it. This is the target". The Long Term Strategies Committee identified four major arguments about population:

1. Expansionists argue that we ought to aim at a sharp increase of population, somewhere between 50 to 100 million in the next 50 years or so. The arguments advanced are economic and defensive: we need bigger markets for a critical mass of activity, and there are recurrent fears that if we leave northern Australia empty, unidentified Asian powers will seek to occupy it and (given the anxiety about refugee flows in Europe and North America) Australia might be under international pressure to give it up too. Malcolm Fraser, Phil Ruthven, Jeffrey Kennett are attracted to this option.
2. Moderate expansionists consider that a higher population could be sustained, perhaps 50 million or more, provided that there is a political will to do so, arguing that population growth accompanied by growth in income does not necessarily imperil the environment. Wealth allows nations to lock up many of our

semi-tropical scarp forests in national parks, and higher incomes that have allowed for better land care in some areas. Professor Jack Caldwell, Australia's leading demographer and President of the International Union for the Scientific Study of Population, is in this category.

3. Stabilisers argue for a population of 23 million by 2040 – then to follow the European model of zero population growth (ZPG). The Australian Academy of Science proposed this model, assuming that current fertility levels would persist and that immigration should be set at the low end of the post-War range (50,000 net per year). Professor Jonathan Stone, Challis Professor of Anatomy at Sydney University, and Premier Bob Carr are stabilisers. Professor Stone's approach, persuasively argued, and with strong support in the scientific community, is a sophisticated neo-Malthusian scheme, far more compassionate than the original.
4. Reductionists argue that Australia has the world's most fragile ecology, we are producing enough food already to support 70-80 million, our cities have large energy "footprints" and that to preserve our unique biota, population should fall (methodology unspecified) to an optimum 8-10 million. Dr Tim Flannery, writer and anthropologist, now Director of the Museum of South Australia: author of *The Future Eaters*, is a reductionist.

The Committee asked CSIRO to propose an optimum figure for Australia. CSIRO's representatives thought it would be irresponsible to name a figure without far more research – which naturally would cost money. CSIRO pointed out in its submission to the Committee that the most ruthless devastation of Australian forests occurred in the nineteenth century when total population was relatively small (i.e. rising from 2 to 5 million). CSIRO proposes the formula  $I = PLOT$ , in which I is impact, P population, L life style, O organization and T technology. This is an improvement on the  $I = PAT$  formula of Paul and Anne Ehrlich (I for impact, P for population, A for affluence and T for technology).

CSIRO's formula is a useful conceptual tool, recognising the importance of the *organisation* of space, and technology as determining factors in the quality and form of human settlement. For example, the Netherlands has a far higher population density than Haiti, but its quality of life is far superior because of better organisation of land and resource use, including waste management, urban planning, limitation on the size of cities and preservation of green areas.

I have been arguing for years that Australia should have an explicit population policy, using it as an instrument to get community consensus. Events in the last few years have indicated that immigration is extraordinarily sensitive and may lead to profound misunderstanding.

Since 1996 the quality of debate has not been good. If we to have a major debate on population, we have to involve the community. The community has to understand that a significant increase in population has significant resource implications, with an impact on our lifestyle. We can't say, "well the sky's the limit". We can't keep pushing the population as if we don't have to give up on anything. If we persist with the urban sprawl, maintaining car dependent cities, this has implications for resource use and population growth.

I haven't come here to give a political promotion but Kim Beazley will be releasing the eagerly awaited *Knowledge Nation* report in the next few weeks. One of the central recommendations is for an explicit population policy.

In a sense every nation has a population policy but it's either an "eyes open" approach, where leaders say "this is what we're trying to do, this is the aim". Or there's an "eyes closed" policy, a *de facto* population policy where people are stumbling around and saying, "well we're not setting anything out. We're not setting out the principles on which we're operating. We just make *ad hoc* decisions year by year."

It's a curious thing to reflect on our federal system. In the history of the Premiers' Conferences and, more recently, COAG, the Council of Australian Governments, do you know how many times the population question has been on the COAG agenda? The answer is zero. It's never been on the agenda. And yet the states are major stakeholders, very much involved in where people are going and what resources they use. But somehow the issue has been pushed aside.

The Knowledge Nation Task Force is recommending the creation of a very comprehensive national inventory that deals with resources, both physical and human, the state of the environment, national and regional strengths and weaknesses. Because it is probably useful to have a distinctive name, we tentatively called it a cadastre. The name was suggested by Alan Stockdale, the former Victorian Treasurer. He said, "You ought to revive the old term cadastre which was applied to the Domesday Book." The national inventory, or cadastre, or whatever we call it, will be a very valuable instrument providing that the Commonwealth and states collaborate to tackle national problems. At the moment a tremendous amount of information about the environment is collected but then locked up somewhere, and access is denied.

We won't be in a position to make a realistic assessment of what our future population should be until we have a much stronger data base than we have now. More information must be made available, enough to stimulate ongoing public consultation and debate because we will not be able to change future directions without community consensus.

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# THE PEOPLE AND

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## *THE POPULATION: IMMIGRATION AND SOCIAL COHESION*

**Katharine Betts**

Immigration imports people from one political community, people with their own allegiances and their own way of doing things, and puts them into another. It inevitably means growing diversity, even if the cultural backgrounds of the migrants are similar to that of the host community. As many British migrants could attest, this can promote problems. And if the migrants come from very different backgrounds we might expect the problems to be greater. Australia has a long experience in settling people from diverse circumstances and we know that it is not always easy for them or for us. But the question here is: does this process threaten social cohesion?

Members of a cohesive group feel that they have special ties with other members and, if the group is a nation, social cohesion usually enhances mutual trust, builds social capital and provides a basis for collective action. Examples of collective action include the provision of public goods such as the maintenance of political institutions and the law, socialisation of new members, and environmental protection. They also include redistributive social policies. Most public goods and redistributive policies cannot be provided by private markets; indeed individuals have no personal self-interest in providing welfare for strangers or working to avert environmental disasters which may occur only after they are dead, but collective action often extends beyond any one member's personal self-interest or even an individual's life span. If we want to care for the weak and protect the future of our grandchildren we have to work as a group for some purposes, which means we have to *want* to work as a group. If people stop wanting to do this, perhaps because they believe their attempts at altruism are being exploited by shysters and freeloaders, we will slip back into a Hobbsian world where long-term goals vanish and even most short-term goals are unachievable.

Social cohesion has had a bad press from critics who insist on seeing it as uniformity and conformity<sup>1</sup> but members of cohesive groups do not have to think of other members as carbon copies of themselves. Voluntary cohesion flows from commitment and identification not obedience and subjection. This means that it is not threatened by the mere fact of diverse origins; just as members of a family prize each other for their unique qualities, so may members of larger groups provided that all of them feel they belong to the same group.

Social cohesion could be threatened by diverse origins if these meant that migrants never felt an attachment to the Australian community and that they retained, or cultivated, fervent loyalties to other national or quasi-national groups. But this is not the situation that we currently face. Survey data show that migrants have been almost as likely to identify with the Australian nation as the Australian born<sup>2</sup> and that most feel little interest in structural multiculturalism or ethnic separatism.<sup>3</sup>

But the position in which we stand is not necessarily good. We are continuing to import large numbers of migrants and our public culture is beginning to fray. I do not assert that these two facts represent cause and effect but simply that they are both happening. I will, however, argue that continuing with high immigration does not help.<sup>4</sup>

## **Immigration**

Let's start with immigration. Data for 2000 show a net intake close to 100,000,<sup>5</sup> and the program has just been increased by between 10 and 20 per cent (depending on whether the new contingency reserve places are taken up).<sup>6</sup> If we stay at around net 90,000 per year (and with current settings the net intake could well be higher) then the population of Australia will grow by 34 per cent by the year 2051. This means that there will be another six and half million people to house, feed, educate and employ. Over the next 50 years we will have to export more, generate more energy, absorb more waste, and build the equivalent of an extra Sydney, Adelaide and Perth, just to stay in the same place. Indeed Sydney itself is projected to grow from four million to nearly six million, with most of this extra growth occurring over the next 20 years.<sup>7</sup>

We know that, other things being equal, more people means more environmental stress and that the economic effects of population growth are uncertain (even when they are confined to the narrow limits of the national accounts).<sup>8</sup> We also know that immigration has very little effect on the population's age structure: <sup>9</sup> if we really cared about a more even age distribution we would help Australian parents have the number of children they say they want (about two), rather than bringing in more migrants.

But I am not going to spend time going over the body of work on the environmental, demographic and economic effects of immigration.

The research is in the public arena, serious participants in the debate know about it and the findings are not in dispute. (Groups with vested interests in immigration-fuelled growth may choose to ignore it, but that is another matter.)

I want to talk about the cultural and political risks that we are taking. Two problem areas stand out, and high immigration makes both of them worse. The first is the growing distrust that the majority of Australians feel for their political representatives, and the second is the effects of diversity on the way in which cultural elites represent the nation to us. If we no longer trust each other, and if we can no longer imagine that we are part of an Australian people, it would be fair to say that the ties which used to bind us into a national community are dissolving.

## **Trust**

We know about the decline of trust in our major institutions, the perception that politicians and other public figures are out for themselves, the feeling that if we do put any more faith in them they will just exploit this for their own ends.<sup>10</sup> Current surveys show that only nine per cent of the public trust politicians, and 52 per cent of respondents to the 1998 Australian Election Study felt that government was mostly or entirely run by a few big interests looking out for themselves — only one per cent believed that it was entirely run for the benefit of all.<sup>11</sup>

These perceptions are, for the most part, unfair. They are probably driven by a number of factors: economic rationalism, with its look-after-yourself-first values; globalisation and the erosion of sovereignty which mean that there is less that political leaders can in fact do for the people they represent; and the growing gap between the culture of the political and intellectual elite and the beliefs and values of the majority.<sup>12</sup>

But the politics of immigration do not help. Here the vested interests which profit from immigration-fuelled population growth put relentless pressure<sup>13</sup> on governments of which ever stripe to boost immigration until they yield, while the majority who must bear the costs of growth are ill-informed, sidelined and neglected. This is client politics.<sup>14</sup> But it is the nature of such politics that the majority do not really know what is going on, so the effects of the growth lobby's activity probably just add to the general sense that politicians don't care about the national interest, that they look after themselves and their mates, and that Australians are being taken for a ride once again.<sup>15</sup>

This feeling of vague betrayal will smoulder on as population growth adds to the stresses on the major cities and their under-funded infrastructure, and as people's awareness of particular aspects of the intake which hurt their interests grows. An example of such an aspect is

the preference being given to overseas students in the provision of new university places. These overseas students are then given a fast track to permanent visas and good jobs in the new economy, at the expense of investment in local training to help young Australians fill these vacancies.<sup>16</sup>

## **Conceptions of the nation**

What of the second risk to social cohesion posed by immigration? This has to do with the way in which we perceive ourselves as a nation. Broadly speaking there are two main approaches to this question: for convenience I will call them proceduralism and peoplehood.

### *Proceduralism*

The procedural vision of the liberal, democratic, nation state emphasises due process and formal rules. Citizens have no obligations to others which they have not freely undertaken (they have “unencumbered selves”) and the polity to which they belong is sometimes referred to as a “procedural democracy” or it is described as representing “constitutional patriotism”. Here we have loyalty to a set of rules rather than a set of people.<sup>17</sup> The core values of a procedural democracy are tolerance and abstract justice. In good times citizens can be like lodgers politely sharing the same boarding house, or like town-house dwellers who try to avoid tiresome contact with their neighbours and employ a body corporate to manage their collective affairs.

The procedural model also emphasises the metaphor of contracts and self-interest. While contemporary political philosophers such as John Rawls and Jürgen Habermas<sup>18</sup> have made a strong contribution to the development of the procedural model, its origins lie further back in time with Locke’s *Two Treatises on Government*.<sup>19</sup> The argument is that enlightened self-interest will ensure that most will co-operate to promote the common good. It’s in our interests to obey the rules that we have agreed on and to tolerate one another. (Kant asserted more than two centuries ago that a liberal society does not need virtue; it can be run by “rational devils”.)<sup>xx</sup>

The procedural model is attractive to many of its adherents because of its absence of emotion. Procedural citizenship envisages a dispassionate collectivity of rational individuals unlikely to be stirred by any sentiment or feeling; consequently they should be immune to aggressive nationalism and imperialism. Indeed, proceduralists tend to portray most ideas about the nation which emphasise warmth and commitment as dangerously exclusionary and fanatical, if not racist.<sup>21</sup>

But why should we want to live by the rules, want to be tolerant and just, and what would hold us together if things got tough and self-interest ceased to make it rational to stay and help? Why shouldn’t anyone with options just move out and move on? What would motivate us to put effort into the common project of caring for those who may

never be able to reciprocate, or of investing in a future we may not see? The only answer that the procedural model can provide is self interest and an abstract enthusiasm for justice.

The procedural model finds favour with the intelligentsia, especially those who advise governments on citizenship and who comment publicly on such matters.<sup>22</sup> It was popular with the republican movement (and is probably one of the key reasons why the referendum was lost).<sup>23</sup> It appeals to the head, is compatible with economic rationalism, can fit in with globalisation, and seems to suit structural multiculturalism. But it offers nothing to the heart. It cannot tell us that we belong to a community of feeling, of memory, and of commitment. It is as if we have just signed up with a useful association — a bit like being an ordinary member of the RACV (or the NRMA). We pay our dues and receive roadside service, but there is no reason for us to care about the entity that we have joined, or for our fellow members to care about us. It has also been described as the service-station state:<sup>24</sup> pull in, fill up with services, pay up, and move on.

#### *Peoplehood*

Proceduralism is a term with some currency<sup>25</sup> but the other main way of perceiving the national community does not have a clear label. It is popular with a majority of Australians but less popular with the intelligentsia<sup>26</sup> and this may explain its lack of a well accepted, non-pejorative name (and the ease with which it can be dismissed as being conformist, hostile to minorities, ethnocentric, bigoted and so on). Margaret Canovan talks about it under the heading of peoplehood and nationhood:<sup>27</sup> others use different words. (Sandel calls it the civic republic,<sup>28</sup> a label that doesn't work in Australia, while Etzioni talks of communitarianism.)<sup>29</sup> Its essence is social cohesion, a sense of belonging, commitment, and feelings of mutual concern for fellow members. For want of a more familiar word I will use Canovan's term and call it peoplehood.

This perspective allows us to think of ourselves as being part of a community, an entity, that existed before we joined (either by birth or migration) and that will endure after us. It allows us to use the pronouns *we*, *us* and *our* when we talk about our collective achievements and responsibilities. For example, it means that we can say that *we* should help the East Timorese people because they helped *us* in the last war, when in fact hardly any of us now alive were personally assisted by anyone from East Timor. But if a nation is to act with a sense of responsibility for its past, and for its future, this way of thinking about membership is essential.

The sense of belonging to something larger than ourselves provides motivation to contribute to our common future, even if there is no direct pay-off for us as individuals,<sup>30</sup> and to want to be involved in the welfare of others.<sup>31</sup> It motivates men and women to make sacrifices

to defend each other, not just in time of war but from other threats such as poverty and environmental decay. Why, for example, should members of the service-station state waste time and take personal risks for such causes? In contrast, members of a cohesive national people can be motivated to work for a common future by an intuitive sense that this is morally right. It's not a rational response (they stand to lose far more in forgone income and leisure than they will gain) but if none of us should feel moved to work for our common future that future will be bleak indeed.

Men and women who belong to a people do not think of their government as hired managers but as representatives of their community. This is, after all, what popular sovereignty means; the government represents the people. This is why we feel morally affronted if we think that our representatives have let us down. It's not just a matter of moving on from an inefficient accountant or lawyer and engaging a better one: we are upset in the way that we might be if friend or family failed us in time of need.

### **Peoplehood and immigration**

Some members of the cultural elite do not trust us with the concept of being a people. They do not want us to believe that there is a special sense in which we are committed to each other. This is because they think that, if we were given an ounce of encouragement, we would start to make distinctions and to say that only some of us are real Australians and that others, no matter how long they have been here, are not and must be pushed to the margins.<sup>32</sup> This is the essence of the argument that a nation of immigrants cannot be a people.

This lack of trust is not based on any evidence. We do have real problems with the condition of many Aborigines which we, as a people (non-indigenous and indigenous together) must solve, but migrants who want to integrate are accepted and appreciated. Most old Australians are not racists and most new ones do want to join the team.<sup>33</sup>

But in the current circumstances the majority do not trust the political elite and the cultural elite do not trust the majority. Immigration and proceduralism just take us further into this moral mess. The real threat to social cohesion from immigration is in the belief that because we have diverse origins we cannot be a people, that the ties between us must be cool and instrumental, and that the greatest political danger we face is to care about each other. Proceduralism leads to an instrumental world where all we can do together is trade and make money, where tolerance becomes indifference, and where there is no reason at all to do anything that does not advance our own self interest. It is an arid world and one which is inherently unstable.

**Table 1: Migration to Australia – Program data and net outcomes**

Year to 30 June	Program (visas issued)	Net total migration	Net overseas migration	Net permanent and long- term	Net permanent	Net temporary
1975-76	44,994	20,259	21,200	21,200	25,321	-5,062
1976-77	62,650	56,347	57,900	43,100	46,328	10,019
1977-78	63,766	56,863	62,700	56,100	50,075	6,788
1978-79	53,651	60,600	55,100	58,300	41,760	18,840
1979-80	—	97,500	75,900	76,900	58,730	38,770
1980-81	87,464	147,500	119,200	118,700	91,190	56,310
1981-82	102,788	107,700	128,100	123,000	97,150	10,550
1982-83	82,899	80,100	73,300	75,500	68,180	11,920
1983-84	62,350	22,500	49,100	46,500	44,510	-22,010
1984-85	63,472	61,000	73,700	68,000	57,130	3,870
1985-86	83,281	121,400	100,400	93,900	74,490	46,910
1986-87	104,459	129,300	125,700	109,100	93,620	35,680
1987-88	134,664	191,200	149,300	143,200	123,000	68,200
1988-89	136,400	126,100	157,400	137,200	123,670	2,430
1989-90	132,600	96,700	124,600	103,900	93,370	3,330
1990-91	123,500	67,200	86,400	94,800	90,560	-23,360
1991-92	110,900	34,900	68,600	89,900	78,270	-43,370
1992-93	79,700	36,600	30,000	62,700	48,425	-11,825
1993-94	75,500	59,000	46,500	67,400	42,488	16,512
1994-95	89,770	106,900	80,100	93,000	60,480	46,420
1995-96	97,550	110,700	104,100	109,700	70,469	40,231
1996-97	85,810	78,900	87,100	94,400	55,894	23,006
1997-98	79,155	89,047	86,400	79,200	45,342	43,705
1998-99	79,260	108,352	85,100	96,483	48,962	59,390
1999-00	80,140	91,514	99,100	107,272	51,194	40,320
2000-01	91,200					
2001-02	97,000*					

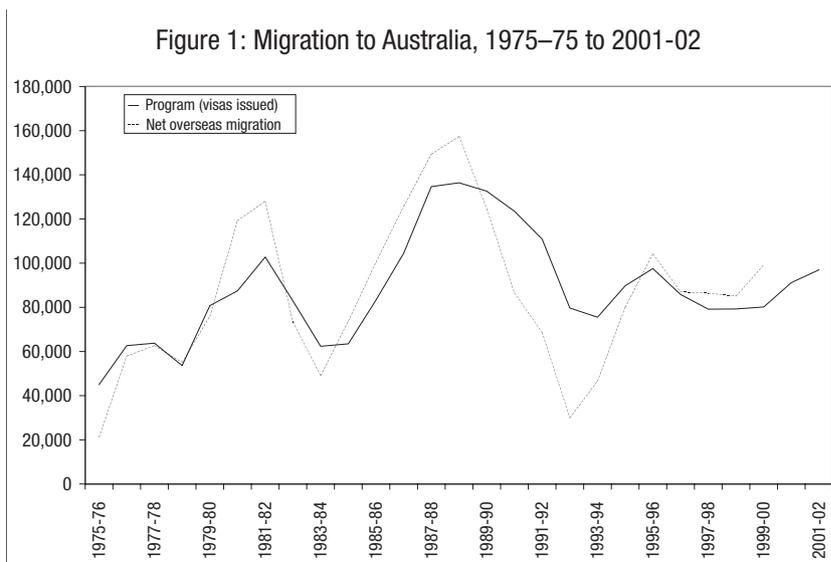
Note: From 1959 to the early 1980s the Australian Bureau of Statistics relied on net permanent and long-term migration for the measure of the net contribution of overseas movement to the population. It includes all travellers whose trips fell into the permanent category and all temporary arrivals for stays planned to last 12 months of more minus all temporary departures for trips planned to last 12 months or more. These latter trips fall into the category of long term movement. However, people's stated plans are not always carried out. They may arrive saying they will stay a few weeks and thus be classed in the short-term category but in fact stay permanently. Or they may leave saying it will be for a few weeks and not return for years, if ever. This phenomenon is called category jumping. Consequently the ABS has developed the measure which they call net overseas migration. This is net permanent and long-term movement adjusted for their estimates of category jumping. Unfortunately the estimating process is unreliable and published figures are often revised later. Some demographers prefer to use the net total figures which are simply a head count of everybody coming in (regardless of category) minus every body going out. This measure is not subject to revision and has the added advantage of going back to 1946.

\* Planning figures: may reach 105,000. See note 6.

Sources: Data, apart from program data., are from *Australian Demographic Statistics*, various issues, ABS Catalogue No. 3101.0 (various issues), for the net total migration figures and net permanent figures from 1978-79 on; the 1975-66 to 1977-78 data are from *Australian Immigration, Consolidated Statistics No. 13*, 1982, DIEA, AGPS, Canberra 1984, pp. 9, 18. *Migration*, ABS, Catalogue No. 3412.0 (various issues), is the source for net overseas migration. (The net temporary figures are derived from the data in Table 1.)

The program data are from the following sources: For 2000-2002 MPS 045/2001 and MPS 046/2001 (projected for 2000-01 and planned for 2001-02); 1989-90 to 1997-98 are from *Population Flows: Immigration Aspects*, DIMA, January 1999, pp. 13, 17; 1999-2000 are from the 2000 edition (pp. 16, 24); 1975-76 to 1978-79 and 1980-81 to 1988-89 are from the respective Annual Reports of the Department.

(Program data for 1979-80 are unavailable.)



## Endnotes

1. See note 32 below.
2. In 1988 the Office of Multicultural Affairs (OMA) commissioned a large national survey of immigrants and the general population. There were four sub-samples, the general population (N=1542), first generation non-English-speaking-background (NESB) immigrants (N=986), second generation NESB “immigrants” (N=823), and recently arrived NESB immigrants, that is people who had arrived since 1981 (N=1141). Among many other questions they were asked “How important is Australian in describing who you are?” The alternatives offered were very *important*, *fairly important*, *not too important* and *not at all important*. Fifty six per cent of the general sample said it was very important, and 27 per cent said it was fairly important. These percentages were almost exactly same for the first-generation sample. The proportions saying very important were a little lower for the second generation (49 per cent) but the proportion saying fairly important was 36 per cent. Among the recent arrivals 40 per cent said “Australian” was very important to them (and 34 per cent that it was fairly important). *Issues in Multicultural Australia*, 1988,

*Frequency Tables*, Department of the Prime Minister and Cabinet, Canberra, Canberra, 1988, pp. 1-5, 42.

Ten years later the situation had changed. Immigrants were rather less likely to identify with Australia than the native born but this was more a case of the identification of the established native born increasing rather than that of the others decreasing. In 1998 The Australian Election Survey (AES) asked a random sample of voters about the importance to the respondent's self image of being Australian. Of the 1639 who answer this question and the question on birthplace, 57 per cent said it was very important, almost exactly the same proportion as answered this way in 1988. The Australian-born and those born in English-speaking-background (ESB) countries were not identified separately in the OMA study. But the AES found that 62 per cent of the Australian-born gave this response, compared with 34 per cent of those born in the ESB countries (UK, Ireland and NZ). However 45 per cent of those with born in other countries (mostly NESB) said it was very important, an eleven per cent drop if we compare this study with the 56 per cent of first generation NESB immigrants who said "very important" in the OMA study. But the numbers in the NESB-born subset of the AES were small (n=91) and the observed difference could be due to sampling error. (Clive Bean et al., Australian Election Study [AES], 1998 [computer file], Canberra, Social Science Data Archives, The Australian National University, 1998. The originators of this data file do not bear any responsibility for my analysis of it.)

3. In 1988, 64 per cent of first-generation NESB immigrants disagreed with the statement that "Australia would be a better place if members of ethnic groups kept their own way of life"; 67 per cent agreed that "People who come to Australia should change their behaviour to be more like other Australians"; and 59 per cent agreed that "Having lots of different cultural groups in Australia causes lots of problems". OMA, op. cit., pp. 146, 149-9. On the first and third of these questions the general population (migrants and Australian-born together), were rather more opposed to multiculturalism than the migrants themselves but nonetheless all three of these questions register a solid majority of NESB immigrants who were opposed. (An Irving Saulwick poll found a similar pattern in 1994. See *People and Place*, vol. 4, no. 1, 1996, p. 22.) The OMA survey found that, while 52 per cent of the population belonged to at least one club, society or sporting organisation, a mere three per cent belonged to any organisation which had an ethnic affiliation. (Total derived from data in OMA, op. cit., p. 46.)
4. It has been an item of faith with commentators from the growth lobby and the media that the Howard Government has "slashed" immigration. As Table 1 and Figure 1 show there was a dip in the formal program between 1996-7 and 1998-9, but the numbers were never as low as they were in the early 1980s or, for that matter, 1992-93, and high levels of net temporary migration have meant that the overall figures only dropped a little.
5. See Table 1 and Figure 1
6. The 2000-01 program, as published in *Population Flows*, DIMA, Canberra December 1999, pp. 15, 22, stood at 88,000 (76,000 general plus 12,000 Humanitarian). This in itself was an increase of nearly 10 per cent on 1999-2000. However the 2000-01 figures included an extra "contingency reserve" of 5000 places. In the event 3200 of these were used. The planned figures of 2001-02 (announced May 2001) was 97,000 (85,000 general and 12,000 Humanitarian). But it too includes a contingency reserve, this time of 8000 places. If these are taken up the total will be 105,000 places. See Ministerial Press Releases for May 2001, MPS 045/2001 and 046/2001.
7. If net migration sticks closer to 100,000 p.a. than 90,000, and if fertility stays at 1.75 instead of falling to 1.6, we will add 10 million by 2051 and still be growing at the end of the century. For both projections see *Projections of the Populations of Australia*,

- States and Territories: 1999-2101, Catalogue no. 3222.0*, Australian Bureau of Statistics, Canberra, 2000, 1, 5-6.
8. Economic analysts of immigration tend to arrive at conclusions which reflect their starting assumptions. But for an overview see L. S. Williams, *Understanding the Economics of Immigration*, (Bureau of Immigration, Multicultural and Population Research) Australian Government Publishing Service, Canberra, 1995. "At the general or aggregate level, the complexity and balancing of the effects suggest that strong positive or negative views on the economic effects of immigration are hard to justify. At the more specific level, agreement is less clear. Immigration may be either advantageous or disadvantageous for a particular region, industry, occupation, or group of people, depending on a range of demographic, economic, social and region-specific factors" (p. 25).
  9. The ABS expresses it like this: "Even large differences in the level of net overseas migration will have a relatively small impact on the age distribution. With net overseas migration of 50,000 per year, the median age of the population in 2051 would be 47.2 years, compared to 44.6 years when 150,000 net overseas migrants are added to the population per year, a difference of 2.6 years". *Projections*, 2000, op. cit., p. 2. There is a wealth of demographic research on this point. See for example, R. Kippen, "A note on aging, immigration and the birth rate", *People and Place*, vol. 7, no. 2, 1999, pp. 18-22, and C. Young, "The future population and the future labour force", *People and Place*, vol. 2, no. 4, 1994, pp. 15-21.
  10. A long series of public opinion polls on trust shows that the proportions of people who rate the ethics and honesty of politicians, lawyers, business executives and bank managers as "very high" or "high" declined between 1976 and 1995. In 1976, 19 per cent rated the ethics and honesty of Federal members of Parliament as high or very high; this figure fell to nine per cent in 1995. Ratings for State Members of Parliament fell from 21 per cent to 12 per cent over the same period. In 1995, only newspaper journalists and car salesmen rate lower than Federal politicians. See polls reported in I. McAllister, M. MacKerras and C. B. Boldiston, *Australian Political Facts (Second edition)*, Macmillan, South Melbourne, 1997, p. 299.

In 1997 a poll concentrating on trust for politicians among young people (aged 13 to 19) found similar results. Only nine per cent had "a lot" of trust and respect for politicians. (See D. Hope, "Job scarcity, drugs top teen troubles", *The Australian*, 4 July 2000, p. 5.) Roy Morgan polls in 1998, 1999 and 2000 asked people to agree or disagree with the statement: "I don't trust the current Australian Government". The proportions who agreed were 49 per cent (published February 1998); 46 per cent (published January/February 1999) and 47 per cent (over the 12 months to September 1999, published February 2000). The last set of figures are based on a number of different polls taken from October 1998 to September 1999 and include 24,738 Australians aged 14 and over: 47 per cent agreed with the statement, 27 per cent disagreed and 26 per cent weren't able to say. (Data from <http://roymorgan.com.au/polls/2000/3280/index.html> accessed 14/2/01.)

The 1998 Australian Election Study asked people to respond to the statement: "Government is run by a few big interests looking out for themselves or...it is run for the benefit of all the people". Fifteen per cent said it was "entirely run for a few big interests" and 37 per cent that it was "mostly run for a few big interests". Thus over half (52 per cent) felt that their Government was in fact run all or mostly for a few big interests. A further 36 per cent said the it was "about half and half", 11 per cent that it was "mostly run for the benefit of all", and one per cent that it was run "entirely for the benefit of all". (Clive Bean et al., AES, op. cit.)

Qualitative work also shows that Australians think that people in authority cannot be trusted. A 1997 report found that a belief that people in positions of authority cannot be trusted was widespread and many respondents felt that the distribution of public money was unfair, that it penalised those who struggled to look after themselves and

rewarded those who exploited the system. (See S. White, S. Cummings and Roy Morgan Research, *The Silent Majority III*, Clemenger/BBDO Ltd, Melbourne, 1997, pp. 4, 13, 25.) A sense of betrayal of trust and that life has become fundamentally unjust permeate these findings. "The qualitative stage of the research revealed an intense, sometimes bitter, sense that the majority of Australians are getting a raw deal", p. 31.

On the eve of the vote for the republic referendum Nicolas Rothwell wrote that Australians showed a "mistrust, even a dislike, of their political class unmatched anywhere in the English-speaking world". N. Rothwell, "Whose republic?", *Prospect*, November 1999, pp. 34-38

11. See note 10 above.
12. This last point is documented in K. Betts, *The Great Divide: Immigration Politics in Australia*, Duffy and Snellgrove, Sydney, 1999, especially chapters 3 and 6. See also K. Betts, "The cosmopolitan social agenda and the referendum on the republic", *People and Place*, vol. 7, no. 4, 1999, pp. 32-41.
13. For analyses of the growth lobby see: J. Warhurst, "The growth lobby and its opponents: business, unions, environmentalists and other interest groups", in J. Jupp and M. Kabala (Eds), *The Politics of Australian Immigration*, Australian Government Publishing Service, Canberra, 1993; M. Grattan, "People power", *The Australian Financial Review*, 3 July 1998, p. 33; C. Pyne, "More migrants equals more respect", *The Australian*, 3 March 1998, p. 13; G. Withers, "Migration fits our true ideals", *The Australian*, 23 February 1999, p. 15. For examples of its efforts see: industry spokespeople quoted in W. Adams, "Counting heads", *The Australian*, 4 May 1999, p. 32; Richard Pratt in A. Hodge, "Plea to populate to 50m or perish", *The Australian*, 25 November 1999, p. 3; C. Anderson, "We need more people, at every level of skill", *The Australian*, 16 November 1999, p. 15; Editorial, "Migration is 'good' for nation's future", *The Australian*, 25 November 1999, p. 12; the ACCI in J. Koutsoukis, "Double our migrants: industry", *The Age*, 8 February 1999; G. Sheridan, "Too many fogeys, not enough people", *The Australian*, 9-10 May 1998, p. 21.
14. See G. Freeman, "Modes of immigration politics in liberal democratic states", *International Migration Review*, vol. 29, no. 4, 1995, pp. 881-901.
15. While this general sense of mistrust is unfair, as far as immigration is concerned the pressure of the growth lobby does appear too strong for Governments to withstand.
16. See the situation documented in B. Birrell, "Immigration on the rise: the 2001-2002 immigration program", *People and Place*, vol. 9, no. 2 pp 21-28, and B. Birrell, "Information technology and Australia's immigration program: is Australia doing enough?", *People and Place*, vol. 8, no. 2, 2000, pp. 77-83.
17. The term *constitutional patriotism* comes from the work of the German sociologist Jürgen Habermas. See Miller *On Nationality*, Clarendon, Oxford, 1995, p. 163. Donald Horne refers to these ideas under the heading of a "civic culture". See D. Horne, "Celebrating our differences", *The Australian*, 9 February 2001, p. 13.
18. For Rawls' contribution see M. J. Sandel, *Democracy's Discontent: America in Search of a Public Philosophy*, Harvard University Press, Cambridge, MA, 1996, p. 290 ff; for Habermas see D. Fraser, "A Marx for the managerial revolution: Habermas on law and democracy", *Journal of Law and Society (forthcoming)*, 2001.
19. J. Locke, *Two Treatises on Government*, Dent (Everyman's Library), London, 1924 [1690], especially pp. 123, 180, 185, 224, 228-234
20. Quoted in M. Canovan, *Nationhood and Political Theory*, Edward Elgar, Cheltenham, UK, 1996 p. 39
21. See note 32 below.
22. It infuses documents such as *Australians All: Enhancing Australian Citizenship*, Joint Standing Committee on Migration, Australian Government Publishing Service, Canberra, 1994 (especially pp. 63-67), or Australian Citizenship Council, *Australian*

*Citizenship for a New Century: February 2000*, Ausinfo, Canberra, 2000, especially pp. 8-14. Both reports recommended dual citizenship.

See also S. Macintyre, *Whereas the people... Civics and Citizenship Education: Report of the Civics Expert Group*, Australian Government Publishing Service, Canberra, 1994. "One of the challenges of citizenship in the present era arises from the recognition that it is no longer possible to assume the old values that once bound Australians together as a community" p. 14.

Many of the arguments put by the "yes" case in the referendum on the republic tended to emphasise the procedural model. For example, Don Watson, Paul Keating's speech writer, described his vision of Australia as "the world's first post-modern republic", a republic that would be marked not by exalting the nation but by emphasising "difference rather than uniformity". Quoted in A. Atkinson, *The Muddle-Headed Republic*, Oxford University Press, Melbourne, 1993, p. 100.

While official documents promoting multiculturalism place more emphasis on what can be called "differentiated citizenship" this is usually presented in tandem with a respect for core institutions borrowed from the procedural model. See Australian Council on Population and Ethnic Affairs, *Multiculturalism for all Australians: Our Developing Nationhood*, Australian Government Publishing Service, Canberra, 1982 and Office of Multicultural Affairs, *National Agenda for a Multicultural Australia... Sharing Our Future*, Australian Government Publishing Service, Canberra, 1989.

23. See B. Birrell, *Federation: The Secret Story*, Duffy and Snellgrove, Sydney, 2001, pp. 326-332.
24. See Canovan, op. cit., p. 86.
25. Taylor for example talks of procedural liberalism, C. Taylor, "Cross-purposes: the liberal-communitarian debate", in N. L. Rosenblum (Ed.), *Liberalism and Moral Life*, Harvard University Press, Cambridge (MA), 1989, p. 172; Rorty argues that we don't need a common culture, just procedural rules to govern the market place. He says that the new world order resembles "a bazaar surrounded by lots and lots of exclusive private clubs". Quoted in C. Lasch, *The Revolt of the Elites and the Betrayal of Democracy*, Norton, New York, 1995, p. 128. Sandel describes it as the procedural republic and contrasts it with a more engaged "civic republic". See M. J. Sandel, *Democracy's Discontent: America in Search of a Public Philosophy*, Harvard University Press, Cambridge, MA, 1996, p. 6 and passim.
26. In 1998 the AES asked this question: "Ideally, Australian society should be: A unified body pursuing a common goal; a collection of people independently pursuing their own goals; neither, undecided". The first option reflects the peoplehood model and the second the procedural one: 60 per cent chose the first option and 22 per cent the second (18 per cent were undecided). The results were different when we control for education: 63 per cent of people without a university education said that ideally Australia should be a unified body of people pursuing a common goal but only 51 per cent of graduates. (Source, Clive Bean et al., AES, op. cit.)
27. See Canovan, op. cit., passim.
28. Sandel op. cit., p. 6
29. A. Etzioni, "Old chestnuts and new spurs", in A. Etzioni (Ed.), *New Communitarian Thinking: Persons, Virtues, Institutions, and Communities*, University Press of Virginia, Charlottesville, 1995
30. Canovan argues that the sense of belonging to a cohesive nation constitutes an enduring collective political subject (or actor) and solves the most fundamental of political problems, ensuring a measure of stability of the group in the face of the physical turnover of members. Mortality means that human societies are inherently unstable. How can any political entity have enough unity to generate the power to both act and to maintain itself for any length of time, let alone beyond the lifespan of an individual? She also says that this problem is especially acute with the relatively

non-coercive power associated with civilised politics. Nations provide a reservoir of power, like a battery, which can lie dormant without keeping people in a frenzy of mobilisation. See Canovan *op. cit.*, pp. 72-75.

31. Some members of the growth lobby who dislike this orientation advocate high immigration because they believe it weakens our commitment to social welfare. As an American immigration advocate puts it: "One reason for advocating more relaxed immigration policies — more openness to people who want to move to wherever there are opportunities — is that it is impossible to sustain a wealth redistribution welfare state with open immigration. So, if one wants to get rid of the welfare state, one ought to be promoting an open immigration policy". Jerry Jordan, CEO of the Federal Reserve Bank of Cleveland, in G. Lindsay and J. Jordan, "They Say: Immigration will help dismantle the welfare state"; *The Australian Financial Review*, 7 March 2000, p. 20.
32. The desire for a sense of peoplehood is often misrepresented as nostalgia for a "monoculture", a system in which we all share the same beliefs and values. *Australian Citizenship for a New Century* dismisses the idea of a single national identity: "Why do we have to imagine we have an 'identity' in any restricted sense which excludes many Australians? The Council considered it might be better to proclaim core civic values of all Australians to respect as the basis of our citizenship", *Australian Citizenship* *op. cit.*, p. 10. Donald Horne deplors any attempt to speak of an Australian mainstream as a device to exclude ethnic minorities, D. Horne, "Celebrating our differences", *The Australian*, 9 February 2001, p. 13. John Frow finds a search for the cultural core of Australia to be nothing less than a call for white supremacy: J. Frow, "No room for difference", *Brisbane Courier Mail: Weekend*, 2 October 1999, p. 9. Margaret Simons reports that, "The academics are suggesting a radical model for a nation. They are suggesting a country without a core identity, other than the recognition and embracing of difference." M. Simons, "30 things that still say Australia", *The Weekend Australian (Review section)*, 27-28 January 1996, pp. 1, 4. Richard Woolcott implies that the existing national identity is characterized by "intolerance, bigotry, latent racism, insularity, self-satisfaction and triumphalism" when he argues that we must accept large-scale immigration and repair our relations with Indonesia. R. Woolcott, "Stop waltzing and advance our nation fairly", *The Australian*, 28 January 2000, p. 9. And Wilton and Bosworth interpret Australian attempts to preserve their sense of being a people as racist throughout their work. See for example J. Wilton and R. Bosworth, *Old Worlds and New Australia: The Post-War Migrant Experience*, Penguin, Melbourne, 1984, pp. 2-6, 17.

Social cohesion depends on assimilation only as far as national commitments and loyalties are concerned but some are quick to see any assimilation at all as racist. See S. Castles, M. Kalantzis, B. Cope and M. Morrissey, *Mistaken Identity*, Pluto Press, Sydney, 1990, pp. 110-11, 133; J. Hobbs and D. B. Moshe, "No place to play the race card in a fair deal", *The Australian*, 18 August 1998, p. 13. Seeing the desire for peoplehood as a search for a "monoculture", the former Prime Minister Paul Keating stigmatises it as a greater "tragedy" than ignorance, prejudice, fear, or racism. He finds it worse than other attempts to be divisive (and hurtful), and worse than attempts to damage the economy. See speech quoted in M. Steketee, "Hanson view compounds a myth: Keating", *The Australian*, 12 November 1996, p. 1, 2. Jon Faine and Howard Nathan would prefer that Australians did not even debate a population policy. In 1998 they said that such a move would be a bad thing because it would provide a platform for racists to go on commercial radio and air their objectional views. J. Faine, 1998, Radio program, 3LO, 20 February 1998.

33. See N. Rothwell, "Adrift in a tribal tide", in M. Waldren (Ed.), *Future Tense: Australia Beyond Election 1998*, Allen and Unwin, Sydney, 1999, p. 43.

# AUSTRALIA'S

## POPULATION: THE OPTIONS

Kevin Andrews

Let me begin with two observations, over a century apart in their origin.

In 1984, Australians adopted *Advance Australia Fair* as our national anthem. The second verse of the National Anthem includes the lines – “For those who’ve come across the sea, we’ve boundless plains to share.” Although penned in 1878, these sentiments presumably reflected a view of Australia at least partially current when *Advance Australia Fair* was adopted as our anthem in 1984.

But how true are they today? Fertility rates have fallen to below replacement levels; and political movements with a platform of rejecting immigration have gained as much as a quarter of the popular vote in some recent elections.

Let me turn to my second observation. On 21 April this year, the *New York Times* featured the headline: “Singapore, Hoping for a Baby boom, Makes Sex a Civic Duty”. The report continued:

Here in straight-laced Singapore, it’s the new patriotism: have sex. Alarmed by its declining birthrate, this tiny city-state of just four million people is urging its citizens to multiply as fast as they can.

“We need more babies!” proclaimed Prime Minister Goh Chok Tong last fall. The world, he said, is in danger of running sort of Singaporeans.

A government office, the Working Committee on Marriage and Procreation, has developed monetary and workplace incentives that commenced last month. The idea is to persuade Singaporeans that having children is a better deal than going without.

In what it calls the Baby Bonus Scheme, the government is offering cash to couples who have second and third children. It is extending maternity leave and adding a brief paternity leave for government workers. It is experimenting with flexible working hours to make child rearing easier. It is offering special deals on apartment rentals for young couples.

“Let’s get on the love wagon” urged a headline in the *Straits Times*. For a nation where dropping litter or spitting on the footpath is regarded as disorderly, it comes as a surprise to read in the same article tips for having sex in the back seat of a car with directions to “some of the darkest, most secluded and most romantic spots for Romeos and Juliets”. Just last week, Singapore’s Deputy Prime Minister, Dr Tony Tan, announced that the government will fund \$50 million over the next five years to educate the public on family life. Singapore’s population density of 6,384 people per square kilometre is three times that of urban Sydney with a density of 2,029 people per square kilometre.

My observations illustrate aspects of the population debate, of which there are at least four positions.

First, those who advocate a vastly expanded population, largely for economic and defense reasons; secondly, those who believe that a larger, but sustainable population, will enhance both our economic prospects, and our ability to protect the environment; thirdly, those who are content for the population to grow at current levels through natural increase and low levels of immigration; and finally, those who subscribe to a radical reduction in the nation’s population, largely on ecological grounds.

The extreme views – for a radically larger population of, say 50 to 80 million by 2050, or, at the other extreme, 7–12 million in the next half-century – are practically unachievable. A net immigration of 460,000 per year would be required to achieve 50 million people by 2050. A net reduction of 100,000 people a year would be required to achieve a population of 12 million by 2050.

Hence the real discussion is about a scenario based on a population slowly growing as a result of both (a diminishing) natural increase and immigration which stabilizes about the 24-25 million mark. At issue is whether our population grows more or less slowly than this figure.

The current desire for a lower population stems from two major sources. First, some in the environmental movement believe that only a radically reduced population is sustainable. Second, insecurity wrought by the economic transition that the Western world is undergoing has hardened attitudes towards immigration. Two significant demographic patterns bear on this discussion, namely the ageing of the population, and the fall in fertility.

### **Aging societies**

Aging populations have a major impact on nations. By the year 2020, many nations will face a major challenge in providing for an aged population. According to the OECD, the ratio of older people to those in the workforce in 1990 was 19 per cent. By the year 2030, this

dependency ratio will double to 38 per cent across the OECD. In Germany, it is expected to soar to 49.2 per cent, in Italy 48.3 per cent, France 39.1 per cent, Austria 44 per cent, Belgium 41.1 per cent, USA 36.8 per cent, and Australia 33 per cent.

On current trends, some 40 per cent of the Australian population will require long-term care at some stage of their lives. In Germany, for example, the proportion of the population in the working-age group of 26-59 is only 36.5 per cent, while the proportion aged 60 and over is 35.8 per cent. Demographers predict that the aged will increase to 43.9 per cent of the population by 2010, and 67.2 per cent by 2050.

This aging of the population will have a considerable impact on our nations. Not only will health care costs increase, the need for retirement income and other benefits will fall upon a decreasing proportion of the population.

## **A population implosion**

For the past three decades a number of exponents of apocalyptic outcomes have suggested that the world faces a population explosion. Their thesis has been that the human race is breeding itself to a point of unsustainability. But, as the Harvard demographer Nicholas Eberstat has observed:

The modern population explosion was sparked not because people suddenly started breeding like rabbits, but rather because they finally stopped dying like flies. It wasn't that fertility rates soared; rather, mortality rates plummeted. Since the start of our century, the average life expectancy at birth for a human being has probably doubled, it may have more than doubled.

In fact, the Western world is probably facing a population implosion. *The Economist* magazine summarised the trends:

In 50 or 100 years' time, however, most countries are more likely to worry about the lack of babies than the excess. For there is now a serious possibility ... that world population growth will stabilise by around 2040 at about 7.5 billion – and then start to decline ... Repeatedly, the UN's demographers have revised down their population projections ... the number of babies born into the world will fall below the number needed for replacement ... with fertility rates in rapid decline, the debate about the global birth rate is now over when, not whether, it will fall below replacement level.

The UN Population Division has estimated that 44 per cent of the world's people live in nations where the fertility rate has already fallen below the replacement rate. For the population to remain stable, women must have an average of 2.1 babies each. In 61 countries, there are insufficient births to replace the population. To take just a few examples – in the US, women are having just 2 children; in the UK, just 1.7; in Japan, 1.4; in Italy, 1.2; in Spain, just 1.15.

Professor Peter McDonald, has shown that Australia's fertility rates are expected to continue their downward trend below levels necessary to replace the population. In a recent study of global fertility rates, Professor McDonald concluded that if the current levels of fertility were maintained in many Western nations, they are so low that they would threaten the future existence of the nations concerned:

In an era in which we have come to understand the momentum of population increase, it is remarkable that we are yet to appreciate that the same momentum applies to population decrease.

With increasing numbers of parents having only one child, many people in the future will live in families where intergenerational ties are greatly loosened. For example, if an only child marries an only child, their child will have no aunts, uncles or cousins. This is a realistic scenario for many families in the new millennium. We have already witnessed a significant increase in the number of people living alone.

Although the effects of declining birth rates may not have an immediate impact on our societies, marriage breakdown, an aging population and declining fertility combine to produce an environment less favourable to healthy family life.

While full employment is likely to return in nations currently suffering high levels of unemployment, many people who live longer will do so in circumstances of isolation and loneliness. Extended families will virtually disappear.

Demographic patterns are not easily reversed. Even if nations introduced policies today to address these trends, it would likely take two generations for an impact to be observed.

## **Reasons for population growth**

In the remainder of this paper, I wish to concentrate on policies that will aid natural population growth for a number of reasons.

A larger and growing population would help avoid population stagnation and ameliorate population aging; provide more consumers, workers and taxpayers; and assist to build an internationally competitive economy. As a proportion of the population, those of working age are expected to decline in coming decades; while the proportion of those over 65 is expected to double by 2050.

Ironically, many of the people currently attracted to anti-population policies have most to gain from a larger, more vibrant domestic economy. An Australian population of, say, half the size again, would boost the domestic economy, including employment in rural, commodity producing areas.

Second, there are limitations on immigration. Settlement issues, especially in larger cities like Sydney and Melbourne, effectively cap likely increases. A worldwide demand for skilled immigrants also

restricts the numbers coming to Australia. Moreover, at numbers about 100,000 per year, immigration does little to influence the age structure of the population, as immigrants also grow older.

Third, the assumption that the population will slowly increase to about 24 million over the next 50 years takes little account of any possible reversals of life expectancy. As Nicholas Eberstat observed recently:

Long-term stagnation or even decline in life expectancy is now a real possibility for urbanised, educated countries not at war. Severe and prolonged collapses of local health conditions during peacetime, furthermore, is no longer a purely theoretical eventuality. As we look towards 2025, we must consider the unpleasant likelihood that a large and growing fraction of humanity may be separated from the planetary march toward better health and subjected instead to brutal mortality crises of indeterminate duration.

In Australia, cancer, diabetes, alcoholism and other diseases related to affluent but unhealthy lifestyles continue to strike the population. Obesity amongst children is at record levels.

Fourth, population issues cannot be isolated from other national trends, including lower levels of marriage, the higher incidence of separation and divorce, and the consequences for children.

### **Policies that work**

There are a number of objectives to be considered in contemplating a national approach to Australia's future population.

First, there is a need to offset the combined impact of an aging population and declining birthrates; secondly, there is a need to strengthen marriage and reduce the incidence of family breakdown; and third, there is a need to manage the environmental impact of a growing population.

A central response is the economic, which involves a recognition of the desirability of higher fertility rates in the Western world; the additional costs of raising children; and the advantages to individuals and society of life-long marriages.

It is also an important recognition that two economies exist within nations: the market economy, where exchanges take place through money and where competition and efficiency drive decisions; and the home economy, where exchanges take place through the altruistic sharing of goods and services among family members.

There will be a need in coming decades to support parents seeking to raise children.

In the past three years, we have begun to reverse some of these trends in Australia, by raising the tax free threshold – that is, the level of income before tax is paid – for families with children, especially for families with one parent at home.

The Australian Government's Family Tax Initiative initially increased the tax-free threshold by \$1000 for each dependent child up to the age of 16 and each dependent secondary student up to 18 years. In addition, single income families including sole parents receive a further \$2,500 increase in their tax-free threshold if they have a child under five. For a single income family of three children, one of whom is under five years, the tax free threshold is almost doubled.

The taxation reform package passed by the parliament in 1999 built on these initiatives. Apart from reductions in personal income taxes, and the increase and simplification of family benefits, the tax-free threshold increases under the Family Tax Initiative were doubled. From 1 July, 2000, all single income families, including sole parents, with one child under five years have an effective tax free threshold of \$13,000, more than double the new general threshold of \$6,000. This is a modest recognition of parents who choose to stay at home with young children.

Another approach is the policy of the Norwegian government to pay parents the same amount that childcare centres or kindergartens receive in state subsidies – approximately \$US 6,000 per year per child – enables parents a choice about staying at home with children up to the age of three years.

Further initiatives are necessary to address the competing pressures between family and work in our modern societies. As Janne Haaland Matlary, the former Norwegian Secretary of State, has written: "In order to strengthen families and have a sustainable population, there is a need for policies that give parents flexibility, time, and an ability to combine child-rearing and careers. At a time when women are as well, or better, educated than men, it is completely unrealistic to expect them to stay at home in longer periods of their lives."

Interestingly, fertility rates in Scandinavia increased in recent years and are now the highest in Europe. These programs suggest future directions.

In her important study, *Work-Lifestyle Choices in the 21st Century*, Catherine Hakim, a Senior Research Fellow at the London School of Economics, suggests that women are not a homogenous group, but three distinct groups with different patterns of behaviour and different responses to policies. These differences are becoming increasingly important in affluent societies in the 21st century. According to Hakim:

A minority of women have no interest in employment, careers, or economic independence, and do not plan to work long term unless things go seriously wrong for them. Their aim is to marry as well as they can and give up paid employment to become full-time homemakers and mothers. The group includes highly educated women as well as those who do not get any qualifications.

In contrast, other women actively reject the sexual division of labor in the home, expect to work fulltime and continuously throughout life, and prefer symmetrical roles for husband and wife rather than separate roles.

The third group (the so-called “adaptive women”) is numerically dominant: women who are determined to combine employment and family work, so become secondary earners. They may work full-time early in life, but later switch to part-time jobs on a semi-permanent basis, and/or to intermittent employment.

If Hakim is correct in her analysis, policies that impact upon the 60 per cent or more of women who are adaptive in their work-family lifestyles are the most likely to either increase or decrease natural population growth. The more flexibility offered about paid work, the more likely families are to have children. Hakim suggests that policies that allow parents flexibility in their work-lifestyle choices, such as income splitting and paid allowances for all mothers for a few years after the birth of a child, irrespective of whether the mother works outside the home or not, are more likely to offer the balance preferred by most men and women.

A further factor is pertinent to the issue of work and family. Although some studies suggest that higher rates of divorce are a result of increased labour force participation by women, there is considerable research evidence to suggest that women are more inclined to remain in the labour force because of high rates of divorce. That is because many women are concerned, rightly, that their economic security is at stake should their marriage end in divorce, many more of them remain in the labour force. If this is true, policies aimed at supporting marriage and increasing fertility need to take account of women’s concerns about economic security.

As the *Early Years* report to the Ontario government concluded, parenting is a key factor in early child development for families at all socioeconomic levels – “Supportive initiatives for parents should begin as early as possible – from the time of conception – with programs of parent support and education.” These findings reinforce the need for policies that encourage a better balance between work and parenting, particularly when children are in the early years of life.

If Australia is to achieve a modest population growth over the next few decades, we must begin a national discussion about measures to increase our fertility rates.



*Patrick McClure*



*Ann Harding*



Photos: David Karonidis

*Steve Maharey*

Governments around the world are reassessing their welfare policies to cope with 21st century needs. There have been President Bill Clinton's "Personal Responsibility and Work Opportunity Act" and Prime Minister Tony Blair's "Welfare to Work" as well as Prime Minister John Howard's "Work for the Dole" scheme. But is mutual obligation and responsibility working? Do more stringent regulations help people find work? And where is welfare heading? On Tuesday 5 June 2001, The Sydney Institute hosted a broad discussion among three people who have some of the answers: Professor Ann Harding, inaugural Director of the National Centre for Social and Economic Modelling at the University of Canberra; Patrick McClure, Chief Executive Officer of Mission Australia; and the Hon. Steve Maharey, Minister of Social Services & Employment, New Zealand.

# WHERE FOR

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## *WELFARE?*

**Ann Harding**

There has been much debate in Australia about whether income inequality is increasing. Using *annual* income data, a range of studies suggested that income inequality increased between 1981-82 and 1989-90 (Saunders, 1993; Harding, 1996). Using *weekly* income data, Harding found that income inequality had remained stable between 1982 and 1993-94 (1997). However, it has since emerged that the weekly income data collected in the 1982 income survey is very much more unequal than the annual income data for 1981-82 collected in the same survey, and there are now doubts about the reliability of results based on the 1982 weekly income survey data. These issues are currently being examined in a joint project by the ABS and the Social Policy Research Centre. This current study is thus restricted to data collected at the end of the 1980s and in the 1990s.

This study uses weekly income data from two sets of national sample surveys undertaken by the Australian Bureau of Statistics to look at income inequality trends in the 1990s. Section 2 briefly summarises the methodology of this study, while Section 3 looks at trends in income inequality, using the ABS Household Expenditure Surveys. Section 4 compares these results with outcomes from the ABS Income Surveys. Finally, Section 5 concludes.

### **Data and methodology**

The data and methodology are described in much greater detail in Harding and Greenwell (2001) but, in summary:

- the data sources are the unit record tapes released by the ABS for the Household Expenditure Surveys and the Income Surveys;
- the income unit used is the household;
- “dependent children” means all persons aged less than 18 years living in the household *except where* the young person lived by themselves, with a spouse, or in a group household;
- the equivalence scale used is the square root of household size, which is widely used internationally;

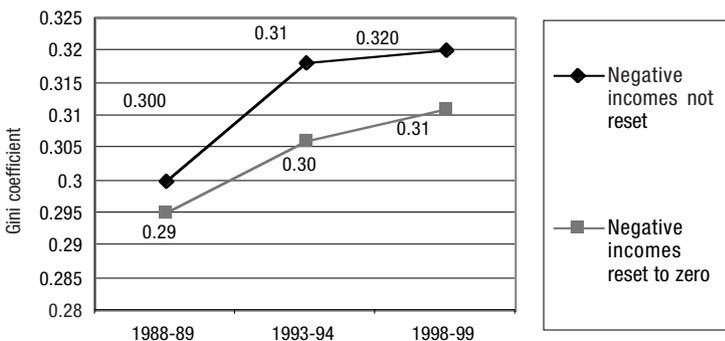
- income is current weekly income;
- in the later surveys negative business and investment incomes have been reset to zero to maintain comparability with the earlier surveys;
- the measure of resources is disposable (after-income tax) income, adjusted by the equivalence scale to take into account the needs of households of different size; and
- the income distribution is determined by a ranking of people by their equivalent household income, so that a household containing five people is counted five times, not once, when calculating inequality.

### Income inequality using the expenditure surveys

One widely used summary measure of inequality is the Gini coefficient, which varies between 0, when income is equally distributed, to 1, when one household holds all income. In general, a higher Gini coefficient is associated with increasing inequality (although this is not necessarily the case in circumstances where the Lorenz curves which lie behind the calculation of the Gini coefficients for two years cross – Atkinson, 1970).

Estimated Gini coefficients are shown in Figure 1 and a comparison with unemployment rates over the same period is shown in Table 1. Taking first the case where negative incomes have been reset to zero<sup>1</sup>, Figure 1 suggests that equivalent disposable income inequality has increased since 1988-89. This is shown by the increase in the Gini coefficient from 0.295 in 1988-89 to 0.311 in 1998-99. The Lorenz

**Figure 1: Trends in Gini coefficients for equivalent disposable income using the Household Expenditure Surveys, 1988-89 to 1998-99**



Data Source: ABS Household Expenditure Survey unit record files.

curves for these two years do not cross and so, according to the HES data, income inequality has clearly increased over the period. However the curves do cross for the later period (1993-94 to 1998-99), implying that the Ginis are not sufficient to draw a clear conclusion about changes in inequality in the second-half of the 1990s.

Figure 1 also shows that the overall trends are generally consistent when all negative incomes are *not* reset to zero in the three later years of the HES's. One change is that the movement in the Ginis between 1993-94 and 1998-99 is not statistically significant, again throwing uncertainty upon how the income distribution has changed over this period. In other words, the original data (when negative incomes were *not* set to zero) suggest that most of the increase in inequality occurred during the early 1990s, with lower unemployment perhaps helping to reduce the pace of inequality increases in the late 1990s. It is also noteworthy that the gap between the "set to zero" and "not set to zero" Ginis has increased during the 1990s, suggesting the possible increasing impact of negative incomes upon the income distribution. (This may, for example, be due to the growing importance of negative gearing of property.)

As mentioned, when the Lorenz curves cross the Gini coefficient is insufficient to determine whether there has been a change in income inequality. Consequently, a variety of other measures are also presented in Table 1, which shows real (inflation adjusted) incomes at different points in the income distribution. Percentile 10 is the equivalent disposable household income of the person at the tenth percentile of the income distribution, and Figure 2 suggests that income at this point has remained fairly stable in real terms over the 10 years. Above this point, incomes at the lower middle and middle of the income distribution pick up between the 1993-94 and 1998-99 surveys, after little change over the previous five years. But perhaps the most significant movement is at the top end of the distribution, with average real incomes of those at the 90<sup>th</sup> and 95<sup>th</sup> percentiles of the distribution increasing strongly over the last decade – and apparently particularly in the last half of the 1990s.

This suggests that there has been a growing gap between the top and the middle as well as the top and the bottom. This is confirmed by the ratios between these various income points, also shown in Table 1. Both the 90/10 and the 95/10 ratios have increased markedly over the 10 years to 1998-99. The gap between the top and the middle has also grown since 1988-89 but not by as much, as shown by the lesser increase in the 90/50 ratio over those 10 years. The relative distance between the middle and the bottom has apparently made a remarkable recovery in the last five years, with median income now reaching 2.17 times that of the tenth percentile.

**Table 1: Range of indicators of income inequality, Household Expenditure Surveys, 1988-89 to 1998-99**

	1988-89	1993-94	1998-99	% change 89-99
<b>Income at particular points in the distribution</b>				
95th percentile	\$1,770	\$1,886	\$2,103	18.8%
90th percentile	\$1,533	\$1,593	\$1,775	15.8%
75th percentile	\$1,155	\$1,191	\$1,318	14.1%
Mean	\$908	\$921	\$1,011	11.4%
Median	\$804	\$801	\$890	10.7%
25th percentile	\$542	\$533	\$586	8.1%
10th percentile	\$393	\$406	\$410	4.2%
5th percentile	\$343	\$335	\$327	-4.6%
<b>Ratios</b>				
95/10 ratio (very top/bottom)	4.50	4.64	5.13	14.1%
90/10 ratio (top/bottom)	3.90	3.92	4.33	11.2%
90/50 ratio (top/middle)	1.91	1.99	2.00	4.6%
50/10 ratio (middle/bottom)	2.04	1.97	2.17	6.2%
<b>Decile shares</b>				
Bottom 10%	3.2	3.1	2.7	-14.7%
Bottom 20%	8.1	8.0	7.4	-6.3%
Middle 20%	17.8	17.4	17.6	-1.2%
Top 20%	37.4	38.2	38.2	+2.1%
Top 10%	22.2	22.6	22.5	1.3%
Unemployment rate	6.4	10.2	7.4	15.6%

Note: The income measure is the International equivalent disposable household income of individuals. All incomes have been adjusted for inflation to March 2001 dollars, using the CPI. The 95/10 ratio is the ratio between the incomes of those at the 95<sup>th</sup> percentile of the income distribution with those at the 10<sup>th</sup> percentile of the income distribution.

Source: ABS Household Expenditure Survey unit record files.

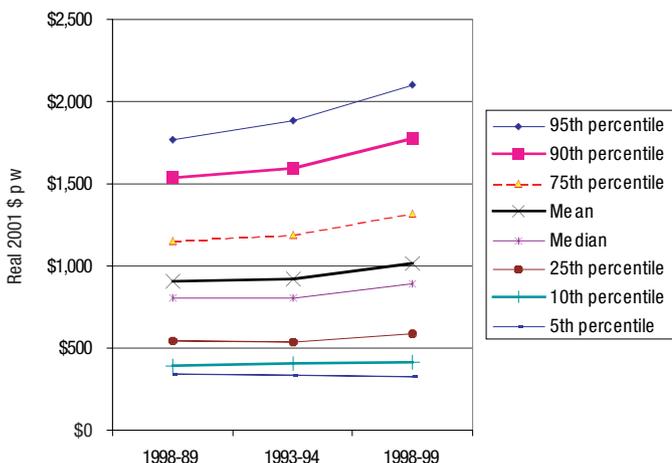
The data suggest that in the 1990s there has been:

- A very marked increase in the incomes of those at the top end;
- A substantial increase in the incomes of those at the middle, and
- Some increase in the real incomes of those at the tenth percentile of the income distribution, but a decline in the real incomes of those at the fifth percentile of the income distribution.

Even after taking out the impact of inflation, on average all households enjoyed higher incomes in 1998-99 than in 1988-89, according to the ABS Household Expenditure Surveys. But while the equivalent

disposable incomes of the top one-fifth of households increased by almost 14 per cent between 1988-89 and 1998-99, the incomes of the bottom one-fifth of households grew by only 1.5 per cent. The incomes of the middle one-fifth of households grew by 10.2 per cent – so middle Australia lagged behind the top end but did better than the bottom.

**Figure 2: Real incomes at different points in the income distribution, Household Expenditure Surveys, 1988-89 to 1998-99**



Note: The income measure is the International equivalent disposable household income of individuals. All incomes have been adjusted for inflation to March 2001 dollars.

Data Source: ABS Household Expenditure Survey unit record files.

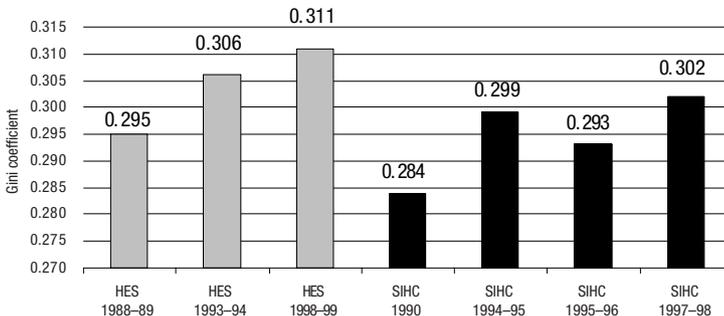
The bottom panel in Table 1 presents the data in another way, looking at the share of the total income cake received by various groups. The results suggest that the share of after-tax income going to the bottom decile has fallen over the past 10 years. This echoes the results outlined above, where those families further up the income spectrum were recording relatively larger income increases than those at the bottom. The share of income going to the bottom decile fell gradually over the years to 1993-94, but has apparently since dropped more sharply to 2.7 per cent (Table 1). The relative share of those in the middle of the income distribution in deciles 5 and 6 dropped from 17.8 to 17.4 per cent between 1988-89 and 1993-94, but has since recovered somewhat to 17.6 per cent. The share of the top 10 per cent has climbed from 22.2 per cent in 1988-89 to 22.5 per cent in 1998-99.

### Income inequality using the income surveys

To make the various income surveys comparable with the Household Expenditure Surveys, we have aggregated income up to the household level and again reset negative incomes to zero. The results shown in Figure 3 suggest that the Income Surveys generate lower household inequality estimates than the Household Expenditure Surveys. For example, while the Gini coefficient for household equivalent disposable income from the 1988-89 HES is 0.295 whilst the Gini from the Income Survey for 1988-89 is 0.284. While differences in survey methodology presumably produce the picture of lower income inequality in the Income Surveys than in the Expenditure Surveys, both surveys suggest increasing income inequality over the course of the 1990s. The Gini coefficient for equivalent disposable income from the Expenditure Surveys increases by 0.016, or more than 5 per cent, in the 10 years to 1998-99, while that from the Income Surveys increases by 0.018, or more than 6 per cent, over the eight years to 1998.

While the ABS has not yet released the 1999-00 Income Survey unit record file, their published estimates suggest that the relevant Gini coefficient increased slightly between 1997-98 and 1999-00 (Saunders 2001a, 2001b). The changes in the Gini coefficients in the 1990s shown in Figure 3 are statistically significant and in neither case do the Lorenz curves cross. Thus, results from both types of survey suggest that income inequality has increased over the course of the 1990s.

**Figure 3: Comparison of Gini coefficients for equivalent disposable household income from the Expenditure and Income Surveys**



Note: The Lorenz curves cross for the HES between 1993-94 and 1998-99 and for the SIHC between 1994-95 and 1997-98. Consequently, the coefficient is insufficient to draw conclusions about a change in inequality during these periods.

Data source: ABS Household Expenditure Survey and Income Survey unit record files.

**Table 2: Range of indicators of income inequality, Income Surveys, 1990 to 1997-98**

	1990	1994-95	1995-96	1997-98	% change 90-98
<b>Income at points in the distribution</b>					
95th percentile	\$1,967	\$2,021	\$1,959	\$2,121	7.9
90th percentile	\$1,709	\$1,722	\$1,672	\$1,843	7.8
75th percentile	\$1,326	\$1,314	\$1,310	\$1,390	4.9
Mean	\$1,025	\$1,019	\$998	\$1,073	4.7
Median	\$944	\$925	\$912	\$956	1.3
25th percentile	\$624	\$597	\$589	\$625	0.1
10th percentile	\$443	\$424	\$417	\$449	1.5
5th percentile	\$364	\$354	\$348	\$376	3.2
<b>Ratios</b>					
95/10 ratio (very top/bottom)	4.44	4.77	4.69	4.72	6.3
90/10 ratio (top/bottom)	3.86	4.06	4.01	4.10	6.3
90/50 ratio (top/middle)	1.81	1.86	1.83	1.93	6.4
50/10 ratio (middle/bottom)	2.13	2.18	2.18	2.13	-0.1
<b>Decile shares</b>					
Bottom 10%	3.1	3.0	3.1	3.0	-3.1
Bottom 20%	8.0	7.7	7.8	7.7	-3.7
Middle 20%	18.3	18.2	18.2	17.8	-2.7
Top 20%	36.1	37.2	36.7	37.5	3.9
Top 10%	20.9	22.0	21.4	22.0	5.6

Note: The Lorenz curves cross between 1994-95 and 1997-98. Consequently, the Gini coefficient is insufficient to draw conclusions about a change in inequality during this period. All dollar values are expressed in March 2001 dollars. The income measure is the equivalent disposable household income of individuals. All incomes have been adjusted for inflation to March 2001 dollars.

Source: ABS Household Expenditure Survey and Income Survey unit record files.

While both sets of figures produce the same story of increasing inequality during the 1990s, it is difficult to isolate whether the increase in inequality occurred primarily during the first or second half of the 1990s. The contrast in the Gini coefficients for the 1994-95 and 1995-96 Income Surveys makes it difficult to determine to what extent inequality increased during the latter half of the 1990s.

The Income Surveys also tell a somewhat different story about what is happening at various points within the income distribution

(Table 2). Relative to the Expenditure Surveys, the Income Surveys suggest that:

- the bottom has fared better;
- the middle has fared worse;
- the top has fared less well than indicated in the Expenditure Surveys; and
- inequality has not changed significantly between 1994-95 and 1997-98.

However, there is still some consistency within the results from the two sets of data, in that the top has experienced larger gains in income than either the bottom or the middle over the 1990s. The two sets of results also both suggest that during the 1990s:

- the relative income share of both the middle and the bottom has decreased; and
- the income share of the top 10 per cent has increased (see bottom panel in Tables 1 and 2).

## Conclusions

The results from the two sets of ABS data differ in some respects but some clear conclusions merge. First, income inequality has increased over the course of the 1990s, although it is not entirely clear whether that increase occurred primarily in the first or the second half of the decade. However, all of the inequality measures used suggest growing income inequality for the decade as a whole.

There has been strong growth in incomes at the top end of the income spectrum. Growth in incomes has been slower at the middle and the bottom of the income spectrum. As a result, the gap between the top and the middle, and between the top and the bottom, has increased during the 1990s. There has been a decline in the share of the total income cake going to the bottom 10 per cent and the middle 20 per cent of Australians. This has been offset by the increase in the share of total income going to the top 20 per cent of Australians.

It is not entirely clear how middle Australia has been faring relative to those on the lowest incomes. The Income Surveys suggest that the middle and the bottom have experienced comparable income increases over the course of the 1990s, so that the relative gap between the incomes of the two groups has remained constant. The Expenditure Surveys paint a very different picture and suggest that middle incomes have increased much more rapidly than the incomes of those at the bottom of the income spectrum.

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## Endnote

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- 1 Negative business and investment incomes were reset to zero by the ABS in the 1984 Household Expenditure Survey and the 1990 Income Survey. To maintain comparability, we have also reset negative incomes to zero in the other years. However, Figure 1 shows the results when negative incomes are not reset to zero in the last three Expenditure Surveys.

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# WHERE FOR

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## *WELFARE?*

**Patrick McClure**

Tonight really marks the end of a long process for me – 18 months' work as Chairperson of the Reference Group on Welfare Reform, as well as being CEO of Mission Australia. I don't think I've ever worked as hard in my life and the experience has been very challenging. However, I was very happy with the final report that was produced and launched in August 2000, called *Participation Support for a More Equitable Society*. I'll briefly outline some of the key issues involved in the report.

The Reference Group identified a number of international trends. We live in a changing world, a world particularly affected by globalisation. Within the Australian community, like many other nations, we find a divide between what's called job rich and job poor households and communities. In Sydney last year, particularly in the run up to the Olympics, there was full employment. In many of the other capital cities and some regional areas, there are relatively high levels of employment. However, in other areas, particularly the outlying suburbs of cities and rural areas, there are very high levels of unemployment.

There is a growing divide between job rich and job poor households and communities. There are also now 860,000 children living in households where the breadwinner is not employed.

The labour market is also changing. There is an increase in part-time and casual work, and also a move from male to female employment. At the same time, within Australia, there is an increasing number of people receiving income support. One in seven Australians receives either part or full income support. Job opportunities have also changed. In many regional areas, where there were jobs in primary and manufacturing industries, these don't exist anymore, particularly as an effect of globalisation. New industries are forming in information, financial and retail services. They have created new jobs with different skills.

When we look at the international community, we see new trends evolving. One political framework, especially in Europe and the OECD, is the concept of the Third Way. It incorporates an efficient economy, government as guarantor and facilitator of a social support system; government, business and community partnerships; the fostering of social capital and the building of community capacity, especially in disadvantaged regions.

There is also an emphasis on social enterprise and entrepreneurship. I was in Cape York recently meeting Noel Pearson. He recognises the need to develop viable businesses and a culture of entrepreneurship in Aboriginal communities.

Within the political framework of the Third Way, government has a role as facilitator and guarantor of services, but not necessarily as the provider of services. A good example in Australia is the Job Network, which Mission Australia is involved in. Government is the contractor, funder and regulator of Job Network. However, non-profit organisations provide job matching, job search training and intensive assistance services for unemployed people.

Welfare reform, too, is a key aspect of the political agenda in OECD nations, including the UK, Australia and New Zealand.

In October 1999, I was invited to accept the position of Chair of the Government's Reference Group on Welfare Reform. I accepted. We embarked on wide consultations. There were 300 public submissions, a website and more than 25 consultations with peak organisations. The Final Report was produced in August 2000. There was a very positive response from the media and social commentators. The major parties, the Coalition, Labor and the Democrats supported it, as well as community and business groups.

What we had sought to do was to develop sound social policy for Australia. There were 65 recommendations with wide ranging reform involving a whole of government approach. The implementation, though, was complex. I always said what we were setting was a blueprint for reform that would take up to ten years.

There were five pillars of reform. The first pillar is Individualised Service Delivery. When an unemployed person came into Centrelink, the government provider and gateway to the participation system, there would be much better assessment of their capacity and skills. Once that assessment was made, there would be streaming of individuals, on the basis of their need, to appropriate programs. For example, Intensive Assistance for individuals with multiple barriers to employment; training for those lacking skills; voluntary work for those lacking self esteem or work experience; Community Support Program for those with high needs. There is a menu of options provided for that particular individual, to avoid what's commonly called churning. This is where people have come into the system in the past, were not

properly assessed, went onto a program that doesn't really meet their needs, are churned out again, come back into the social support system and so on. With individualised service delivery, each individual would be accurately assessed, provided with appropriate assistance, and his/her progress monitored.

The second pillar of reform is a "Simple and Responsive Income Support Structure". The Australian system is very complex; there are something like 20 different payments and income test levels. Many of them are historical rather than meeting today's market and needs. We recommended over time a simpler and more integrated payment structure, with a base payment and add-ons for an individual's circumstances. We also recommended a participation supplement to meet the cost of economic participation.

The third pillar is "Incentives and Financial Assistance". The growth in the labour market has been in part-time and casual work, but there are financial disincentives for many people to take up casual jobs. They lose income because of the taxation system. The final report recommended a transition bank and that was one of the recommendations the Government recently implemented. This is a way of people averaging their incomes, so it means if someone goes into part-time or casual work, they can earn income free areas time. They are able to retain income and it is a stepping stone to full-time employment.

The fourth pillar is "Mutual Obligations". The Reference Group developed a balanced approach to mutual obligations that involves government, business, community and individuals. The report outlined an obligation on government in providing a good economic environment, incentives for business and the provision of a social support system. Increasingly, business has to accept its obligation as a responsible corporate citizen. The Reference Group recommended the expansion of Triple Bottom Line (social, environment, and economic) auditing for business.

In relation to individuals, the report stated that if a person had a capacity for work, there should be an obligation on them to be involved in some activity, eg: training, full-time, part-time work or voluntary work. In relation to sole parents, the Reference Group recommended that when the youngest child turned 12, providing there were no mitigating circumstances (family violence or trauma, or a disabled child), it was reasonable to expect that parent to attend an annual interview and look at part-time education or work options (six hours per week).

The final pillar of reform is "Social Partnerships: Building Community Capacity". The report discussed the role of government in community economic development, investing in local projects and

infrastructure and providing seed funding for various projects in communities.

The report also made recommendations in relation to social enterprise and support for micro businesses. These are small businesses that are typically run by mature age people, young people and women. The advantages of micro businesses are that profits are kept in the local community. They provide employment for the local people and they contribute to social cohesion. Finally, the report suggested the extension of community business partnerships where government provides incentives for business, particularly in regions, to develop partnerships with the local community in the provision of goods and services.

The objectives of welfare reform are to minimise social and economic exclusion, and provide opportunities for people to participate in the community, especially through jobs and training.

In relation to the Federal Government's Budget, where welfare reform was a centrepiece of government outlays, it did offer a good, first step with \$775m net in a four-year plan. I would have liked \$1bn net and wanted more expenditure in the first two years, but the rationale for leaving it in the third and fourth year was that it would take time to implement.

Among the good initiatives was Working Credit, which is similar to the idea of the transition bank, and provides incentives for people to take part-time and casual work. There are also training credits for mature age and indigenous people, as well as the Work for the Dole program. There are reasonable requirements on unemployed people which are not overly punitive, and sanctions are seen as a last resort. There are now good opportunities for training and work, particularly for people with disabilities. There will be better assessment and support of individuals by Centrelink with the funding of personal advisers. The Personal Support Program will be of particular assistance to people with multiple barriers to employment. Funding was also allocated to community business partnerships and triple bottom line auditing. I was disappointed there wasn't funding for community capacity building in disadvantaged regions, especially in terms of micro business and social enterprise. However, overall, it was a good first step in a four-year plan.

In conclusion, the five pillars of welfare reform: individualised service delivery, financial incentives and assistance, simple and integrated payment structure, mutual obligations and community capacity building provide a blueprint for Australia in a globalised environment, and opportunities for participation in the social and economic life of the nation.

# **REFURBISHMENT**

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## ***OF THE WELFARE STATE***

**Steve Maharey**

Thank you for the invitation to participate in this panel discussion – the issue is a particularly timely one.

I have been a regular visitor to Australia, and, given the wonders of the internet, I am an even more regular visitor on a virtual basis. I come to Australia for inspiration, for intellectual stimulation, and for enjoyment; and while, like all politicians these days I am, if not responsible for, then most certainly an advocate of the “wired up” internet society, there are some things that one *has* to experience in the flesh. The sights of Sydney harbour may be captured on a web page, but the sounds and smells will never be – and, while politicians typically disavow deriving any pleasure from travelling abroad, let me say that I do enjoy visiting this place and I have enjoyed it again on this occasion.

This is my first visit here this year and I must make mention of the fact that this year is the Centenary of Federation. Presumably this has provided the opportunity for the Australian community to celebrate the birth of this nation, as a federation of states, and to celebrate the Constitution as your “founding document”.

For New Zealanders it has provided an opportunity to reflect on the relationship between our two countries; I sense that few New Zealanders are aware that the Colony of New Zealand was an active participant in the constitutional conventions leading up to Federation, or that the legacy of that involvement is to be seen today in the fact that the Colony of New Zealand is listed as one of the States in Covering Clause 6 of the Australian Constitution.

The speed of travel and communications means that the 1200 reasons that some saw as constituting the obstacles to New Zealand’s participation in the Australian Federation – the distance in miles between Australia and New Zealand – no longer present such an obstacle.

I don't know what particular form the widening and deepening of the relationship between Australia and New Zealand will evolve into – and in the interests of retaining my place in the Cabinet I am not going to volunteer my own preferences – but it is clear that no two sovereign nations are any closer than Australia and New Zealand. At the time of federation it was remarked that the “crimson thread of kinship” tied both nations. That is still the case, and the bonds of kinship are complemented by a high degree of economic integration and independence, and by a very significant on-going interface between Ministers and officials through the structure of Ministerial Councils and Officials committees.

That similarity provides my point of departure for addressing the question, “Where for welfare?” I will turn to this in a moment.

But let me first make some comments about some of the political issues around welfare reform.

Firstly, I am not going to comment on the merits or otherwise of the political debate within the extended Australian policy community over welfare reform in this country. While as a citizen of Australasia I have an interest in the nature of that debate, and while it is entirely possible that some residents of this country were responsible for voting me into office, that mandate relates to New Zealand politics and public policy, *not* to matters which are properly the responsibility of the Australian community.

Secondly, while I am not going to comment on the political – by which I mean party political dimensions of the debate in Australia – there is no way in which the politics can be taken out of the debate, wherever that debate occurs. The fact that the debate on welfare reform is in large part about what is affordable means that it is often the hostage of the more or less government divide.

### **Politics and welfare reform**

Just last week the New Zealand Business Roundtable hosted well known US academic, commentator and libertarian (although not necessarily in that order) Charles Murray. The Business Roundtable typically favours less rather than more government, and is sympathetic to policies informed by neo-liberal worldview, and accordingly the fact that the organisation sponsored the visit of Charles Murray should not be a surprise.

The Business Roundtable has a role to play – as a modern social democrat I am obliged to say that – and I found Charles Murray to be quite an engaging individual when I met him briefly last week. That said I find the public policy implications of his analysis quite repugnant in a moral sense, and anything but optimal in terms of their welfare effects on both economy and society.

I too believe that “the family” is one of the cornerstones of our society, but unlike Charles Murray I believe that society should embrace a diversity of family forms. I find it remarkable that a self-styled libertarian can advocate policies which are about prescribing the kinds of families that the state should, through “family formation” interventions, seek to encourage.

Charles Murray favours capped and time-limited benefits, presumably on the grounds that without the former, there are incentives for young women to use pregnancy as the vehicle for accessing welfare benefits and without the latter beneficiaries to choose dependency over economic freedom. I disagree.

And I find it interesting that the language used in the literature on sole parent families is cast in terms of the reduction of “illegitimacy”. Let me be clear – teenage pregnancy is a real issue, but the remedy, in my assessment, has as much to do with educating individuals so that they can make informed choices, and about providing real opportunities for young women and men, as about “changing the incentives through capped benefits”.

So, there is no getting away from the politics – there is no separation between values and public policy. The choices are not simply technical or mechanistic.

In the time remaining I want to structure my comments into three sections.

I want to start at the conceptual level, using the Australasian family of nations as my starting point, and I want to suggest that for policymakers in the Australasian nations we can make sense of the issues if, in an historical sense, we think in terms of the choices that are presented as we make the transition from the politics and policies of domestic defence to an alternative model.

Then I want to briefly outline where we are heading in terms of the specifics of welfare reform in New Zealand and highlight the parallels with the recent Australian experience, and in particular the very strong similarities in terms of issues identification and policy response between what we are doing, and the recommendations arising out of the report completed by Patrick McClure and his colleagues on the Reference Group.

In conclusion I want to suggest that in terms of the challenges posed by the progression from the politics and policies of domestic defence at the conceptual level and the particular issues facing policymakers in the present context, the answer to the question, “where for welfare?” is a qualitatively different approach to welfare, and to the relationship between economic and social policy. In short the answer to the question, “where for welfare?” is “social development”.

## **What comes after the politics of domestic defence?**

Let me now attempt to provide a context for a discussion on “where for welfare” by locating the Australian and New Zealand experience within a “families of nations” approach.

One way of illuminating the issues facing policymakers is by means of a contrast between what have been termed the politics and policies of domestic compensation on the one hand, and the politics and policies of domestic protection on the other.

I will not attempt to rehearse the theoretical and empirical lineages of these models, or for that matter the limitations of using them – they are, “ideal types”, but I think that they are particularly useful when seeking to explain the trajectory of public policy, and social policy in particular, within the Australasian family of nations.

The politics and policies of domestic defence within the Australasian family of nations consisted of four closely related policies:

- The protection of manufacturing industry through tariffs and other trade protections
- The conciliation and arbitration of industrial disputes
- The control of immigration, and
- A residual system of income maintenance for those outside the labour market

And so when we examine the trajectory of Australian public policy in the post Federation period we can identify the markers that confirm the politics of domestic defence and the political and institutional logic that underpins it. It is there in the decisions of the Tariff Board in the 1920s. It is there in the decisions of the Arbitration Court in the first decade of the twentieth century.

What we saw in Australia and New Zealand was what has been characterised by Frank Castles as a “wage earners welfare state”. Each of the defining elements of the politics of domestic defence, Castles argued in 1988:

...may be seen as interlocking components of a system of shock absorbers designed to defend and stabilise the existing structure of economic opportunities and rewards against any rapid or excessive disturbance from exogenous forces.

I have telegraphed the argument I want to make – the structure of economic opportunities and rewards has changed. Government changed them – both here and in New Zealand, and other governments and policy makers (and indeed consumers) changed them for us.

And the contrast between the two models is illuminating. To quote Frank Castles again:

There is good reasons for supposing that the strategy of domestic compensation has an inherently more dynamic economic growth potential than that based on domestic defence. Grabbing competitive niches in new

markets is built into the former, whilst protection serves, precisely, to insulate the economy from protection.

To continue the earlier automotive analogy, the shock absorbers of the old model simply don't allow us to take the developmental road we need to take.

## **Reforming the old order**

My sense is that we are still haven't decided what the new "set-up" will be that will allow us to take that road.

The politics and policies of domestic defence didn't simply unravel overnight. It was not as if we the extended policy communities woke up one morning to find that it had gone.

- Overseas markets (once the domain of the antipodean dominions) became less accessible, import licensing was removed and tariff protections were reduced and in some cases completely removed.
- Financial markets were liberalised, currencies were floated, policymakers, price and wage setters, and eventually the community accepted that there was no sustainable long run trade-off between inflation and unemployment.
- Wage fixing systems either evolved in a way that permitted a greater measure of flexibility and enterprise level responsiveness – as was the case with successive ALP/ACTU Accords in Australia in the period from 1983-1996 – or were subject to more radical forms of deregulation as was the case in New Zealand with the ill-conceived Employment Contracts Act passed by the National Party Government 1991 (much admired by some in the Australian community, and repealed by the Labour Alliance Government last year. I might add that unemployment rate in New Zealand is now at 5.4 per cent and projected to decrease even further over the medium term).

The wage earners welfare state was no more. But I sense that in both jurisdictions we have struggled to initiate the kind of conversation that we need to have about what might replace it.

There were of course the political excursions and contests around what might broadly be referred to as "welfare". In New Zealand David Lange established a Royal Commission on Social Policy in October 1986, in what was a partially successful attempt to marshal a public constituency in defence of welfare. That a defence was required at that time was indisputable in the face of a concerted drive on the part of his Finance Minister, others within his Cabinet, significant elements of the business community, and persuasive elements of the "official family" to extend the logic of deregulation into the heart of the social welfare system.

And with the defeat of the fourth Labour government in 1990 and the election of a National Party government, in December 1990 the

incoming government announced radical cuts in welfare expenditure, evidenced in reductions in entitlements and eligibility changes. The Minister of Finance at the time – Ruth Richardson – cast the changes as being about redesign to restore integrity. The philosophical underpinnings of what was in effect an attack on the welfare state are captured in Richardson's speech to the New Zealand parliament on the 19 December 1990:

The continuing increase in the size of the state has resulted in growing debt, punitive tax levels, and intolerable pressure on interest rates. These burdens have sapped the energy and initiative of New Zealand's wealth creators. We cannot prosper as a nation if we put spending ahead of earning. The Prime Minister has announced this Government's determination to attack the burden of Government spending and its commitment to translate into action the mandate it has obtained to redesign the welfare state.

I was elected to the New Zealand Parliament in October 1990 and took my seat in the New Zealand Parliament on Wednesday the 28 November. The memory of Richardson's speech a few weeks after continues to remind me – when I need reminding – just why I am in politics.

Let me now move to the present and the approach to welfare and social security reform that the Labour Alliance government is taking.

Put quite simply the New Zealand welfare system needs an overhaul. It was designed 65 years ago, and while it is still a matter of pride to members of the Labour Party that it was the First Labour government that prosecuted the Social Security Act of 1938 – an Act which set out a new system which described the categories of people who were entitled to benefits (for example, widows, orphans, the sick) and significantly enlarged it to embrace universal health and superannuation schemes, a fundamental change is required.

Since the passage of the 1938 Act successive governments have changed and adapted the welfare system, buffeted along the way by the winds of change and circumstance. You will take it from my earlier comments that at times those winds have had the destructive power and feeling of a Wellington southerly blast.

New Zealand is now a more diverse society than ever before, made up of different communities, families and cultures. The way we live and work has changed too, with more women than ever before in paid work and many more people in part-time work.

The present social welfare system does not deliver what people want or need. It is overly complex with many layers and types of benefit. People fail to get the assistance they need because either they do not know what to ask for or it is too complex to meet their needs.

The system does not assist people to take on the risks of an entry-level job or take the first step towards a new career. It cannot give

people certainty that getting a job will leave them better off. Nor can it respond quickly enough to changing individual needs.

At a time when there are skill shortages in some industries, we still also have many long term unemployed (although I would note that long term unemployment has reduced in New Zealand from 41,700 in December 1999 to 30,500 in March 2000 – a decrease of 27 per cent). There is a however a gap between the opportunities presented in the labour market and the capacities of those available for work – the current social welfare system has failed to make the right social investments to bridge this gap.

Overall the current system is outdated, complex, and ineffective in helping people achieve independence. For example:

- Despite improved economic conditions, one in six people of working age rely mainly on a welfare benefit
- One in ten people of working age has been continuously on a benefit for more than two years
- Nearly a third of people who leave a benefit to take up work, are back on a benefit within nine months

In short, we need a welfare system that is modern, simpler, flexible, and more effective in supporting people to take up and stay in work.

Our aim, as a government, is to achieve:

- A simpler, flexible and clearer system to meet individual needs
- More beneficiaries moving into sustainable paid work
- Fewer families and households where no one is in paid work
- More beneficiaries earning income from part-time work and more beneficiaries increasing the amount they can earn
- Every family being able to meet their basic needs
- Increased beneficiary involvement in their communities

How do we intend doing that?

The Labour-Alliance government's approach comprises six main areas of policy and programme development:

- A simpler benefit system;
- Making work pay and investing in people;
- Supporting families and children;
- Building partnerships;
- Mutual responsibilities; and

<sup>a</sup> Tackling poverty and social exclusion.

Let me say a little more about each of these:

### ***A simpler benefit system***

We are moving towards a welfare system that is both more easily understood and easier to delivery. We question the need for five different benefits for people of working age – unemployment, sickness, invalids, widows and domestic purposes benefits. One option could include a move towards a “universal” benefit with standardised eligibility rules and conditions that would greatly simplify the system

for both the beneficiary and administration. Add-ons would be provided to recognise the particular needs of individuals, such as a care of children supplement a disability allowance, and an accommodation allowance.

### ***Making work pay and investing in people.***

We are ensuring that a move into work is worthwhile financially. We are also investing in disadvantaged regions to help businesses create employment. The government is determined to develop a system that actively assists people to make an effective transition from the benefit to the workforce.

First and foremost such a system must provide security for people when work is low paid or uncertain. At the same time, it is vital that the system provides opportunities and encouragement for beneficiaries to improve their levels of education and training so they can aim for higher paying jobs.

### ***Supporting Families and Children***

We want a system that supports families and children through difficult times; especially when there is no one in paid employment.

We accept that good quality childcare is central to ensuring that parents are able to balance their work and family responsibilities. However, childcare and out-of-school care services have not kept up with demand. Recent New Zealand research has identified that:

- The cost of childcare is one of the biggest barriers to parents accessing childcare services.
- There is an unmet demand for out of school care, with an estimated 31,000 parents wanting this type of care;
- Only 400 of the estimated 1000 OSCAR (Out of School Care and Recreation) programmes in operation meet standards set by the Child, Youth and Families Service (there is no requirement that all services meet these standards);
- Many OSCAR programmes, particularly those in low-income areas, are struggling to maintain financial viability.

### ***Building Partnerships***

We are committed to working in partnership. It is only by joint action – with the voluntary sector, with local government, and with business – that lasting change will take place. Communities need to be “backed” to find local solutions to local needs.

Our approach is designed to foster a community ownership of solutions. Effective co-ordination is also required to avoid wasteful duplication of effort and to share best practice among the partners. The government is actively working towards these goals.

The new approach to partnership is exemplified in the relationship with the “third sector” – the community and voluntary sector:

Third sector organisations contribute strongly to building our communities and are a rich source of talent and ideas. The sector already employs more than 80,000 paid staff and draws on thousands of volunteers. People who are unemployed or unable to undertake full-time work can use opportunities in this sector to reconnect with their communities and gain valuable skills and experience. The government is working closely with the sector to ensure this happens.

The government is committing over \$4 million over the next four years to support the work of social entrepreneurs – people who possess the skills, energy and insight to make a real difference in their communities. By giving these people better training and support, we will ensure that they make an even greater contribution to their communities.

### ***Mutual Responsibilities***

We accept that it is government’s responsibility to help those struggling to find paid work. However people must be prepared to take opportunities offered to them, and be aware of reasonable sanctions if they do not.

The approach that we are taking is based on two elements – clear responsibilities and clear consequences:

- Clear responsibilities

What is required is a planned approach, which clarifies the responsibilities of government and the individual. Each person who is on a work-tested benefit will now have a Job Seeker Agreement. This Agreement will set out clearly their work test obligations, what the Department of Work and Income will do to help them move into work and what they will do to help themselves, including voluntary jobs.

- Clear consequences

This government will not support unemployment as a life-style option. We are making the benefit system simpler and fairer, but for those who do not accept their responsibilities, there will be sanctions. Those who fail to take up suitable jobs that are offered to them will not receive taxpayer support.

This also raises the issue of “work for the dole”. Notwithstanding our clear commitment to the use of sanctions where appropriate, the government does not intend introducing “work for the dole” type schemes. We do not for one principal reason – they do not work. The Labour-Alliance government is about making work pay, not “make work”.

We came into government with a clear and unequivocal commitment to the repeal of the former government’s “work for the dole” scheme, the Community Work Scheme. And we did repeal it with an amendment to the Social Security Act this year.

There is very clear evidence that the scheme simply didn’t work.

The evaluation of the Community Work Scheme, carried out by the Department of Work and Income's Centre for Operational Research and Evaluation, found that beneficiaries were no better off in Community Work than if left on a benefit;

- their employment outcomes were lower than that of a comparison group not participating in Community Work, and
- the probability of people achieving a positive employment outcome actually decreased while they were participating in Community Work

(for anyone wanting to have a look at this research copies of the evaluation reports can be found at <http://www.winz.govt.nz> ).

### ***Tackling poverty and social exclusion***

We are building the capacity of New Zealanders to be part of the modern economy and addressing issues that trap people in poverty and prevent their full participation in society.

The government's reform of the welfare system is part of its overall approach to tackling poverty and social exclusion.

Extending opportunities so no group is excluded from society or is denied the full rights, benefits and responsibilities of citizenship is a key challenge being addressed by the government. These rights include the right to fair treatment, the opportunity for everyone to achieve their full potential and the right to security when in need.

We understand that people and groups feel excluded when they are unable to participate and belong to society. This may be because of financial hardship, poor health, crowded and poor housing, unemployment, and poor education.

Importantly, many of these social issues are inter-connected. For example, crowded housing may lead to poor health that may in turn make it harder for a child to do well in school, or hinder a person's ability to work.

By my assessment there are quite marked parallels between this programme and that presaged by the McClure Report. However there are others here this evening much better placed to comment than I am.

## **Conclusion**

The answer to the question "Where for welfare?" is, in short, "social development". The challenge is to move from social welfare to social development.

What do I mean by social development?

Again we enter the realm of models and "ideal types", but in summary a social development model has three defining elements:

- in terms of the economy it has a competitive bias, not a protectionist one
- it is employment friendly, and
- it is equitable

The social development model is about moving beyond the simple bifurcation of social welfare and economic development. It is about formulating a conception of social policy as productivist and investment oriented, rather than redistributive and consumption oriented.

James Midgely has argued, and very persuasively in my opinion, that,

The social development approach not only emphasises productivist social policies and programmes but links them to broader attempts to harness the power of economic growth for social ends. Advocates of this approach believe that economic development is a powerful dynamic for progress. However, they also believe that if left alone, economic growth results in conditions of distorted development marked by conspicuous contrasts between wealth and poverty, and the exclusion of substantial numbers of people from participating in the productive economy. For this reason they advocate interventionist strategies that create employment, raise incomes, and contribute positively to improved standards of living.

It is about a shift from consumption oriented social programmes to those that invest in people and enhance capacity. It is about the human capability equation: Capacity + opportunity = human capability. But it is more than this. It is also about encouraging the development of social capital.

How does the social development model compare to what might be referred to as the traditional welfare model?

The table opposite suggests some of the defining elements of both.

For Australia and New Zealand the politics and policies of domestic defence no longer have any relevance, other than as markers in the evolution of strategies to deal with the circumstances of our economic vulnerability.

The politics and policies of domestic defence were an appropriate response to the circumstances of economic vulnerability in the post Federation period. They are no longer appropriate in a globalised environment.

It may no longer be appropriate to use the term wage earners welfare state to describe the particular public policy configuration that one finds in this part of the world. But in the social development model we see the primacy of work – increasingly skilled and well paid work that is the pathway to opportunity and independence. In that sense at least there is a nexus between past, present and future, as there is in a commitment to an economy and society which combines economic growth, social development, and social justice.

	<b>Traditional welfare model</b>	<b>Social Development model</b>
<b>Programme objectives</b>	Programmes designed to address income assistance needs of beneficiaries	Programmes designed to make a positive contribution to economic growth
<b>Outcomes sought</b>	Efficient delivery of entitlements	Lifting of individual capacity and aggregate capability such that social and economic outcomes are optimised
<b>Focus of intervention</b>	Focus on the individual beneficiary	Focus on the individual and the community (lifting the capacity of both)
<b>Relevance of individual skills and abilities</b>	Skills of beneficiaries taken as a given	Focus on using welfare interventions to lift skills of beneficiaries
<b>Balance of redistributive versus developmental objectives</b>	Welfare viewed as primarily redistributive	Welfare viewed as connecting economic and social development
<b>Basis of assessment</b>	Centralised and prescribed forms of delivery based on assessment of entitlement	Decentralised and tailored forms of delivery based on assessment of capacity and need
<b>State delivery versus Devolved delivery</b>	State centred delivery	Focus on partnerships as the basis for delivery of services, and monitoring and review of policy
<b>Active versus passive assistance</b>	Assistance confined to delivery of passive assistance by means of transfer payments	Focus on active forms of assistance that lift skills and abilities and overcoming obstacles that impede movement into paid employment
<b>Poverty alleviation</b>	Poverty addressed by income support	Poverty addressed by income support, lifting skills and abilities, and factoring in other dimensions of social exclusion



Photo: David Karonidis

*Ruth McColl*

Ruth McColl's experience as a barrister is extensive. A barrister of the Supreme Court of New South Wales since 1980, she was appointed Senior Counsel in 1994. She is currently President of the NSW Bar Council and editor of *Bar News*. In 1996, Ruth McColl was appointed the Assistant Commissioner for the Independent Commission Against Corruption in the inquiry into corruption allegations at the Glebe Morgue. Ruth McColl addressed The Sydney Institute on Tuesday 12 June 2001.

# LAW, POLITICS

## *AND THE MEDIA*

Ruth McColl

The Attorney General of NSW recently described the relationship between the law, the media and politics as “the Devil’s Triangle”<sup>1</sup> – an allusion to the Bermuda Triangle and the lost souls who are said to have perished there in mysterious circumstances. While spoken in some jest, there are times when we know the media believe the law moves in mysterious ways. Equally there are times when lawyers believe the media moves, perhaps, not in mysterious ways, but certainly in ways antipathetic to a lawyer’s world vision. And, further, there are times when politicians, no doubt, wish neither lawyers nor the media were there to plague them and they could get on with the business of government without having to reconcile the often conflicting influences of either.

My talk this evening does not proceed from precisely the perspective of a “devil’s triangle”. The essential propositions that I wish to examine are:

- Do any or all of the three arms of government have any obligation to ensure the media is well equipped to report their activities accurately and, if so, do they discharge that duty?
- On the assumption that it is accepted that the media’s duty is to respect the truth and the public’s right to information and that that duty should be discharged in an honest, fair and accurate manner, does the Fourth Estate discharge that duty?
- If no to any of the above, who is failing in their duty and how should the position be redressed?

What I am concerned to examine, too, is the question whether, as “news values become more narrow, more sensational and more trivialised”,<sup>2</sup> we increasingly run the risk that the public’s perception of the workings of the three other estates will become distorted and reflect the shallowness of much press reporting. While this is a problem for all levels of government, it is an acute problem for the rule of law, if governments develop a knee-jerk reaction to law making shaped by the level of outcry manifest through the media. As I shall show later in this

talk, media perspectives of sentencing do not necessarily reflect that of an informed public – yet there are increasing signs of political responses to public outcry rather than calm deliberation and consultation.

It is critical to bear in mind in examining the questions I have posed to keep the following fundamentals firmly in mind:

- Politicians are elected, they conduct much of their business in public through parliamentary debate – they are answerable to the electorate on a regular basis.
- Lawyers are educated in the law, judges conduct all of their business in public, (with the exception of the High Court), they are protected by the principle of judicial independence and *prima facie* can only be removed by a joint sitting of two houses of parliament for “proved misbehaviour or incapacity”,<sup>3</sup> they are answerable to appellate review; anyone can read and comment on their judgments.
- Few know the credentials of journalists. While their writings appear in public they can only be criticised in the same forum if the editor of the day sees fit and then the criticism will usually be subject to length restrictions. Further, journalists are answerable primarily to their proprietors. Subject to the laws of defamation and contempt, they revel in a system of self-regulation which if applied to any profession would lead to a press outcry about self interest.

## The Four Estates

Among the “received wisdoms” of contemporary life is the doctrine of separation of powers: to wit, that there are three main classes of government functions, the legislative, the executive and the judicial reflected by three main organs of government: the Legislature, the Executive and the Judiciary. Further the thesis goes, to concentrate more than one class of functions in any one person or organ of government is a threat to individual liberty. This last proposition is regarded by some as too purist.<sup>4</sup> The checks and balances implicit in the separation of powers are accepted as essential to the proper functioning of democracy.

To these three powerful institutions in society must be added the Fourth Estate – a term used by Burke to describe the media. According to Sir Gerard Brennan,<sup>5</sup> Thomas Carlyle attributed the term to Burke of whom he wrote:

[Burke] said there were Three Estates in Parliament; but, in the reporters’ gallery...there sat a Fourth Estate more important far than they all. Whoever can speak now to the whole nation, becomes a power, a branch of government, with inalienable power in law-making in all acts of authority.

To this observation, Sir Gerard added:

[The popular media] present the three branches of government to the people. The Fourth Estate is not a fourth branch of government but in the life of a free and democratic society it has great power and influence.

## **The importance of the media**

No-one today doubts for one moment the importance of the media – let alone that it has the great power and influence of which Sir Gerard spoke.

As the Media Entertainment Arts Alliance (the “MEAA”) <sup>6</sup> noted:

Disclosure, timely recollection and sceptical questioning by journalist helps us keep our rulers in check and our own complacencies unsettled. This is the classic “watchdog” function of the media.

The question is – how do we ensure that media power is exercised responsibly? What checks and balances constrain the media?

Recently, the Minister for Foreign Affairs, Alexander Downer, reflected on the topic in the following terms:

For a society ...to develop successfully, it needs many foundations... It must have strong institutions and guiding principles that allow debate and criticism to flourish. Those institutions include an independent legal system, a truly representative parliament, an accountable government – and a free and open media...and when all these elements work effectively, together they help guarantee the maintenance of a truly free, open and dynamic society – one that is flexible and responsive to change, while maintaining the highest levels of freedom for its citizens. Where any of these elements is lacking, government processes lose transparency and the welfare of the people suffers... Debate and criticism are absolutely essential if openness and accountability are to be maintained in society. <sup>7</sup>

Crispin J of the ACT Supreme Court has described the importance of the media and its power and influence in the following terms:

343. The media plays an important and sometimes ill-appreciated role in the maintenance of a democratic society. It has sometimes been referred to as the fourth estate, a term which suggests that it forms a role complementary to the roles performed by the three arms of government, namely the legislature, the executive and the judiciary. This comparison is not entirely fanciful because in a modern society the media wields enormous power. As the Watergate affair demonstrates, exposure of serious misconduct or the abuse of authority may bring down even the most powerful. Those guilty of corruption or oppression may fear public exposure as much as they fear police investigation and judicial sanction. It is also generally true that a democracy can only function effectively when potential voters can gain access to relevant facts and opinions including, sometimes, opposing views. In the reporting of public affairs and the widespread dissemination of information the media provides a vital public service. It is important to ensure that the law does not make unnecessary incursions into the freedom of the press or needlessly hamper its investigations into matters of potential public interest.

344. Furthermore, the media is usually reliant on what it is told by others. Journalists may have neither the time nor the resources to investigate and verify every assertion before it is published. In many cases, of course, fairness will demand that a person about whom allegations are to be made is consulted and given an opportunity to respond. However, the path of responsibility will not always be clear and decisions may have to be made on the basis of limited information and under pressure to meet deadlines. These constraints should be borne in mind when criticisms are made with the benefit of hindsight and knowledge of the harm caused to some hapless person's reputation.

345. On the other hand, the very power and importance of the media reinforces the need for responsibility. The electronic media in particular has the capacity to instantly convey the gravest allegations to hundreds of thousands of people and to do so in a manner which is at once vivid and compelling. That can obviously have an immediate effect upon public opinion. It is no coincidence that repressive regimes invariably seek to exert a rigid control over the media. However when that power is abused it may cause enormous damage to the reputation of innocent people and have a ruinous effect on their careers or businesses.<sup>8</sup>

## Law on the run

The pressure politicians are under in dealing with media pressure was amusingly described recently by the New South Wales Attorney General, the Honourable Bob Debus MP. The Attorney pointed out that rapidity in communication and the growth in the power of talk back in setting the news agenda means that the speed of the news cycle has accelerated. As he pointed out:

The morning newspaper reporting "a sensational court case" is available at around midnight the night before on the relevant website. This means that by five past midnight the producers of morning radio shows may be ringing the Attorney General's Press Secretary seeking a comment... Certainly, by 5.30 or 6.00 a.m. the next morning, several telephone calls will already have been exchanged, news grabs will have been recorded, comments of the Opposition will have been sought...keen journalists will be ringing the Bar Association and other bodies in search of a fresh angle. In other words, before many of you have staggered out to retrieve your copy of *The Sydney Morning Herald* or *Financial Review*, before you even read the front page, the story in media terms will be old and dated and the journalists will be looking for new angle or controversial opinion to revive it. By 8.00 or 8.30 in the morning, members of the public will have flooded the Ministerial offices with faxes, telephone messages and particularly emails expressing their views based on what they have learnt of the case from early morning radio. The Minister...ambling along to a previously scheduled Press Conference or 9.00 conference opening will be door-stopped and asked for comment. Any divergence between what he says to the waiting media pack and the statement given by his Minister Officer at five past midnight the night before will instantly be reported as a back down, crackdown, change in direction, split or anything else to give the story a sense of drama it needs to keep up momentum as a story to survive until the 6.00 TV news.<sup>9</sup>

As the Attorney General also pointed out “the contrast could hardly be more marked with the days when Ben Chifley as Prime Minister could be asked a question as he got onto the train in Bathurst, think about it as it took the best part of two days to journey to Canberra and jot down a response in longhand for his arrival”.

In like terms, Mr Downer spoke of the tendency “towards a “dumbing down” of journalism. Complexity and subtlety of argument is ... to be eschewed. Reports in the print media grow shorter and shorter, while those in our news broadcasts are dominated by the three second sound bite which reduces most debates to images of shrill abuse or denigration. If an issue cannot be explained inside 30 seconds or three column inches, it is increasingly rarely deemed worthy of the media’s attention.”<sup>10</sup> He likened journalism today to “crash and bash” entertainment.

The fact that politicians on opposite sides of the political spectrum express concern about the processes by which the media report issues must cast doubts on its ability ever to deal accurately, let alone, fairly with the complexities of the law.

But such comments are not limited to politicians. Speaking at this Institute in Winter 1999, Catharine Lumby, journalist, lecturer and author of pop cultural studies such as *Bad Girls* and *Gotcha: Life in a Tabloid World*, remarked that “the intense global competition to attract viewers and readers which defines 1990s media has led to a pervasive lowering of the boundaries between information and entertainment in Western media.”<sup>11</sup> Further, Lumby points out (115-116) that “tabloid” style stories have proliferated in the upmarket media. She suggests that “for much of western democracy, the public’s fear has been symbolically contained in our courts and Parliament” (116). As Lumby points out (118) “when we look at the media, ... we need to ask whose interests are being represented in every case, rather than assuming, as many popular and some scholarly media critics have done, that there is an untouchable “quality” zone in which politics and social issues are properly represented and a debased tabloid zone which manipulates the under-educated and distracts from the spectacle.”

She also says (121) that “in the contemporary world, the main stream mass media has effectively become a global village hall, a place where diverse public interests collide. Assuming that is the case – and there is much to suggest it is, how does the public become aware of what interests are being represented?

Despite controversies about disclosing the source of political funding such as appeared on the front page of today’s *SMH*, politicians, by and large, have to disclose the substantial influences upon them. Judges, too have to refuse to sit in cases where a connection with a party or some other substantial matter might be perceived to influence their ability to deliver an impartial decision. But

where is there any actual requirement that journalists disclose any matters which might be seen to affect their ability to be fair and impartial. Is such a concept possible in a world governed by ratings and subscription rates?

Even the MEAA has observed:

A journalist was once defined (by Peter Ustinov) as someone who invents a story and then lures the truth toward it. Anyone who has worked for long in the (journalist) profession, if they are being scrupulously honest, concedes that there is at least a grain of truth in that observation. Journalists exploring a story “lead” are anxious - indeed, often under pressure - for that “lead” to bear fruit. They may consciously or unconsciously close their minds to an area of inquiry that could shoot down the story idea. Or, more commonly, they may not make sufficient inquiries to justify the sweep of the stories (especially the intros) they write...Such stories often involve exaggeration or a wrong or misplaced emphasis, rather than blatant errors of fact. The third way of summing up the journalist’s ethical failing in such circumstances would be to say: “they didn’t set out to get it wrong, but they didn’t do enough to get it right”.<sup>12</sup>

## **The law is not sexy**

Returning to the law, I suggest one reason the law is such a difficult topic for the media is that it is not sexy. For a journalist, politics and the law represent fundamentally different targets. Politics drive the country. Every time a politician makes a decision, large sections of the community are affected. As Sir Gerard Brennan has pointed out:

The members of the political branches of government and the media necessarily live in a symbiotic relationship. The media needs the political stories, pictures, background and the insights to weld together a presentation - whatever the medium may be - which informs, intrigues and perhaps entertains the public. Political figures need to publicise their policies and personalities and to ensure that both are presented in a favourable light. Public discussion of political issues is alive and well.<sup>13</sup>

By contrast, Sir Gerard pointed out:

The Courts, the apolitical branch of government seems dull and pedestrian. By comparison...[t]hey are...punctilious about publication of the grounds on which they exercise their power but reticent in the usual modes of public relations. Judges do not comment on their judgments or seek to vindicate their judicial pronouncements. There are no background briefing, no titillating leaks, few photo opportunities, no exposition of the implications of the judgments. Yet it is the judicial branch that bears the primary responsibility for maintaining the rule of law, for safeguarding the freedom of individuals, for regulating the very institutions of State power, for imposing condign punishment on those who contravene the law and preventing the centres from over-reaching the rights of those less powerful. It has no agenda of its own devising, no armoury other than that provided by the Executive; it can procure no favours and its own interests are unaffected by the exercise by any of its powers...having no power by the power of judgment, the judiciary has no power base but public confidence

in its integrity and competence in forming the functions assigned to it. There must be such a degree of public confidence in the Courts' application of the law that neither power nor riches, nor political office nor numerical superiority can stand against the weight of the Courts authority. If that confidence is eroded, there is nothing to redress injustice or to prevent abuses of raw power. If the law is to rule, there must be an arbiter whose authority is accepted by the powerful and the weak, rich and poor, government and governed, majority and minority.<sup>14</sup>

Sir Gerard spoke of "the media's function [as] to report and critically to analyse work of the Courts." Optimistically, he suggested that if the Court performed its function to decide cases and "apply the law competently and impartially" and the media performed its, then that "should produce public confidence in the maintenance of the rule of law by the Courts."

### **A few examples**

Let us test Sir Gerard's proposition by reference to a few recent examples. It is convenient to pick cases relating to the criminal law, because it is the criminal law which probably receives greatest exposure in the media.

Let us look at last year's furore about mandatory sentencing. It is undoubtedly true that the substantial publicity which accompanied media scrutiny of the mandatory sentencing regime operating, in particular, in the Northern Territory led to some, albeit, slight amelioration of the mandatory sentencing provisions. The provisions had, however, been in force since amendments to the *Sentencing Act* in 1995 (NT) which had been passed in March 1997. Those provisions had been criticised soon after the amendments by the Full Court of the Supreme Court of the Northern Territory in *Trenerry v. Bradley* (1997) 15 NTR1. Two members of that Court (Angel and Mildren JJ) described the mandatory sentencing provisions as leading to unjust sentences.

In the same year, the Australian Law Reform Commission and the Human Rights Equal Opportunity Commission published a report which concluded that the mandatory sentencing provisions breached the United Nations Convention on the Rights of Children. The Northern Territory Bar Association, Australian Women Lawyers and the Law Council of Australia all expressed their concerns about the injustice of the legislation in letters to the Northern Territory and Commonwealth Attorneys General as well as in Media Releases. None of this attracted any media exposure of note. Once the media was activated and the public debate generated, there is little doubt the public furore which was generated produced results. But what does it tell us that it was not until a youth had committed suicide that the whole issue was apparently regarded as sexy enough for substantial media attention.

Or take a more general example. At least once a week a headline in one or more newspapers will report the latest judicial perfidy in what is said to be a grossly disproportionate sentence. Such criticism is not new – but is it accurate, let alone fair? However distasteful this proposition may be to some members of the media, let alone the public, a true system of justice must be fair to all and that fairness encompasses consideration of the “rights” of the offender. We have long since departed from a system of law which sought only retribution and accorded the offender no rights. Wouldn’t it be better for all if the cases were reported accurately? Certainly research would tend to support that proposition. In a speech on Sentencing Guideline judgments Chief Justice Spigelman has noted:

Research throughout the Western World has indicated that there is a widely held belief that sentences actually imposed are not commensurate with the seriousness of the crimes for which they are imposed. However, there are now numerous studies which show that the public opinion expressed in polls, through the media and talkback radio and various other expressions of public opinion, are often ill-informed... More detailed and sophisticated methods of gauging popular opinion suggest that when the full facts of particular cases are explained the public, tends, to a very substantial degree, support the sentence actually imposed or at least, to express the opinion that they are lenient to a significantly lesser degree than answers to general, undirected questions would suggest.<sup>15</sup>

Despite this advice as to the importance of reasoned exposure to sentences, there is little indication that the media sees complete exposition of the facts of each case to the media as assisting their sales. Time and again we see a slanted version of the case apparently designed to make the journalist’s point that the sentence must be wrong with little or no reference to the reasons the judge gave for the particular sentence.

## **Media polling**

A development which most lawyers hope the politicians would pay little or no regard to is media polling about the public’s opinion about the latest law and order debate. No doubt the results are intended to influence politicians considering matters of criminal justice. Can any such polls really produce valid results?

Mark Israel<sup>16</sup> suggests that newspaper polls surveying readers on crime and punishment issues are subject to the general vices of newspaper-based polls: the questions asked may not be explicit, people may answer general questions about criminal justice with dangerous offenders in mind, the questions may focus on custodial rather than non-custodial offences, responses may depend on the accuracy of the respondent’s knowledge of crime and sentencing, respondents may be pushed towards expressing an opinion when they had none and questions may be drafted to avoid neutral or tolerant responses. He

also referred to research which showed the “less information people” have about any particular case, the more likely they will adopt a punitive attitude.” He referred to research (Tomaino (1998)) who found that “when members of the general public in Victoria were provided with further information about various sentencing options, they were far more willing to prefer non-custodial sanctions in a broad range of hypothetical cases. The reduced preference for imprisonment occurred even in cases involving murder or armed robbery. He suggests that the “demand from newspapers that the legislative agenda should be framed by poorly conducted readership surveys” makes work being undertaken to identify the communities true attitudes to crime even more important.<sup>17</sup>

What is the answer to this conundrum? It is certainly not to cease publishing reports of judicial proceedings. Such reports play a very important role in maintaining public confidence in the rule of law. But that public confidence will not be retained by reports which contain no, or no adequate analysis of the myriad of detail which the Court has to consider in coming to its decision on sentence.

In recognition of the fact that it is no doubt difficult, under the pressure of publication deadlines, to describe judicial opinions with complete accuracy” some may think that the answer lies in the courts providing summaries of the key components of, in particular, their sentencing decisions and the media accepting a correlative burden to include in any report of that judgment the critical components.

From the Courts’ point of view, much has happened in the last decade or so: since the first media officer was appointed to the Supreme Court of New South Wales. Since then, such media officers have been appointed to many other courts in Australia – although, regrettably, the High Court is still battling for the funds to appoint such an officer to its staff. Secondly, the Federal Court, at least, has decided as a matter of policy to prepare judgment summaries in cases of public interest.<sup>18</sup>

Regrettably, the Courts have not yet acceded in all cases to a practice of distributing judgment summaries at the time judgments are delivered. That practice has, however, become more frequent – particularly in the case of judgments concerning matters of great controversy. Thus Justice Wilcox’s judgment in *Patrick Stevedores* was broadcast on television and radio as, too, more recently, was Justice Finn’s decision in the South’s litigation. The High Court, issued a summary of its orders and the effect of those orders in *Patrick Stevedores Operations Number 2 Pty Limited v. Maritime Union of Australia*.<sup>19</sup> That summary undoubtedly assisted media outlets in reporting the decision.

These, albeit so far small steps, demonstrates the Courts’ willingness to recognise that it is necessary to make decisions more accessible to the public. There is little indication, however, that the

media accepts any correlative responsibility on its part to report decisions accurately. What are the checks and balances which regulate the media in this respect? Are the media conscious of the effect their work may have on larger issues concerning respect for society's institutions or do they care only for the latest by-line and the most sensational headline that can be produced. Do they care whether or not they produce an accurate and unbiased report? For those involved, relatively speaking, at the coalface of interaction with the media, these questions do not permit of a simple answer.

Venal as much criminal conduct is, lawyers entertain the fond hope that journalists will recognise that only one of the functions of the criminal law is to satisfy the public and the victim's desire for revenge. Another important function of sentencing is rehabilitation. The community is rarely, if ever, told of this important principle by the media. Further, once the sentence is served the perpetrator has discharged his/her debt to society and should be free to go about his/her business. But increasingly public pressure, whipped up it frequently seems by the media, is leading to politicians engaging in what might fairly be described as "knee jerk" legislation so that they may be seen to be responding to the perceived public clamour for tougher measures.

The prime example of this in recent times was the legislation struck down by the High Court in *Kable v. The Director of Public Prosecutions*.<sup>20</sup> The unashamed and transparent purpose of the *Community Protection Act* (1994) (NSW) considered in that case was to require "the Supreme Court (of NSW) to inflict punishment without any anterior finding of criminal guilt by application of the law to past events."<sup>21</sup> The legislation was passed in an atmosphere of significant community concern about the potential for Mr Kable to commit further acts of violence – yet it was a response which the High Court found to be unconstitutional and, in the words of one justice, "repugnant to the judicial process."<sup>22</sup> At the time the legislation was introduced, it was widely supported by the media. It undoubtedly was perceived by the public as the answer to a perceived problem – few members of the public appeared to have an understanding of the fundamental threat to all our liberties such legislation posed.

More recently, we heard the Premier speaking of legislation that would "cement into their cells" nine murderers. Again one might argue that such legislation would appear to be repugnant to fundamental liberties. On this occasion even some members of the media had problems with the proposal – the *SMH* editorial that dealt with it did not endorse it and legal commentators have pointed out such laws are not just harsh and discriminatory, but unprincipled, ad hominem and bad law. They are inconsistent with the fundamental sentencing

principle that all sentences should be imposed in public by a court of law.

Other media proclaimed its merits in emphatic terms – it was widely seen as satisfying a public perception that certain offenders never be released. Indeed it was expressed in terms of applying to offenders of whom those words had been used at the time of sentence – even though, when they were used, those words had no legal effect. Chief Justice Gleeson, when he was Chief Justice of NSW, expressed the view that such remarks should not have been made.

The legislation lottery which can be generated when politicians perceive there to be an increasing call for harsh penalties can be seen by the Opposition's response. Even though the Premier's proposal was in terms very similar to the legislation on the same topic proposed by the Opposition in mid 2000, the Opposition's response apparently to "one-up" the Government's proposal was to say it would introduce legislation which denied prisoners the right to seek parole!

### **What has the media done?**

In the face of increasing accessibility by the media to the judicial process, how do the media respond? The principle that the media should report fairly and with accuracy is seen, by some, to be overshadowed by the media imperative to increase ratings (in the case of the electronic media) and to sell more newspapers (in the case of the print media).

The media calls constantly for the judiciary and the legal profession to be accountable and there is no doubt that both are, in most cases these days, through parliamentary convention or statutes in the case of judges and through legislation disciplining lawyers in the case of the legal profession.

### **Who watches the watchers?**

The media substantially regulates itself. It would reject as an unfair constraint on the freedom of the press, the modes of regulation which it advocates for members of the legal profession. The MEAA recognises the necessity that journalists be accountable and the privileged position that journalists hold through their continuing ability to self regulate. Yet its *Ethics Review Committee Final Report* conveys a depressing flavour that many journalists are hardly aware of the AJA Code of Ethics let alone subscribe to it in terms. The spotlight it cast on issue of press accountability hardly left one with a great sense that the media felt any responsibility to reporting court cases in a way which would ensure public confidence in the court system.

Many journalists take the position that the existing "regulation" of their work through the laws of defamation and contempt impose

sufficient necessary restraints on their conduct to compel them to discharge their duties appropriately. But do they?

The litany of correspondence which is at least published in the “Letters to the Editor” pages indicates many complaints about the accuracy of the media’s reporting. Often the complaint is, no doubt, satisfied by the publication of the letter, but where wider issues are at stake, for example the failure to present or present adequately at all, one side of a debate –there is no real remedy.

Journalists themselves question their ability to abide by their own code of ethics. The MEAA points out that journalists’ ability to observe a responsibility to be ethical and accountable suffers from the fact that most journalists are employees “... are subject to direction or “heavy expectation”, or feel themselves so. They do not always control the end product of their work as published or broadcast...managements will be crucial to the development of a ‘culture of compliance’ with ethical standards.”<sup>23</sup>

Paragraph 8 of the AJA Code of Ethics requires journalists to:

Use fair, responsible and honest means to obtain material. Identify yourself and your employer before obtaining any interview for publication or broadcast. Never exploit a person’s vulnerability or ignorance of media practice.

Despite this paragraph, time and again we have seen the Australian media using hidden cameras to obtain “stories” which the media thinks worthy of publication. Just recently, a camera was taken into the Williams’ house concealed in a briefcase. The justification for this was said to be the public’s right to see how the Williams family was living in contrast to those who had fallen into economic misfortune as a result of the collapse of HIH. The unstated premise in all of this was a good illustration of the flawed reasoning which frequently seems to underline such exposes. The process appears to proceed somewhat along the following lines:

- There is a victim.
- The person responsible for the “victim’s condition” can be identified.
- Because there is a “victim”, the “responsible” person must have done something wrong.
- It is appropriate for the media, especially the electronic media, use means, including subterfuge, to expose the [media] identified wrongdoing.

### **An external system of regulation?**

Such frank criticism from the journalists’ own organisation as has been quoted above, calls for a response. If journalists cannot regulate themselves, is the answer an external system of regulation?

The response of various media bodies to this suggestion raises the spectre that too close a system of external regulation threatens the fundamental freedom of the press.

At present, the principal body of which the public would be aware which plays an extra-curial role in regulating the press is the Australian Press Council. This, it might be noted, is a self-regulatory body established and funded by the print media. Its power in relation to the receipt and determination of complaints is that which is given to it by the media which established it.<sup>24</sup> The Press Council has argued that the establishment of a statutory body to play a role in the regulation of the media would:

... bring the status of the print media in this country closer to that in countries where there is no freedom of the press. In particular, it would place Australia at risk of being classed amongst those countries where the expression of critical opinion by the press may attract political or economic sanctions.<sup>25</sup>

The MEAA points out that journalists oppose licensing, and for good reason: the history of the struggle for freedom of the press is in large part the struggle against licensing. Journalists, it is said, claim no “exclusive right to perform particular functions” in the way that lawyers and doctors do.<sup>26</sup> This begs the question.

As we are all aware, journalists’ daily writings have an extraordinary ability in this day of the global village to influence events and individuals. Their publications can lead to vigilantism. Witness the recent events in England when a newspaper decided to publish the lists of convicted paedophiles and innocent people mistakenly identified as the guilty were subjected to gross physical abuse and harassment. The newspapers conduct was widely condemned. And would it have been any less worthy of condemnation if those abused had been properly identified?

### **Is there an answer?**

I would argue that at the very least the media’s reporting of legal issues could be much improved if that reporting was assigned to journalists with some legal qualifications. Time and again journalists’ reporting of court proceedings bears little resemblance to what happened – a point remarked upon by jurors surveyed recently by Professor Chesterman.

Further, journalists should be required to include in sentencing reports a summary of the key factors influencing the sentence as indicated by the judge delivering the sentence.

Thirdly, in this media age, rather than limiting responses to what appears in the printed page, articles about substantial legal issues should give hyper-links to source materials exploring the issue as well as to electronic accounts of responses which space did not permit to be reproduced in the print version.

Finally, all journalists should have to subscribe to a minimum code of journalists ethics regulation of which should, at least for the time being remain with journalists themselves - a position which should be kept under review.

## Endnotes

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1. Marika Ellison, Michael Batten,  
Merrilee Batten  
2. John Connor, Jackie McDiarmid  
3. Judy Chan, Penny Chan  
4. John Fairs

5. Jane Campbell, Ron Dalziel  
6. Gwen McGregor, Neal Blewett  
7. Nola Morris  
8. John Honan, Laura Tees

9. Rebecca Tilly, Tessa Sexton  
10. Les Apolony, Mark Bellchambers  
11. Kathryn Wright, Luke Brown

Photographer: David Karonidis



Photo: David Karonidis

*Kim Beazley*

Globalisation and the importance of information technology to the economies of developed nations have generated a new debate in Australia over the importance of education as an investment in future generations and entrepreneurial success. The launch of “Knowledge Nation”, in mid 2001, began the process for a future Labor government’s support for a massive increase over a decade in investment in research and development. In a speech to the Sydney Institute on 14 June 2001, Opposition leader Kim Beazley previewed this important policy statement.



# KNOWLEDGE

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*NATION*

**Kim Beazley**

It is great to be with you to talk to The Sydney Institute again.

I think we all agree that Gerard and Anne have done a wonderful job in building up this forum of ideas. Its speakers and publications are an essential part of the political and social debate in this country, and it is a tribute to the Hendersons' success that others are trying to follow their example around this country. I think one of the important things the Institute does is try to break down the barriers between public and private sectors, between academic and media commentators, and between domestic and international issues. And I wish you well in this important task.

Today I want to talk to you about something that seems very clear to me, and to the Australian Labor Party, but somehow I think is not at all appreciated within the ranks of the Howard Government.

And that is the urgency we feel about the need to open our minds to the possibilities of the great changes going on in information and communications technology, and in medical and biotechnologies, in tandem with a new openness in the global economy.

The last 20 years have seen Australia undertake the most fundamental changes since Federation. We have opened our markets to the world and deregulated our financial institutions. We have changed our workplace relations radically, while facing up to much fiercer commercial competition both within Australia and with foreign nations.

Along with these often-painful changes, we have seen some remarkable opportunities opening. As the father of three daughters, it is worth mentioning the great transformation in the role and expectations of women in our society in these decades – a transformation that would have been perhaps as startling to this nation's founders as the lowering of tariffs, changes in immigration and the communications revolution.

Our people are now asked to face up to a new reality, in which our prosperity will depend upon the investment in the minds of our people rather than in our physical resources. In this knowledge

economy, we will be mining our people's brains and harvesting our thought processes, not just reaping prosperity from our countryside.

I believe that we addressed what I call the old economic reform agenda – the first wave of necessary changes to our economy and society – just in the nick of time.

I was the member of Federal Labor Ministries in the 1980s and 1990s that made many of these changes: that opened the economy, deregulated the financial markets, and sought a new closeness and new commercial opportunities in our region.

But the one thing we find in the new international climate we are facing now is that change is a constant. There is a new era of technological innovation sweeping the world, based on universally applicable processes likely to be as important to global development as those of the first industrial revolution.

This era of all-encompassing change will need to be accompanied by a new economic reform agenda. I know that those of you in business and industry are already feeling these winds of change. To take advantage of them there must be a much greater emphasis on lifelong learning, on training and retraining, on investment in research and development and innovation. And yet these imperatives of the new economic reform agenda just somehow do not seem to seep through the thick walls of the Ministerial wing at Parliament House, Canberra.

It is a well-accepted fact that as the Howard Government enters the twilight of its second term, it is completely bereft of a third term agenda. Which is why I was both surprised and amused to see the front page of *The Australian* today trumpeting Tony Abbott's secret new plan for the Howard Government's next term: the tax credit.

Now, as a means to build a bridge between welfare and work, the tax credit is a good idea – but it is also a three-year-old piece of Labor Party policy. Tax credits cost money – and the trouble is that this government spent all the money available on its GST.

If Tony Abbott's tax credit brainwave was a third term agenda, it didn't last very long. On radio this morning, John Howard pulled the plug, declaring that the plan "would cost about \$4 billion a year and we don't have that money, full stop." And I'll tell you why we don't have that sort of money – it's the GST, full stop.

Poor Prime Minister. Still no third term agenda, and only 150 shopping days till Christmas!

Well, we in the Labor Party have been putting a great deal of time and effort into developing a vision for this country, and we like to call it the new economic reform agenda. It is all about making Australia a Knowledge Nation, investing more in education, in R&D and in innovation. We have been assisted in our thinking by a devastating analysis of Australia's performance as a Knowledge Nation undertaken for Labor's new think tank, the Chifley Research Centre.

I am using this occasion to release this paper, prepared for the Research Centre by the Monash Centre for Research in International Education, which is headed by Professor Simon Marginson. It shows that Australia is failing to make the grade in those crucial areas that will determine our success as a nation in the 21st century. Let me quote from its conclusion:

Australia's failure to invest in knowledge and in knowledge-based industries is directly related to the country's problems in terms of external balance, foreign debt, and the value of the Australian dollar ... This constraint will worsen over time unless there is a change in operating conditions. Such a development is only likely to be brought about by a sea change in public policy.

This study, and I will be talking more about it in a minute, is a damning indictment of recent government policy. It benchmarks where we stand against other nations as a wealth-creating economy. It shows conclusively that we are slipping down the ranks of the world's leading developed nations.

I should let you know that it has been influential in the development of the final report of Labor's Knowledge Nation Task Force. We plan to launch that final report, chaired by Labor's much-loved and revered Barry Jones, in a few weeks' time. The report will be nothing less than a ten-year agenda for establishing Australia as an effective Knowledge Nation. The report will give the Australian people a picture of where we want to take our nation, and how we propose to get there.

I want to tell you where I think the Howard Government has let us down in this task.

The government seems to be happy to sit pat and hope that we will just keep doing what we have always been doing, hoping we will muddle through. Its ultimate ambition for a national economic reform agenda was to change the way the government collects indirect tax.

Mr Howard last week boldly declared that the era of the GST debate in Australian politics was "now being put behind us". And he said we were now "in the post GST phase of the economic debate in Australia". In his view from Kirribilli House, Australians have never had it so good, and the GST was the great reform we needed in public life, and a substitute for a vision for the third term.

In the absence of a reason to vote for John Howard beyond his own ambition of beating Malcolm Fraser's length of service as Prime Minister, he invites us to decide the next election on the issue of economic management.

We are, in this country, well overdue for a proper appraisal of the Howard Government's record as economic managers after five years in office. Max Walsh has been making a good go of it in his criticisms in

the *Bulletin* magazine, but I think I would like to say a word or two about that myself.

The Howard Government in 1996 inherited an economy which John Howard himself in a fleeting moment of candour described as “better than good in parts”. It inherited growth rates of 4 per cent. It inherited a record of economic reforms to which the Productivity Commission attributed the credit for the recent acceleration in productivity growth in the Australian economy.

Its first act was to implement a Budget that effectively dismantled Australia’s investment in education; labour market programs; incentives for innovation – in short, the drivers of growth in a knowledge economy. Its argument at the time was that this first Budget had radically and permanently restructured the fiscal architecture for the future.

The story since then has been this: driven by strong domestic productivity growth, and a booming US economy, Australian economic growth persisted after a slight pause induced by this government’s contractionary fiscal policy. The reform dividend of the 1980s and 1990s arrived in spades for the Howard Government, in the form of booming tax revenues.

They had a choice as to how best to spend this reform dividend and they chose to spend it on a different way of collecting indirect tax. And what a price tag!

The so-called compensation measures for the GST were detailed in the 2000/2001 Budget as costing \$25 billion out of future surpluses. Since then, as we know, they have ended up costing far more, as a deeply unpopular government has sought to buy its way back into electoral favour. They themselves have owned up to new spending in this Budget of another \$17.5 billion over four years, to try to shore up a very shaky electoral base. Max Walsh has commented it was mainly aimed at scorching the public policy earth for any incoming government.

So what is the economic legacy of all these decisions?

The most obvious legacy is there in the Budget papers for all to see:

- enduring economic underperformance in the form of a 3.25 per cent growth rate this coming financial year, and only 3.5 per cent growth rates for a full three years after that.
- enduring underperformance in employment, with an unemployment rate expected to rise for most of the coming financial year, exceeding 7 per cent.
- Perhaps even more disturbingly, productivity growth sliding significantly from its recent highs as the reform dividend from the 1980s and 1990s dissipates, and the destruction of the knowledge economy growth drivers in the 1996 Budget makes itself felt.

And the final word on this government's fiscal legacy need only be this: every single cent of the much-touted Commonwealth debt retired by this government has been paid for by the sale of assets. Every single cent. Why? Because this government has spent every single cent of the cuts it made in its early Budgets, and then some.

There wouldn't be an Australian family who doesn't understand very well that they could pay off their mortgage by selling their house. Nor would there be a single Australian family who doesn't understand what a financially ridiculous thing that would be.

Everyone agrees that the rising unemployment we are currently experiencing is the result of the economy going backwards in the December quarter 2000. Mr Howard has blamed this on everyone in sight, but chiefly on a slowing international economy. What is the truth in this regard?

The respected *Economist* magazine each week publishes a table providing the latest three-monthly economic growth rates for 16 major developed economies. For the entire period between the announcement of the December quarter figures (in March) and the March quarter figures (last week) it reported an (annualised) three-monthly figure of minus 2.2 per cent for Australia. Of the 22 other industrialised nations on this list, which one do you think showed a negative growth figure during this period?

The answer is not a single one.

This definitively puts the lie to the Howard Government's desperate argument that Australia's economic slowdown was caused by external factors.

In any case, the main legacy for an incoming government, in the short term, will be a fairly tight financial position. The government's panic-stricken spending spree will severely constrain the pace of our efforts, though not the direction, and certainly not the commitment.

It will certainly take longer than one term of government to complete these reforms. This is a ten year agenda. What is important in our first term is that we make a real start.

I should just mention that the Howard Government's relaxed attitude to the knowledge economy was encapsulated in an article written by Treasury officers and included in the Budget papers of a few weeks ago. The Treasury essentially agrees with us that there is a new industrial revolution about to occur, and yet concludes there is not much we need do about it except ensure the labour market stays flexible.

Treasury refers a number of times to the OECD's recent Growth Project, dealing with the conditions for building high growth new economies. And yet Treasury ignores the OECD's important point about the need for high growth new economies to develop education and skills. The OECD report said:

Investing in human capital is good for growth, especially in the context of rapid technological change: for information and communications technologies to be used effectively and the benefits of new technology to materialise, the right skills and competencies must be in place.

It is true that the new economy powerhouse, the US, has a more deregulated labour market than Australia (though this is overstated when you consider that casual employment is 26 per cent of Australia's workforce and only 13 per cent of America's), but it is rarely understood that the US has a far more skilled workforce than Australia.

Some figures tell the story. The percentage of the Australian workforce with a post-school qualification is 28 per cent. In the US, it is 37 per cent. The percentage of the Australian workforce with a university-level qualification is 17 per cent. In the US, it is 28 per cent.

Treasury says we are going to be all right because we are massive users of new ideas and new technologies. We say we need to be the creators of these ideas and technologies as well, not just the senders of our best and brightest people and ideas offshore to add to the prosperity of other nations.

Now I want to turn your attention to the Monash paper for the Chifley Research Centre, which you can find on the ALP's website. This new paper compares Australia with 11 other OECD nations in three major sectors of the knowledge economy: education, R&D, and information and communications technologies.

The authors of the report have some very harsh things to say about Australia's performance as a Knowledge Nation. While Australia performed strongly in terms of overall investment in knowledge in the early 1980s and 1990s we stopped dead in 1996, with the first Budget of the Howard Government, and went into reverse. And we have done so while other nations have surged ahead.

The centrepiece of this report is the creation of a new index based on OECD figures that compares Australia's performance in the three key measures of investment in knowledge – education, R&D and domestically produced software. This important new index shows that Australia's performance is poor, and slipping, compared with other comparable, developed nations.

In 1985 our level of investment in knowledge, as a percentage of GDP, was 85 per cent of that of the US. And by 1998 it had slipped to only 70 per cent, with the most significant fall occurring since 1996. As the authors say: "Given the role of the US as a pacesetter in economic change, this comparison is particularly important, and for Australia, particularly disturbing."

Underpinning this decline has been our poor performance in education investment.

Australia, once relatively strong, is falling off the pace. The key problem is declining public investment at all levels – schools, vocational

education and universities. While private investment has increased, as Dr Kemp keeps telling us, this has barely managed to fill the hole left by the withdrawal of public funds.

Public and private investment in education as a proportion of GDP has declined from 6.1 per cent in 1977/78 to 5.2 per cent in 1997/98. While we have been in decline, the OECD mean total has lifted to 6.1 per cent. If recent public policy decisions had been more forward-looking we would not have fallen against our competitor nations in this most important Knowledge Nation building block.

What has been the result?

- Stagnating Year 12 retention rates;
- University libraries overwhelmed and not coping;
- Student/staff ratios in our universities increasing dramatically;
- A growing shortage of mathematics, science and IT teachers in our schools; and
- More Australian-born medical researchers living in California than in this country.

Falling levels of public funding have forced our universities to spend more of their resources chasing full-fee paying students from Australia and abroad in popular courses, particularly business studies. The report reveals that this search for full fees is diverting universities from teaching subjects that really enhance Australia's knowledge capacity, particularly those related to science, engineering and technology.

The authors of this report remind us that unlike students in course work degrees in business-related areas, post-graduate students in science, engineering and technology undertake research that leads directly to new products and new processes in fields that include biotechnology. There is, of course, nothing wrong with universities trying to get more funding from fee-paying students. But this should not be at the expense of the crucial development of this country's knowledge economy base. This is another example of the Howard Government's false economising.

Another very worrying sign, picked up in the report, was that the number of Australian students in our tertiary institutions overall last year actually fell. Other than trends in education, the major weakness in Australia's investment in knowledge lies in research and development, and innovation.

Public and private investment in R&D fell from 1.65 per cent of GDP in 1996/97 to 1.49 per cent two years later. Thus the share of the nation's GDP devoted to R&D fell by ten per cent over just two years – and this while the rest of the developed world was pouring billions into the sector!

Even after the government's much-touted innovation statement earlier this year, Commonwealth support for Science and Innovation continues to fall. In Labor's last year in office it was 0.75 per cent of

GDP. In the coming year it is estimated to fall to 0.65 per cent of GDP. The research and development tax concession in Labor's last year of office was worth \$800 million to industry. Next year it is only \$470 million.

I spoke earlier of the Treasury argument that Australia does not need a home-grown information and technology sector, but in order to maintain its prosperity only needs to be a flexible user of these resources. Findings of this report suggest that this argument, often put by the Howard Government Ministers, is wrong.

Research cited in the Chifley Centre paper suggests that even our relatively small domestic Information and Communications Technology industry is declining, and causing a blow-out in our balance of trade deficit.

Employment in these industries is stagnating. Few large firms have emerged with the potential to become Australia's Nokia or Ericsson. More generally, in terms of the contribution of the information industries to the economy, Australia ranks last of the 18 OECD countries for which information is available.

I'd like to end by putting the findings of this research paper in context. Australia has traditionally been among the world's leaders in the quality of its education system, its use of new technologies, the adaptability and flexibility of its people in dealing with new ideas. We should at the beginning of this 21st century be well-placed among the world's leading knowledge nations. But we have allowed ourselves to slip at a time when many of our competitors are forging ahead. I believe that we cannot afford to be just good enough any longer; just above average.

If we are to improve our living standards we must be indisputably among the top rank of nations when it comes to the investment in knowledge.

It is true that we face this huge task in straitened budgetary circumstances. But in Labor's response to the Budget a few weeks ago we showed part of the way forward. Redirecting expenditure away from ideological indulgences of the government towards a focus on areas of education need – that is the Knowledge Nation way.

Among other things, we announced that we would cut spending on advertising and consultancies by \$195 million over three years to fund a national fight against cancer. We announced we would take an extra \$105 million this government has given the richest Category 1 private schools and use it to boost public education.

These are just examples, but they show how a Beazley Labor Government will find better priorities than the Howard Government's waste and excess.

The way a government spends its funds reflects its values and priorities. Our priorities will be directed to the long-term aim of

building the Knowledge Nation. The Liberal Party will probably promise again to adjust the tax system, its usual answer to all the nation's ills. But we do not have to be governed by the Howard priorities. We need clear targets, and we have announced some of these already, they are among more than 70 policies available on the ALP website.

- By the end of this decade, we want nine out of ten young people to leave their teens with a Year 12 or equivalent qualification.
- We have some exciting plans to build an on-line university to take up to 100,000 extra students a year.
- We have fully-funded plans to encourage the best and brightest students into teaching, and to re-train teachers in maths, science and IT.
- We are going to work with local communities in disadvantaged areas on what we call our education priority zones, to make sure poor students do not miss out through lack of opportunity.
- And we are going to double existing Commonwealth research fellowships, and start a new branch of fellowships to try to attract our best people back here and retain the ones we have.

You'll see more from us when we release our Knowledge Nation paper in a few weeks time. And you will of course have all our commitments, fully costed, as soon as we see the Government's final budgetary figures in the Charter of Budget Honesty during the election campaign.

The next election will be a contest between a party that wants to make a few tax changes for the wealthy, and a party that believes in an active role for government in developing this nation.

Our headline value, our headline priority, our headline commitment is to the Knowledge Nation. The task is a massive one, and the government has left the cupboard bare through poor management, and through what we believe are the wrong priorities. But one important fact will sustain us: the sure belief that the Australian people want us to succeed in this. They do not want to see this country grow increasingly dependent on the inventions and products of other, smarter countries. They want governments to make sure Australia has some control over its own destiny, and is not entirely at the mercy of global forces.

The new times call for a new Australia: a people armed with the education and training and research capacity to meet the international challenges, and to compete with the best.

This is my vision. It may take a while to get there, but I think we owe our children no less.



Photo: David Karonidis

*Jonathan Shier*

Reforming the Australian Broadcasting Corporation has become something of a political football in recent years. Everyone seems to know what's wrong but changes to improve the broadcaster have not eased the outcry. In an address to the Sydney Institute on Tuesday 19 June 2001, Managing Director Jonathan Shier presented his vision for the ABC and outlined a series of reform approaches for achieving that vision.

# THE ABC: UNIQUE

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## COMPETITION

Jonathan Shier

The story I'm about to tell may sound familiar to those of you with an active interest in the fortunes of the national broadcaster.

There's some concern amongst the board at the number of Australians who are watching ABC Television. A new chief executive has been appointed with a plan to restructure management and engage in more energetic competition for audiences. With ABC audience share as low as eight per cent, the board expresses concern, anxious about the organisation's capacity to retain the "critical mass" of audience which will justify public funding.

In correspondence to management, the board says, "it is not advocating that the ABC should try to obtain a mass audience at all times, but that it should obtain the maximum possible audience for the types of programs it presents."

Effectively the board says the ABC must compete energetically for audiences; but compete on its own terms as a national public broadcaster.

In this case the year was 1965.

I would be hard-pressed, more than 35 years later, to better articulate the challenge.

Back in 1965, the new General Manager Talbot Duckmanton brightened up the presentation of ABC Television; he introduced the notion of on-air promotion of forthcoming programs; and he replaced Anglo-Australian newsreaders with those who sounded more authentically Australian.

In television production, the Duckmanton team established new program units with the explicit purpose of creating an "atmosphere of internal competition where the best ideas are supported by money, time and effort".

Over subsequent years, the ABC would forever change the landscape of Australian broadcasting, especially with the introduction of daily current affairs programming – *AM* and *PM* on radio – *This Day Tonight* and its successors on television.

I also wish to stimulate an environment in which the ABC can access the best ideas and talent. Talbot Duckmanton set up television program units to stimulate internal competition. I set up a development division with a brief to research thoroughly and trawl for ideas, not only from within the Corporation, but also by acting as a point of connection with independent producers and the wider community.

The underlying point is an obvious one. From time to time, throughout the ABC's history, it has been shaken by the imperative of creative renewal. On occasions such as 1965, it has fought against its own complacency. At other times, it has had to adapt to new media technologies, including the introduction of television, colour television and new forms of competition, the periodic displeasure of governments, and even national calamities including war and depression.

And now we're having to adapt again.

I don't want to use this occasion to offer detailed commentary on the emerging world of digital communications or the implications of the digital revolution for the lives of nations, industries and citizens. I'd rather concentrate on the kind of national broadcaster we're working towards, largely in response to the digital challenge.

The ABC must, of course, build on its strengths. It is a cultural institution with deep roots in Australian society and it has evolved within what has always been a vigorous mixed economy of commercial and non-commercial broadcasting.

But it is important to approach the challenges of change with an understanding of the wider context.

There's never been a single model of national public broadcasting around the world. Broadcasters have varied in character and quality, editorial rigor and the extent of their independence from government, and in their sources of funding.

The ABC historically has contributed to the overall diversity of broadcasting through being very distinctive in its programming. For the purposes of international comparisons, the McKinsey organisation measures distinctiveness by the amount of factual, cultural and children's programming offered by the broadcaster.

That simple comparative measure, of course, does not wholly reflect the core values that we associate with a distinctive national broadcaster – pre-eminently the need to reflect a broad range of views and the quest to remain independent of political or other vested interests. But it's a useful international benchmark, nonetheless.

As I said, the ABC rates as a highly distinctive broadcaster, by international standards. But it has a limited share of the available audiences on any given day. In television, for example, the ABC has tended to have an overall audience share of not more than 16 per cent.

Some other national broadcasters have a very high share of audiences but are much less distinguishable from commercial networks. Often, such broadcasters began as publicly owned monopolies. Examples include the Italian broadcaster, RAI, and Television New Zealand – all of which are funded mainly through advertising. They are not models I wish to emulate.

Others better funded than ourselves, and often with a second channel, such as the BBC, manage to operate with such scope as to offer a range of programming that achieves both distinctiveness and relatively high audience share. This reflects the essence of the Reithian approach to public broadcasting.

The BBC's legendary founder, Lord Reith, argued strongly for balanced schedules – some more populist offerings to attract audiences, balanced by other content exposing audiences to new ideas, debates and innovation – in the process, informing and educating significant numbers of people.

It's a principle that holds true today and will do so for some while yet, until a truly multi-channel environment becomes firmly established.

The trick is not only which programs you commission or purchase. It is also the way you schedule them across networks. Understanding that each program is there to satisfy certain communities of interest – and measuring performance accordingly. Understanding also the need to provide some cohesion and flow in the schedule so as to attract and hold audiences for as long as you reasonably can. Trying to ensure an effective mix between programs of general and more specialised interest.

Overall, one should compete for a share of household audiences. It's by no means the only measure of our performance but it is an important one for a Corporation that depends on taxpayer funding for its existence.

What share of audience should the ABC be aiming for? Well, given a maintenance of quality, more must be better, although, of course, actual viewing from hour to hour will vary considerably according to the type of program.

One of my predecessors is said to have aspired to 20 per cent but regrettably never achieved it – last years 16 per cent has so far been the best on record. Why would one not wish to aspire for even more. Especially as our nightly television news already wins a household share, greater than 20 per cent.

Of course it won't be easy – especially when you consider that at the ABC the news and current affairs output has been much better resourced than other program genres – and competition with the commercial broadcasters has never been tougher.

A particular percentage target is not really the point – what we must do is take the challenge of audience share seriously. For, if we cannot assert and maintain our relevance to audiences, today, there is little chance of us doing so in the emerging digital media environment.

If the ABC has an audience share of, say, 15 per cent in the free-to-air environment, you can be sure it will be considerably below half that in pay TV households.

Of course, the digital environment is developing slowly in Australia. But we can look to the UK, currently the most advanced digital media market in the world for some insight as to the future.

Already British audiences have the choice of more than 200 television channels with another 40 planned for launch this year. Each week satellite and cable services are used by almost 40 per cent of the viewing population and, on a daily basis, together they have almost a 20 per cent audience share. The share of traditional broadcasters like the BBC has fallen accordingly.

For Western Europe as a whole, it has been forecast by some commentators that the rate of household penetration of pay television will reach some 85 per cent by 2005, and over the same period, Forrester Research predicts that global revenue from interactive television will grow from a mere US \$40 million to more than \$48 billion.

This growth will be made possible through the expanding capacity of digital media, interactive television and broadband Internet through either the television or PC.

Most importantly, the platform providers who manage these platform businesses will be better funded than any national broadcaster – more able to afford and make event or landmark programming.

At the same time, the second generation of set top boxes will allow consumers to record broadcast programs automatically, skipping commercial breaks if desired. Interactive boxes will “download” the program preferences of viewing households and provide feedback to advertisers about specific target audiences. There is a huge incentive for commercial operators to control the technology.

Eventually, we will see full video-on-demand, in which films, programs, music, games, news and educational content will be readily available as individual real time video streams via cable or ADSL connections.

Together these will be part of what’s called the “triple play” of enhanced television, Internet and telephony – all available through common pipes to the home. It is this “triple play” that is expected to deliver a global business model to the key media players of the future.

I’m not necessarily arguing that free-to-air broadcasting will eventually disappear in Australia – but without a reassessment of the potential of the national broadcaster and greater support for it, the

weight of money and the management of the new technology by the commercial players could significantly impede it in its mission.

It is more than idle speculation to debate the implications of audience fragmentation and global business models in the media industry.

It is essential that the ABC meets the challenge of the new media world; essential, if you accept that the market economy does not fully meet the needs of citizens and communities and if you accept that the market alone will never guarantee universal access to the knowledge and services required of a modern information-based society and essential if any other model is unlikely to adequately express Australia's cultural identity.

In this context, and in order to fulfil its social mission and remain viable in the long term, the ABC must be:

- High-quality and relevant to more Australians more often
- Independent of vested interests and editorially vigorous
- Transparently accountable for what goes to air and how its money is spent
- And, most importantly, funded to do the task.

The legislators and regulators must also ensure that the ABC has access to all major distribution platforms.

The ABC cannot afford to be sitting on the wrong side of the audience gateway.

A clear message from Europe is that the business models favour the distributors rather than channel programmers in a subscription environment. This is even more the case when the distributor also distributes its own channels – as do BSkyB and Canal +.

Those who control the distribution platforms, the access and placement of channels, the cross promotion, the Electronic Program Guides and perhaps even the set top box itself are in an all powerful position.

This is especially significant since most people tend to favour a small core group of channels rather than surfing across many. Unless a channel is well placed, a viewer may simply not be aware of its offering. The Foxtel positioning and naming of Fox 8 between 7 and 9 is not just coincidental.

Beyond key questions of access to distribution, we also need to think hard about notions of “distinctiveness”, “relevance” and “quality” as they apply to Australia's national broadcaster in the new environment.

As I said earlier, our distinctiveness as a national broadcaster has previously been measured by our commitment to factual programming, cultural and children's programming.

But the industry goal posts have shifted.

In 1984, global revenue for the documentary sector totalled about US\$30 million, including television and educational audio-visual distribution. By last year, media businesses based on factual programs generated more than one hundred times this figure, and were forecast to grow to \$12 billion by the end of the decade. That growth obviously has been driven by global subscription businesses operated by CNN, the BBC, Discovery and an increasing number of specialised factual channels like Animal Planet, The Food Network and The Living Health Channel.

The quality and production values of these outlets vary enormously. Many factual program outlets have “dumbed down”, if you like, to provide lower cost forms of mass-produced programming to exploit the popularity of factual content. But others have simply benefited from world wide critical mass.

One thing is certain, such programs and new global channels do not emanate from Australia and do not fully represent the needs of Australian audiences.

Obviously one response from national broadcasters, in their domestic markets, is to use new digital multi-channels as a means of preserving the strength of their brand offering. The BBC won additional funding for its multi-channel services based on two key arguments:

- That it would help provide an incentive for those consumers still reluctant to convert to digital in time for the Government’s proposed close-down of analog transmissions some time before 2010; and
- That it would offer more choice to licence payers who cannot afford pay TV but who would eventually be forced to convert to digital services.

We in the ABC have a multi-channel strategy, as well, though regrettably it is hampered by a lack of incentive for digital take-up and a lack of adequate funding.

*ABC Kids*, our first channel, is preparing to go live in August. *ABC Kids* will build on the Corporation’s strong commitment to pre-schoolers by providing a dedicated service for primary school-age children. Some programming will appear on the main ABC channel as well as on the dedicated multi-channel.

And we plan to provide youth and arts channels later. I have no doubt that multiple streams of content – and multimedia content through online and datacast delivery – will be important to the ABC’s long-term future.

However, we need to look beyond distribution to the mix and richness of our content genres. It’s no longer sufficient to rely just on a simple comparison of factual versus entertainment programming ... or

on the overall level of Australian content. We must be much more concerned with the richness, diversity and community relevance.

We currently can't afford to invest sufficiently in investigative reporting projects – look at how many editions of *Four Corners* actually come from the BBC's *Panorama* program. Not because we lack talented people to produce them but because we lack the funding to support them. There's a regrettable shortage of quality Australian drama for the same reason; and relatively few landmark documentary series are produced in Australia. The recent series, *Australians at War*, is a notable exception.

Australians need landmark programming through which to see themselves and to understand their place in the world; and one measure of the ABC's quality as a national broadcaster ought to be as a provider of landmark programming. Whether factual or dramatic, these are high cost productions that are visionary, authoritative and original in concept. They help define Australian culture and they may be used as continuing points of reference in the landscape of our culture and our collective learning.

Fortunately, digital production technologies expand the range and capability of creative program making. They make possible more diverse production styles, including relatively simple, quick turn-around programs that depend more on the quality of ideas than levels of investment.

This means our program makers can more readily gain access to difficult filming environments with cheaper and more compact equipment. It is relatively cheaper to capture standard sequences, to catalogue, store and retrieve footage. We can more easily re-assemble sequences of content and make versions suitable for multiple media platforms – different television formats, specialised multi-channels, and narrowband and broadband outlets.

More than ever before, we have the potential to create content that spreads across multiple genres; for example, to enhance a history program or music or drama production with the educational applications – that can embed a piece of work deeply within the fabric of Australian culture.

The ABC does not exist simply to *provide* programming and content. It exists to facilitate audience experiences, to enable the people of Australia to be informed and engaged with the challenges of contemporary life and with one another.

So another measure of the ABC's quality as a national broadcaster must be its provision of interactive enhancements that enable audiences to engage and explore their interests more deeply.

Recently we refined a content genre list that may be applied across television, radio and new media platforms, as well as to the new digital electronic program guides.

There are 15 major genre categories, and five sub categories in alphabetical order:

- Arts and Culture
- Business and Finance
- Children's
- Comedy
- Current Affairs
- Drama
- Education
- Factual - a broad category which covers
  - Contemporary Lifestyle
  - Health
  - Indigenous
  - Law, Consumer Affairs and Media
  - Special Events
- History
- Light Entertainment
- Music
- News
- Religion and Ethics
- Regional and Rural
- Science, Technology, Environment and Natural History
- Sport

These genre categories form the perimeter fence of national public broadcasting. We are not the only media organisation to cover them one way or another. But there is no other Australian media organisation, operating across television, radio and new media, which can so clearly define its purpose and scope of activities within that perimeter. It's hardly the output list of a commercial broadcaster.

And no other media organisation can match the level of the ABC's commitment to or spread of activities throughout metropolitan, regional and rural Australia.

The relative emphasis we give to one genre over another may well vary from platform to platform. ABC Radio is very strong in its coverage of major sport, for example, while Television has been marginalised due to the high cost of rights acquisition.

I've said many times, since becoming Managing Director, that I want to re-define the terms of debate about the ABC. The question should not focus on what Parliament may do for the ABC. Instead, the focus should be on what an appropriately resourced and accountable ABC may do for Australia.

It will come as no revelation to this audience that there is much work yet to be done before the ABC can fulfil its potential in a media environment of accelerating change. One positive development came with the Government's Budget announcement that we would receive

additional funding of \$17.8 million a year to support new programming initiatives. It is one step on a hilly road.

We *shall* compete energetically for audiences but on our own terms as a national broadcaster. That means setting relevant targets for our programs and content – some designed to have general audience appeal and some to cater for more specialised communities of interest.

As I've said, distinctiveness and relevance in the new media environment is more than a crude count of how much factual, cultural and children's programming we offer:

- It's about our commitment to reflect a broad range of community views and debates and to avoid legitimate accusations of bias,
- It's about our capacity to offer landmark programming of lasting value to the culture through in-depth investigation, documentaries, drama and performance,
- It's about the priorities we set across all media to showcase the content genres in a way that allows all Australians the opportunity to be informed and engaged citizens,
- It's about the cross-media opportunities we offer so people may explore their interests and expand their knowledge,
- It's about our use of digital technology to enable a wide range of cost-effective production formats and styles to achieve optimum impact across television, radio and new media,
- And it's about our tangible commitment to be present in communities throughout Australia including the decentralisation of more production and activities from Sydney.

These should be defining characteristics of the national broadcaster. These should be part of a national compact with the Parliament and the people of Australia.

Apart from having a clear sense of mission for Australia's national public broadcaster, we need to clearly demonstrate our accountability in the quest to be at once competitive, yet distinctive.

We must commission more research. We must document the decisions we take regarding genre specialisation – for example, the proportion of our scarce budget we decide to spend on education versus comedy, and how it may vary from year to year. We must demonstrate the discipline of appropriate expenditure and performance benchmarks, including production cost per hour. And we must set audience measurement and ideally appreciation targets for each programming strand to assess how well it performs in terms of the likely audience or intended community of interest.

Already, at our instigation, we have been working with other national broadcasters from Europe and Canada to develop an international performance benchmarking system.

All of this is within our capacity.

But ultimately it has limited value so long as the ABC is trapped in an endless political tailspin. Successive governments in Australia have criticised the Corporation. There has been a string of reviews and inquiries into the ABC.

Since 1985, the ABC's level of funding had been cut by almost 30 per cent in real terms, under successive Labor and Coalition governments. This year's federal Budget is the first one in more than 16 years to provide additional money for ABC programming.

We must surely move beyond the chicken-and-egg discourse that has gone something like this: if you offer great programming already, you surely don't need more money but, if you don't offer the programming we like, surely you don't deserve any.

Triennial funding, in principle, is better than annual funding but it is still subject to considerable volatility – and the quantum does matter.

The compact we need with the Parliament and the people of Australia is one in which there is a guaranteed level of funding that will support not merely a given number of transmission hours or a basic level of Australian content. It must enable access to cross-media distribution; and support a quality mix of content genre, production styles and points of connection with audiences throughout Australia, and beyond.

Prior to the next election, all sides of the Parliament are entitled to know what we believe is an appropriate long-term funding formula for the national broadcaster. We intend to provide it.

It must support an ABC that is relevant, distinctive and trusted ... an ABC that is a national broadcaster second to none.



1. David Harland, Barbara Harland  
2. Yvonne Edwards  
3. Donna Staunton  
4. Vicki Mullen & Guest

5. Vicki Austin & Guest  
6. Ursula Cher  
7. Amanda Meade  
8. Haesook Chung, Sharon Aris

9. John Spendor, Lindsay Ellison  
10. Alan Morley, Wendy Clare  
11. James O'Toole, Sally Dunn

Photographer: David Karonidis



Photo: David Karonidis

*Rudo Chitiga*

The Commonwealth Foundation was established in 1996 and is referred to as the “People’s Commonwealth”. It is funded by Commonwealth governments and its central aim is to promote sustainable development and international understanding through collaboration and exchange. Rudo Chitiga is the Deputy Director of the Commonwealth Foundation. She began her career with the Ministry of Community Development and Women’s Affairs in Zimbabwe. On Monday 25 June 2001, Rudo Chitiga addressed The Sydney Institute to report on some of the outcomes from the Commonwealth Foundation’s most recent work in the area of civil society.

# CIVIL SOCIETY

## *THE NEW MILLENNIUM AND THE COMMONWEALTH OF NATIONS*

**Rudo Chitiga**

Thank you for giving me the opportunity to address you this evening on the work of the Commonwealth of Nations with regards to civil society.

The Commonwealth is, has been, and will no doubt continue to be, about many things. It is about co-operation between countries, and in particular between democracies. It is about inter-governmental co-operation, support and decision-making within a framework of shared values and principles. It is about building the special kind of strength that comes from diversity. Its 54 member countries range in terms of size and population from small and island states such as Dominica and Tuvalu to sub-continental giants such as India and Australia. They include developed, middle-income and developing countries. There is vast diversity of race, religion and culture within the Commonwealth.

The most important feature of the Commonwealth is that it is about, as indeed it should, people to people contact and interaction at every possible level, from Heads of Government to ordinary citizens, and involving as many people as possible. The Commonwealth represents, over a quarter – 1.7 billion people – a quarter of the world's population.

The Commonwealth is serviced by three inter-governmental bodies specialised agencies, as well as a large number of professional associations. Professional associations range from lawyers to veterinarians and they play a key role in professional development as well as providing a Commonwealth presence on the ground. The three inter-governmental bodies of the Commonwealth are: The Commonwealth Secretariat, The Commonwealth Foundation, The Commonwealth of Learning.

The mission of the Commonwealth Secretariat is:

- A force for democracy and good governance
- A platform for global consensus-building
- A source of practical help for sustainable development

The Commonwealth of Learning is the other inter-governmental body: Its mandate is to develop and support distance learning across the Commonwealth.

The Commonwealth Foundation's mission is:

- **Civil society** To strengthen the ability of citizens and civil society organisations to work together, and with government and the private sector, towards the achievement of fundamental Commonwealth purposes and values, and especially those relating to good governance, people-centred and sustainable development and poverty eradication.
- **The People's Commonwealth** To facilitate pan-Commonwealth and inter-country connections between people, their associations and communities at all levels so as to encourage and enable mutual learning in the fields of personal, professional and community development, and arts and culture; and to recognise and celebrate excellence and achievement in these fields."

The Foundation therefore has the responsibility for the "People's Commonwealth".

The core parts of the Foundations programme is not only to facilitate citizens to connect among each other across the Commonwealth but to facilitate their connections at local, national and regional level with those institutions that make decisions affecting their lives. The purpose of connection in this regard is to seek participation and involvement in decision making.

Towards the end of the last millennium, in 1997 the Foundation launched its "Civil Society in the New Millennium" project in 47 countries.

The Civil Society in the New Millennium study gathered, in 47 Commonwealth countries, the views of some 10,000 citizens (the majority of them "invisible" citizens, whose voices are rarely heard) on these three questions:

- What is your view of a "good society"? To what extent does such a society exist today?
- In such a "good society" what roles are best played by citizens and what roles are best played by state institutions and other sectors?
- What would enable citizens to play their roles more effectively in the development of such a society in the future?

The project went on over a two year period, from 1997 to 1999, and the results were compiled into a report published by the Foundation in 1999 under the title *Citizens and Governance: Civil Society in the New Millennium*. What was particularly fascinating about what those 10,000 or so people said was that from the great diversity of cultures and countries in which they lived, a number of clear, common themes

emerged, including these core messages: that a “good society” would be characterised by:

- a strong state *and* a strong civil society. These are complements, not alternatives. A strong state meaning a facilitating, listening, doing and empowering state;
- a deepened democratic culture, one that is “not a matter of ballot boxes on election day” as the Commonwealth Secretary-General, Don McKinnon put it in a recent speech. A *participatory* democracy;
- a more active role for citizens not beneficiaries, but *empowered partners* in social, economic and political development.

What also emerged from the Commonwealth Foundation’s *Civil Society in the New Millennium* study is that: there is a kind of hierarchy that goes like this. Firstly, people want their basic needs to be met (through, as I have noted, some kind of appropriate balance between state, market and civil society action). Only when they have such basic *needs* met – for food, shelter, security, peace, health and education – can people really be expected to *associate* with one another for the purposes of common good (although in dire and life threatening circumstances people do associate out of sheer necessity). And, in turn, only where that condition exists, can they then *connect* with government – whether local, national, regional, Commonwealth or global – and enable these institutions to become more inclusive *governance*, at all those levels. (Although again, there are circumstances in which people associate and force connections with those in authority when they are desperate). So the hierarchy is this:

- meet basic needs (including enabling and empowering people themselves to play their part in doing so), and then you can
- enable, encourage and facilitate association; and then you can
- create connections between people and government, thus creating “governance”

The Heads of Government reached the same conclusion at the 1999 CHOGM. In the “Fancourt Declaration on Globalisation and People-centred Development” they issued at the CHOGM, they said that: “if the poor and the vulnerable are to be at the centre of development, the process must be participatory, in which they have a voice ...” (CHOGM Communiqué, Durban 1999 Page 4)

The results of the study were first published in a summary report “Citizens and Governance: Civil Society in the New Millennium”. It was presented to the Commonwealth Heads of Governments in Durban in 1999. The Heads of Governments were encouraged by the similarity between the findings of the study and the issues of people centred development, which were at the centre of their meeting. In fact the Communiqué from their meeting stated the following:

... people must be directly involved in the decision-making process and in the implementation of development plans and programmes ... They noted the significance of civil society in empowering people to benefit from globalisation, in contributing towards goals of poverty elimination, equal opportunity and fair distribution of resources, and in helping to deal more effectively with ethnic, racial and religious conflicts... (CHOGM Communiqué, Durban 1999 Page 15)

The Commonwealth Heads encouraged the Foundation to implement the recommendations of the study.

The Foundation therefore received a mandate to launch the next phase of the programme. In addition to presenting the report to Heads of Governments, 200 NGO leaders who were present in Durban for the NGO Forum organised by the Commonwealth Foundation endorsed the findings and recommendations of the report.

The findings of the study have been disseminated widely across the Commonwealth. National reports have been published and launched in many countries.

The Foundation in the year 2000 launched its Citizens and Governance Programme which is the follow-up to the millennium study.

The Programme will have the following programme of work for the period 2001 to 2003:

- a) to identify a number of action and research initiatives that address any or all of the key questions about governance set out above, while at the same time, have these immediate practical benefits within the environments in which they are working:
  - provide citizens with the knowledge, skills and personal qualities they will need if they are to be effective within the governance processes and structures;
  - strengthen the capacities of citizen leaders to engage with government agencies;
  - enable greater citizen participation in local and national governance;
  - build citizen leadership capacities, particularly those of women and young people;
  - connect citizens with government and non-governmental organisations and agencies;
  - develop activities that enable governments to improve and enhance their accessibility and accountability;
- b) to provide advice and assistance (including financial support – usually to an upper limit of £10,000) to enable each Project Partner's initiative to be fully monitored and evaluated so that its learning can be fully extracted. The Programme will pioneer a model of evaluation that is both sensitive to local circumstances,

- allows cross-cultural comparisons to be made, and produces robust outputs;
- c) to document, analyse and synthesise the learning gained from such initiatives and from other sources, in order to draw out lessons;
  - d) to produce a series of working papers on themes emerging from the Programme. Three of these have already been prepared - *Citizenship Learning*, *Re-framing Governance*, and *New Definitions of Civil Society* – and others will follow. These papers will be available to academic and policy-making audiences in different forms;
  - e) to establish a website specific to the Programme which will publicise Project Partner activities and provide an electronic forum for debate on issues of citizens and governance. The Occasional Papers will also be posted on this site;
  - f) to initiate and maintain a tri-sector dialogue, leading to a major tri-sector forum in 2002, through which representatives of government, business and civil society will participate in discussion of the emerging findings and outputs of the Programme;
  - g) to disseminate the lessons learned by the Programme through a range of innovative outputs, which will include a toolkit and guidelines for citizen and civil society participation in governance;
  - h) to share lessons learned with relevant national and international conferences and fora convened by government, business and civil society in order to influence policies and practices in all possible ways;
  - i) to present to the 2003 Commonwealth Heads of Government Meeting a report on the lessons learned from all of the above, including the toolkit and guidelines.

The millennium study has had a significant impact on the Commonwealth. I will outline some of the major impacts.

I should point out that the Commonwealth is unique among other multilateral organisations. It is the only one that set up and finances an organisation to specifically support civil society.

The inclusion of the civil society and the important role it plays in people centred development has led to the mainstreaming of civil society in programming across the Commonwealth. Some sectors are finding it easy to include civil society while others are still struggling with attitudes and prejudices.

There is a strong effort among divisions of the Commonwealth to seek organic links with civil society. These links include providing space for civil society at Commonwealth ministerial meeting and other fora. Civil society representatives are now included in official Commonwealth election monitoring teams. Commonwealth teams to

countries are also encouraged to meet with representatives of civil society.

The study also legitimised the role of civil society in promoting the core values of the Commonwealth, namely good governance, sustainable development and poverty eradication.

This has led to gradual opening up of space for civil society to be present and to organise its own programmes at Commonwealth Heads of Government Meeting. This is now done under the auspices of the Commonwealth People's Centre. For the Brisbane CHOGM this will be Commonwealth People's Festival. It will comprise exhibitions, meetings and workshops as well as cultural performances. The theme of the festival is "connecting communities". So far over 400 civil society organisations from about 40 Commonwealth countries have indicated an interest to participate.

Within the Commonwealth Foundation a major step has been made in incorporating the civil society constituency closer in the Foundation's governance structure. This has been achieved through the setting up of a Civil Society Advisory Committee made up of civil society leaders from around the Commonwealth. In addition the Board of Governors set up a Policy Development Committee on which members of civil society sit together with government representatives and make policy recommendations to the Board.

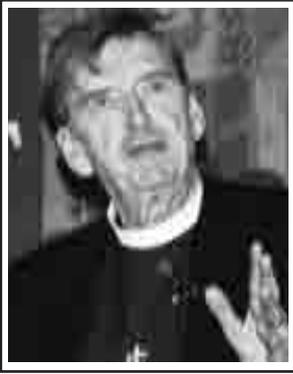


1. Robyn Thurston, Peter Ondruch  
2. Robert Judd, Bil Fox  
3. Nick Fukui  
4. Tom Tushutzen, Joanne Tushutzen

5. Jamie Halward & Guest  
6. Phillip Pragasam & Guest  
7. Buff Netherton, Marion Cameron  
8. Peter Kent, Eithne Cahill

9. Steven Churches  
10. Jeremy Gormley, Anthony Tudehope  
11. Jane Fok, Liz Krowjewski

Photographer: David Karonidis



*John Shelby Spong*



*Paul Stenhouse*

Photos: David Karamidis

The Rev John Shelby Spong is a controversial figure. Now retired, the former Bishop of Newark is often called the bishop for the unchurched. His visit to Australia in 2001 centred around the publication of his autobiography *Here I Stand* (HarperCollins) and created enormous interest, attracting large audiences. On Tuesday 26 June 2001, John Shelby Spong addressed The Sydney Institute. The paper which follows is a transcript of his address. In reply, Fr Paul Stenhouse, editor of *Annals Australasia*, made an evaluation of *Here I Stand*. This review follows Bishop Spong's published address.

# **HERE I STAND –**

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## ***SPIRITUALITY IN THE TWENTY-FIRST CENTURY***

**John Shelby Spong**

Thank you for being here. In the United States Supreme Court, periodically they issue a majority report which becomes law and a minority report which keeps the debate open. I would suggest that what has happened in the history of institutions of my government and my nation, is that as consciousness rises on different subjects the minority opinion sometimes overtakes the majority opinion. That happened in a case called the Dred Scott case where the Supreme Court said that segregation, so long as it provided equality of services, was legal and legitimate. That was overturned when segregation was ruled inherently unequal. In 1876, the State of Illinois refused to grant a licence to a woman to practise law, though she had passed all of the qualifications. She appealed to the Supreme Court and the Supreme Court, by an eight to one decision, upheld the State of Illinois and said that a woman was not fit to practise law.

In both of those instances the decision was turned around. Two women sit on the Supreme Court making the latter decision visually inoperative. What I'd like to suggest is that what happens in secular institutions is also true in the field of religion. It is certainly true in the Bible. There is a minority tradition in the Bible that sort of floats along, never quite suppressed, and then at times that minority view becomes the majority point of view.

The oldest creation story in the Hebrew Scriptures says that God created the man first and then the man was lonely so God created all the animals trying to find an appropriate friend for the man. But the man was simply not satisfied with any of these animals. The story suggests that God was a little bit displeased with this man who was terribly difficult to satisfy. The man kept saying, but God I can't describe what it is I'm looking for because I've never seen it. And so, the story says, God created a creature somewhere between the animal and the human. And he did this by taking one of the ribs from Adam's side and making Eve. As one woman has said of it, it was childbirth as only a man who's never had a baby could have envisioned it. Thus Eve

was perceived as a creature not fully human but somewhat above the animals. Her role in life was to be the helpmate.

Three or four hundred years later, the first chapter of Genesis was written and produced a different version of a creation story. In that first chapter, it says that God created the man and the woman in God's image, male and female. And there's a sense of equality. But unfortunately that Genesis version was submerged throughout Christian history, probably because Paul kept quoting the earlier version of the creation story and so women were suppressed in the life of the Christian community.

All sorts of strange images of what a woman is have been fostered in Christianity. Women in the Hebrew Scriptures were considered the property of a man. That's even in the Ten Commandments. Most people don't read the Ten Commandments quite carefully enough. In the Ten Commandments it says that you should not covet your neighbour's wife. There's no mention about whether or not you should covet your neighbour's husband. You just can't covet your neighbour's wife. The reason is that the Commandments were originally addressed only to the men of Israel. The holy God didn't think he had to prohibit men from coveting one another's husbands, but only one another's wives. The wife was defined as the property of the man. If you don't believe that, read the whole Commandment because it says that you're not supposed to covet your neighbour's wife nor his ox nor his ass. That's a donkey, in case you wonder. Or anything that is your neighbour's. Your neighbour is a male and the wife, the ox, the ass and the other possession are their possessions.

In the history of the Christian church, Jerome, who translated the Scriptures into Latin, said on one occasion that women were the product of defective sperm. That's an interesting idea, isn't it? Later in Christian history, the Christian church actually debated whether or not women had immortal souls. And whether or not women should be baptised. There was one theologian who even suggested that the only way to understand what a woman is, is to see her as a castrated male. And her menstrual cycle was the way her body mourned for its lost organ. Interesting ideas.

What I'd like to suggest is that a different consciousness about what it means to be male and female has emerged in our time. Women today are educated, women today can vote, women today can hold property in their own names, women have been prime ministers of countries like the United Kingdom. Yet the church is still pretending that they can treat women as second class citizens, or as separate but equal. This is an ecclesiastical version of saying women are quite equal to men they just can't have power positions, like being pope, cardinal, archbishop, bishop or even priest. Part of this is a negativity towards women – that they aren't really created in God's image, that somehow

they pollute and corrupt holy men. I find that very strange. People argue that a woman cannot be a priest because a woman cannot represent God before the altar. I want to know what part of the woman's anatomy is missing that Godlike quality or to say what part of the male's anatomy is so Godlike that you have to make that kind of distinction.

I have four daughters. My oldest daughter is a senior vice president of a major American bank. My second daughter is a lawyer teaching in a law school at a major university. My third daughter has a PhD in physics from Stanford University and works for a high tech company in the Silicon Valley. My fourth daughter is a captain in the United States Marine Corps and a pilot of the attack helicopter, the Cobra, and she is battle ready.

I do not believe that a church that continues to say women aren't qualified for any position in the life of the church will long appeal to this generation. So, part of my struggle which I've described in my book, *Here I Stand*, is how I grew from an evangelical, fundamentalist Anglican church that treated women as second class citizens and into someone who will espouse the rights of women for absolute equality in church and state. I am happy to say that in my part of the Anglican communion that battle has been won.

The majority report of God in the Scriptures portrays God as a superhuman or supernatural being who dwells somewhere above the sky and periodically invades the world to do a miraculous thing. We see that God in all sorts of ways in the Scriptures, throughout the Bible. That God is so personal and so invasive that this God walks with Adam and Eve in the cool of the evening. This God is so personal and so invasive that this God becomes a sort of Jewish matchmaker and seeks to find the proper wife for Isaac. This God can become terrifying if you are this God's enemy or the enemy of this God's people. Stories are told of how God attacked the Egyptians with plague after plague after plague in order to soften them up so that the Hebrew people could go to freedom. God opened the Red Sea so the Jewish folks could go through on dry land. Then God closed the Red Sea so all the Egyptians would drown. It's not a very pleasant view of God if you happen to be an Egyptian. But no one ever reads the story from that point of view.

This is a supernatural power who fights Israel's wars, who does miraculous things, who is always capable of being invoked. The only problem with that is, if God has this enormous supernatural power and can come into this world and do all of these miraculous things, why doesn't God do it all the time? That becomes a real issue. If God has the power to overcome evil, why does God not overcome evil? Why do children still die of leukemia? Why do drunk drivers still kill people? Why are children born with AIDs? Why was the Holocaust what

human beings did to other human beings? Is there no God who has the power to do this?

Well, let me suggest that there's a minority understanding of God in the Scriptures. A God who is not external to this world and periodically invading, but a God who is present in the very midst of this world and who is constantly working within this world to bring about the fullness of life, a new capacity to love, the ability to be all that we can be.

If you go back and look at the Hebrew Scriptures you will find that there are some very impersonal images of God that are employed. God's like the wind, says the Hebrew Bible. The Hebrew word for breath or wind was *ruach* and whenever God's breath or wind blew over an area life was enhanced. People came to life. In the creation story, God is portrayed as making Adam like a child would make a mud pie and Adam is there, this muddy mess, inert and lifeless. Then the image is that God comes down and gives Adam mouth to mouth resuscitation. When God breaths God's breath into Adam, Adam comes alive because that's what breath does. That's what divine wind does.

If you get to the Chapter 37 of Ezekiel (which all of you know, whether you think you know it or not) the nation of the Jews has been obliterated in a war. The nation is over; their people are being transported into captivity. Ezekiel, while in captivity has a dream, in which he sees his nation under the symbol of a valley filled with dead, dry bones. And God says to Ezekiel, Ezekiel will these bones ever live again? Will this nation ever come back to life? And Ezekiel says, Lord you're the only one that can answer that. Then God causes God's *ruach*, God's wind, to blow over the mountain and down into the valley of dead, dry bones. Those bones came alive because that's what happens when people are open to this wind, this animated force of God. You see that again in the story of Pentecost in *Acts* Chapter II when the Holy Spirit is poured out upon the Christian community as a mighty rushing wind. When that spirit came, the people were lifted out of their prejudices, and out of their convictions, into a full new kind of humanity.

The Hebrew Scriptures also refer to God as a rock. There's nothing more impersonal than a rock. A rock is something on which he stands and you know you won't sink. It's the sort of ground of being, to borrow a phrase from Paul Tillich, the great German theologian of the last century. The ground of being suggests that when you and I dare to be all that we can be, it is because we're rooted in that rock-like ground of being that cannot be submerged.

These are impersonal images but they bring us a different sense of who God is. Another minority image is found in the first epistle of St John where the writer says God is love and whoever abides in love

abides in God. I'd like to turn that around and say that if God is love then love is God. If you want to see where God is look where love is. When you put these minority images together, the old majority image of invasive deity from outside the world plunging in to do some miracles might just be fading away. It might have become the victim of a new kind of consciousness, a new kind of exploding education. Most people think that if that God disappears then God is gone. But there is a minority report in the Hebrew Scriptures of a God who is animated wind, a God who is a rock-like substance, a God who is the power of love.

So let me close by sharing with you my personal creed. I cannot tell you what God is like. Neither can any part of the church. No one can tell another the human being what God is like. Whenever any of us pretend we can do that, what we have done is to identify God with our own image of God and that is idolatry.

So I cannot tell you what God is like. All I can tell you is how I have experienced God. I have experienced God as the source of life and I worship this God by living fully. I have experienced God as the source of love and so I worship God by loving wastefully. God is the ground of being and I worship God by having the courage to be everything that I can be. I am a Christian because when I look at the life of Jesus I see a life so fully lived that I recognise the very life of God within him. I see a love so wastefully given and shared that I see that there is love of God in him. I see one who has the courage to be all that he can be and so I see the very ground of being in him.

I have a responsibility as a modern Christian as a follower of this Jesus, but it's not a responsibility if we are to convert you. I'm not interested in converting Father Paul Stenhouse to being an Anglican. I hope he's not interested in converting me to be a Roman Catholic. It would not be a terribly effective for us to spend our evening that way. I will never forget the time I did a dialogue with a Rabbi and some irate Christian called in and said, why didn't you try to baptise the Rabbi. I said, well he didn't try to circumcise me.

I have a responsibility as a disciple of the God I believe in, the life of Jesus. That is to live my life in such a way that I might help everybody in this world live more fully and love more wastefully and have the courage to be who they are in all of the infinite varieties of God's humanity. My struggles are to see to it that black people are fully welcomed as citizens of my land, that women are totally welcomed as members of my church and that gay and lesbian people are treated as the human beings they are and not some abnormality. I want to be a part of a church that will never discriminate against any person on the basis of who they are.

I became that kind of person from a childhood where my church taught me that segregation was validated by quotations from holy

Scripture, that women should never be equal, that they ought to be second class citizens, that they were not fit to be ordained. That church taught me that homosexual people were mentally ill and morally depraved, that they deserved the kind of rejection the church gave them. My church taught me that my Jewish brothers and sisters were those evil people that killed Jesus and that any religion besides my religion was a religion of pagans or some other word that is derogatory. I don't want to be a part of that kind of Christian church. So I call for this church to allow some of those minority images to change in the light of the new circumstances and to become a majority point of view in the Christian church. I am convinced that if that does not happen, the Christian church as we know it today will simply fade away and join the gods of Olympus on the shelves of the museums of antiquity. I want the Christian faith to live and so I espouse a new reformation to bring that church into the modern world so that we can once again see the meaning of God in a true and modern idiom and recognise the God presence that was in Jesus.

# MEMOIRS OF A

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## *PULSE-FEELING "LIBERAL" BISHOP*

Paul Stenhouse

Would the real John Shelby Spong stand up! Between 500,000 and one-million Spong books<sup>1</sup> (559) ["more books than any other bishop in our church" (311)], and over 3,000 public appearances later this reviewer has no idea which of the myriad faces Bishop Spong presents to his numerous admirers and (if we are to believe him) his equally numerous if "nervous nellie" detractors (401, 444), is his true self.

His recent autobiography entitled *Here I Stand* with its nod in the direction of Martin Luther who, despite his own radical dissent from Catholic teaching, would be mortified to find himself in such company, offers some clues as to what he thinks of himself and who he wants us to think he is. Having read the autobiography and many others of his books I confess to being little the wiser.

Despite the promise of the title, and the gauntlet thrown down in his *Twelve Theses: Call for a New Reformation* in the appendix to the book, I can't say that I know where the author stands or what he believes. I have some slight idea where he *doesn't* stand and what he doesn't believe – the book is peppered throughout with disparaging phrases like "traditional defining prejudices" (343), "popish influence" (65), "fearful hierarchy" (72), "religious fanatics, unthinking churches" (89), and the like – but this can be deceptive. We humans have a penchant for taking the part for the whole, for denial and doubt, and in extreme cases, for destroying persons and things held dearest. "I reject, hate, fear or despise ..." is not infrequently code for "I care; why don't you?" or "I'm in pain; help me."

Textual critics, source critics and psychologists interested in such things, will have a field day in years to come searching beyond the appearances of *Here I Stand*, for the real John Shelby Spong. Fleeting insights can be had into his metamorphosis from an idealistic and insecure young boy from a Presbyterian household (14), a "deeply repressed puritan" (61), plagued with guilt feelings about "biological urges" (62), and attracted by Anglo-Catholicism (which he was later to reject as narrow, conservative and whose Catholic trappings he

dismissed as “trivia”, (40) through a staunchly evangelical Protestantism to the publicity-conscious “liberal” cleric he has since become. Spong describes himself as “a major liberal religious voice in the public arena” (370), repudiating “strident fundamentalist Protestantism, an antiquated Roman Catholicism and an irrelevant Orthodox tradition” (456). Claims to be “liberal” sound hollow in the light of his intemperate language, the unsympathetic hearing he gives to anyone propounding traditional Christian morality or doctrine, his mocking tones and personal insults (the Archbishop of Canterbury told “an obvious lie” [441]) and his sweeping statements (“most Roman Catholic ethical teaching was based on badly outdated scientific conclusions” [347]).

The phrase “pulse-feeling” is intended as a tribute to the author’s self-confessed and uncanny ability to play to the gallery. It is his phrase. He uses it pejoratively of Howard Carwile, a racist anti-busing politician from Richmond Virginia whom he describes as “a showman, almost an evangelist for his causes. He turned phrases and used words in a clever and sometimes outrageous fashion which only served to make him the darling of the media”.

The author is, albeit unconsciously, describing himself. He boasts of his being a “household word”, who is proud of his “public-image”. We are told that he “filed an op-ed piece for the *New York Times*”, calling the 1998 Lambeth Conference “a sign of the death of Christianity”. “To my delight,” he declares, “it was accepted.” In the face of what he called the “media tide unleashed” by his book *Living in Sin?* he tells us, “I no longer need a publicist.” Not so the present presiding bishop of the Episcopalian Church in the US Frank Griswold whom Spong taunts with lack of “expertise” and naivete in dealing with the media.

He is harsh in his criticism of his presiding bishop in 1976 when he was elected bishop. Attentive readers can be forgiven for seeing yet another self-portrait of the elusive real Bishop Spong in his description of Bishop Jack Allin: “A deeply partisan person with little or no capacity to embrace reality beyond his perception of it. He had tremendous control needs”.

But so has Bishop Spong. “The world stands aside,” he writes, “for those who know where they are going” (177). Does he know where he is going? In much of his voluminous writings he shows less than adequate understanding of where he came from; this bodes ill for his knowing where he’s going, and where he’s leading those who follow him. He describes himself as called to free people from the clutches of religious systems that create “false security”, “phony peace” and provide “profound questions of life with simplistic answers”. What are Jack’s criteria in judging what is “false”, “phony” and “simplistic”? Subjective criteria abound in the book; one looks in vain for objective,

closely reasoned arguments that would justify dismissing all who appear in its pages and who differ from Spong as variously “dishonest”, (268) “shallow, bigoted and deeply hostile” (281), “anti-intellectual”, “anti-female”, “anti-homosexual” (315), “ultraconservative male chauvinist” (380), “hysterical” (422) and guilty of “prejudice and pre-modern ignorance” (436) – the ultimate backhander from a postmodern “liberal”.

There is, for all that name-calling, a compassion in Bishop Spong’s character that invites closer inspection. Brittleness and bile aside, his heart (and ours) goes out to the young Jack told not to play with black children (20); to the black child not allowed to swim in a communal pool (48), or to travel on the same bus or to study in the same school with white children; to a young couple whose baby died of AIDS (91); to a young woman dying of leukemia (67); to an eight-year-old-boy scalded to death in a thermal pool (216); to a loved one suffering paranoia (221ff); to disillusioned ex-fundamentalists; to divorced people, to homosexual men and women suffering because of their sexual orientation; to the poor and the marginalised; to all the misunderstood and needy people who find rejection where they should have found sympathy and love; death when they should have found life. Like Don Quixote, Spong is given to tilting at windmills. Traditional Catholic Christianity comes in for a special hammering. He makes no secret of his anti-Catholicism, but subconsciously seeks its approval. He attacks it as a dog worries a well-chewed favourite bone. It is not “intellectually credible” (139). The first-century world-view is “unbelievable” (190). The creeds originated in the third, fourth and fifth centuries, are “deeply political” and “highly compromised”. They are “more about power than they were about truth” (250). The Pope is ridiculed (271), Catholics are “insensitive” (273), Bethlehem is “as inauthentic as any spot I have ever visited” (281), the Lord’s Prayer never developed until “well after his (Jesus’) death” (310), the virgin birth, miracles, wandering stars and resuscitated bodies are all “religious nonsense” (400). Spong finds NT Wright’s making a case for the virgin birth “amusing” and “depressing”. He predicts that any church that accepts the outdated thought of Tom Wright will not endure into “many tomorrows”. He is speaking to a “world that no longer exists” (400).

Spong’s early experience of jettisoning his “childhood faith system” (51) as he engaged with the modern world, has become for him the paradigm for all seekers after religious truth. They have to choose between their religious heritage or their modern education. He cites approvingly a husband and wife, both medicos, formerly Catholic and Protestant, who could not reconcile their childhood religious training with their enhanced education and knowledge, and who now

work to issue study guides on his books, promote videos of his talks and promote and republish his books (412).

Like so many of Spong's assumptions, the disjunction between faith and secular learning is more apparent than real. Three questions that seem to underpin his criticism of traditional Christianity are:

1. Can the universe as viewed by science be seen to be in any way the creation of God understood in the Judaeo-Christian sense?
2. Can God, as explained by Christian philosophers and theologians, act in any way within the scientific universe, and if so how?
3. Is the Christian story – with its specific claims about the Incarnation of God in the historical man Jesus of Nazareth, and its promise of resurrection – compatible with the claims of modern science?

Three books reviewed recently in *The Sciences*, the official publication of the New York Academy of Science<sup>2</sup> (viz. John Polkinghorne's *Belief in God in an Age of Science*, 1998; Keith Ward's *God Faith and the New Millennium: Christian Belief in an Age of Science*; and Wentzel van Huyssteen's *Duet or Duel: Theology and Science in the Post Modern World*) see no insuperable problem. The reviewer Margaret Wertheim comments: "In the books under review, the short answer to all these questions is yes, though the authors suggest very different explanations for how and why". Spong insists that the answer is no, believing, wrongly in my view, that scientific truth is incompatible with religious truths.

Calls by him for the Church to be flexible and to innovate, betray a curious understanding of the nature of the Church and of the kind of world in which we live. Bishop Spong says that the Church's teaching is out of step with modern science and the world of Space Stations and Web browsers. Why? Because it is old, obsolete, and rooted in metaphor? The Church may be old, and rooted in metaphor, but that she is obsolete remains to be proven. Evidence to the contrary abounds.

The real scenario offered by Bishop Spong comes not from a world of web-browsers and bandwidth junkies, but the Arabian Nights: selling old lamps that are not understood or valued, for tawdry new ones that will soon go out.

"The only Churches that grow today are those that do not, in fact, understand the issues and can therefore traffic in uncertainty"<sup>3</sup>. Thus Spong sets logic and reason aside and settles for polemic. Yet by his own admission the liberal mainline Protestant churches "shrink every day in membership" and the "silent liberal Catholic minority ... attracts few adherents"<sup>4</sup>.

The experience of two million young Catholics who visited Rome for the Jubilee year would seem to give the lie to the pessimism

underlying Spong's assumptions. No one denies that difficulties exist, and that Catholic doctrine makes demands on human beings that many are unwilling to accept. Spong suggests that the answer lies in compromise in matters of faith and morals. The Church suggests that the questions may need re-phrasing. Or that a third element that features not at all in the autobiography may need to be considered: Faith and its concomitants the Sacraments.

A critical plank in Spong's liberal platform is his assumption that personal virtues like *integrity* and *honesty* are the highest to which theological enterprise can aspire. In a blatant case of special pleading he opposes these to *objectivity* and *certainly* which he describes as the "weak and pitiable" refuges of "frantically insecure people who seek to live an illusion because reality has proved too difficult".

Far from opposed, these attributes are complementary. The former are moral qualities that inhere in the subject; the latter are philosophical attributes that pertain respectively to the spheres of epistemology and logic and inhere in the subject. *Integrity* presumes that we have made an effort to approach as closely as possible to objective reality. *Honesty* implies that this effort is genuine and not fictitious. We leave it to future generations to judge how successful Bishop Spong was in practising these virtues.

*Here I Stand* is self-indulgent and ingenuous. It does less than justice to the characters and ideas of those who dare challenge the presuppositions and prejudices of its author. For all that it still leaves us disquieted. Not because the argumentation is lucid or cogent (it isn't) but because of the questions it raises. The social, moral and theological issues that Bishop Spong confronts are, on the whole, genuine challenges to Christian love and practice. His solutions may be flawed, and his manipulation of the media for his own purposes may be blatant, but he has spoken when others remained silent. We can only wish that his personal demons had been less pervasive; that his perspective on Christianity had been less partial; and that his manner of dealing with colleagues and superiors had been less abrasive.

## Endnotes

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1. *Here I Stand, My Struggle for a Christianity of Integrity, Love and Equality*, HarperCollins Australia, 2000, p.559. All page references in the above text refer to *Here I Stand* unless otherwise indicated.
2. *The Sciences*, March/April 1999 p. 38
3. *ibid.*
4. *Resurrection, Myth or Reality*, p. 99



Photo: David Karonidis

*William Coleman*

Economic rationalism is a term only used in Australia. It has come to represent, for the most part, a term of abuse by those who oppose some, if not all, of the economic changes of the last two decades. However, Dr William Coleman, co author of *Exasperating Calculators* (Macleay Press), maintains that the rage over economic rationalism is a case of “moral panic”, which has reduced the authority of economists and the respect for research and specialisation while creating an atmosphere of fear and blame. William Coleman, Senior Lecturer at the School of Economics, University of Tasmania, addressed The Sydney Institute on Tuesday 3 July 2001.

# THE CAMPAIGN

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## *AGAINST AUSTRALIAN ECONOMISTS*

William Coleman

Since about 1991, a significant element of Australia's public culture has been occupied with a campaign against a policy (economic rationalism), and a profession (economists). The goal of the campaign has been twofold.

1. To restore economic policy to some sort of Golden Age that prevailed before 1983 (or perhaps 1973);
2. To neuter economics as a critical voice in policy formation; to reduce it to the padding accomplice of social proprieties, and make it the meek dependent of political processes. In the mind of the campaigners it is economists who have brought about economic rationalism. It would be best, therefore, if its teachings were discredited, its honours (such as the Nobel Prize) were abolished, its representatives barred to public institutions, its institutional identity effaced, its centres of propagation encumbered or eliminated.

The campaigners included, most prominently, Michael Pusey (*Economic Rationalism in Canberra*. 1991), and also Robert Manne, John Carroll, Hugh Stetton and Clive Hamilton. The means of the campaign were intellectual. The campaigners did not blockade entrances or trash banks. They published books with copious footnotes, and papers in journals of ideas. It was in order to measure the intellectual value of the campaign that Alf Hagger and I recently co-authored a book, *Exasperating Calculators: The Rage Over Economic Rationalism and the Campaign Against Australian Economists*<sup>1</sup>. Our thesis is simple: the campaign's intellectual value is worthless.

We have hoped that our typical reader would not agree with this stringent thesis. We have hoped that they would open its pages with the view that, say, the campaign was a worthwhile corrective to some of the enthusiasms of economic rationalism. Or that, if the campaign had many misses, it at least landed some hits on economic rationalism. Or that, at the very least, it opened up a debate over economic rationalism.

It is to persuade such persons that none of these things can be truly said that Hagger and I have written *Exasperating Calculators*.

To effect such persuasion *Exasperating Calculators* takes some pains to show that the campaign is characterised by gross factual errors; errors of size, mysteriousness and unaccountability such that one may infer an innocence of, and estrangement from, the methods of factual inquiry. But such an inference is not necessary: they have granted such an estrangement themselves.

Michael Pusey: "I think of myself as a passionate (yes, passionate) anti-empiricist"<sup>2</sup>

From the size and unaccountability of these errors we may infer also a mind enveloped in thick fog of ignorance. But, again, inference is not necessary: they have freely granted it themselves.

Robert Manne: "I must admit to having no competence in economics whatsoever".<sup>3</sup>

We grant this statement, without qualification.

Going beyond falsehood and ignorance, we assert that the campaign has exhibited almost every type of offence against intellectual values: sensationalism; absurdity; misrepresentations; dogmatism, obscurity evasion, conceit, calumny, and demagoguery. The same may be said of their campaign against economists. In this campaign, anti-economists come upon their quarry in several columns, retracing paths often trod by anti-economists over the preceding 250 years. I will list four such avenues of assault<sup>4</sup>.

### 1. *Altruistic anti-economics*

This is one of the most popular strokes of anti-economics. It claims that economics amounts to a doctrine of selfishness.<sup>5</sup> Economics at best condones selfishness. More likely it insinuates it.

### 2. *Left anti-economics*

Left anti-economics claims the market is constructive of the social order and, therefore is bad. Economics, through its advocacy of the market, is merely buttressing the social order. Economists are the "apostles of the rich". They are one pillar of this social structure. And they are there to justify, legitimate, rationalise and apologise for the rule of wealth. Economics is specifically against welfare state, and income equality.

### 3. *Politicising anti-economics*

Politicising anti-economics is a form of anti-science. This dismisses economic science as a pretence. Economic science, like *all* science, is just a cover for values, morals, faiths, ideologies. Economics is just a matter of politics. The favoured formulation of this doctrine, in the latter third of the twentieth century, is that economics is "right wing".

#### 4. *Recusant anti-economics*

Recusant anti-economics holds that economics claims a false authority, deserves no authority, and that the public has erred in conceding even a partial authority.

All these arguments have been prominent in the torrent of abuse and denigration which has descended upon Australian economists, from many quarters: *not* excluding certain economic correspondents of the *Sydney Morning Herald*, the *Australian Financial Review*, and the *Australian's* "Higher Education Supplement".

### **Economics as a creed of greed?**

It is a complete misrepresentation of economics to suppose that it holds that that selfishness is good. Economics has merely claimed that certain good things do not require selflessness. In particular, National Wealth does not require selflessness; the prosperity of the typical citizen does not require that the typical citizen loves his neighbour as himself. What it does require, according to mainstream economics, is a good measure of economic freedom. It is economic freedom that economics has, rightly or wrongly, recommended, praised and expressed thanks for, not selfishness.

Instead of economists supporting selfishness by their favour of the free market, the reverse is the case: economists in favouring the free market are often pitted in opposition to selfishness. It is interventions in the market process that so often have the discolour of pure self-centredness. Restrictions on entry to industry, or the labour market, are especially delinquent in this respect. It is also doubtful that economics insinuates selfishness. Experiments have suggested that economics students are more likely than non economics students to return \$10 notes planted in class rooms by experimenters; 56 per cent of such notes in economics classes were returned, while only 31 per cent of notes left in non-economics classes were returned.

Further, it seems professional economists are less likely than sociologists to cheat on the dues to their professional societies. A 1994/5 US study of 892 economists, sociologists and political scientists concluded that 38 percent of sociologists with incomes above \$40,000 reported to their professional society an income below that, and so paid a lower membership fee to their professional society. Twenty-eight per cent of political scientists did the same.<sup>6</sup> Only 23 per cent of economists did so.<sup>7</sup>

**Table 1: Percentage of US Academics who Cheat on their Subscription to their Professional Societies**

	Economics	Sociology	Political Science
Income \$40,000 or above	22.8	37.7	26.8
Income above \$50,000	33.5	50.5	25.2

## Economics as the rule of wealth?

Contrary to this species of anti-economics, surveys of economists have repeatedly shown a distinct balance of opinion of economists in favour of the redistribution of income as a goal of policy. In particular, only 17 per cent of US economists oppose redistribution of income as a goal; and only 27 per cent oppose making it more equal than it presently is.<sup>8</sup>

Neither are economists pillars of the social structure, as Pusey has portrayed them. Several times he has presented the Treasury, (and other elite economic policy departments that constitute the Special Executive Service) as a clubby preserve of the old boys of elite private schools: Senior Executive Service persons, he said, “were up to nine or ten times more likely than the rest of us to have passed through one of Australia’s elite (non-Catholic) fee-paying private schools.” This is, perhaps, the grossest distortion in the whole literature in the campaign against economists and economic reform. The truth is a far smaller proportion of the Senior Executive Service officers attended non-Catholic private secondary schools than comparable elite sections of Australian society in politics, the media or business.

**Table 2: Secondary education of elites in Australia**

Education	(per cent)						SES <sup>10</sup>
	Business	Union	Politics <sup>9</sup>	Media	Voluntary Associations	Academic	
Private							
non-Catholic	56	6	33	45	47	64	14.9
State	33	83	48	38	34	27	39.1
Catholic	11	11	19	17	19	9	27.9

Sources: Higley, Deacon and Smart (p. 86) for business, union, political, media, voluntary associations and academic; Pusey (p. 52) for SES.<sup>11</sup>

Plainly SES officers are far less likely than elites of business, the media, politics or voluntary associations to have a private non-Catholic secondary education. To underline the utter falsity of Pusey’s suggestion that SES officers tend to come from private school backgrounds, consider the schooling of each of the Secretaries of the Treasury since 1951:

Devonport High School,  
 Wynnum High School,  
 Scotch College,  
 Perth Modern School,  
 Junee Intermediate School,  
 Macksville High School,  
 and Ipswich High School.

### **Economics as rationalisation of right wing politics?**

Is economics a matter of party sympathies? Is it “right wing”? Several studies have been done on the party sympathies of economists in the United States, and the distinct tendency of these studies is to conclude that, in the face of a choice between Republicans and Democrats, economists are distinct Democrats.

- In 1968 68 per cent of US academic economists voted for the Democrat presidential candidate, compared to 58 per cent of university wide faculty, and 43 per cent of the American population.<sup>12</sup>
- In 1969 a survey by the “Carnegie Commission on Higher Education” indicated 64 per cent identified themselves as left or liberal.<sup>13</sup>
- A 1989 study found that 63 per cent of academic economists described themselves as “liberal” and only 20 percent conservative.<sup>14</sup>
- In 1996 a random survey of 60 macroeconomists in US (which yielded 41 responses) indicated that 71 per cent thought a Clinton presidency would be more beneficial for the economy than a Dole presidency (*The Economist*, 5 October 1996, 35).

A 1996 survey indicated that economists are much less given to “right wing” explanations of why the economy is not doing better than the general public.

### **Table 3: On Why the US Economy is not Doing Better**

	Per cent of group	
	General Public	Economists
Too big Federal deficit	77	32
Too many people on welfare	70	11
Too much Foreign aid	66	1
Taxes too high	61	18
People place too little value on hard work	59	18
Too many immigrants	47	1
Too much regulation	42	23
Too much affirmative action	18	2

Source: Blendon, Robert J. et al (1997), “Bridging the Gap Between the Public’s and Economists’ Views of the Economy”, *Journal of Economic Perspectives*, 11(3).

Even more significantly, surveys have indicated that economists cannot be fitted into a either a right or a left view. A 1992 survey compared the responses to 30 economic questions of delegates to Democrat and Republican conventions, and US economists.<sup>15</sup> The correlation between the responses of Republican delegates with those of

economists was  $-0.02$ . The correlation of responses of Democrat delegates with those of economists was  $0.24$ , but was statistically insignificant. Further there is no linear combination of Republican and Democrat responses which yields a statistically (or quantitatively) significant correlation with economists responses; indicating that economists cannot be considered merely a mixed population of Republicans and Democrats. The economists' position cuts across party sympathies.

### **Economics as meriting no authority?**

Anti-economists, argue economists, merit no authority on the grounds of their supposed poor forecasting capacity. Thus Clive Hamilton begins his anti-text *The Mystic Economist*, on the first page, by convicting economists of total incapacity to foretell the consequences of current events. "Some sceptical people have kept records of economists' predictions and tested them against actual outcomes. These studies have repeatedly shown that economists' forecasts are consistently wrong."<sup>16</sup>

Hamilton's statement is seriously misleading. Contrary to myth, economists short-term forecasts (up to 12 months) are informative. Table 4 reveals this for the central macroeconomic variable, real GDP. It reveals not only that OECD GDP forecasts are correlated with GDP outcomes, they are better correlated than a naïve forecast that assumes future growth will be the same as current growth.

**Table 4: Correlation of OECD Forecast in year t of real GDP growth in year t+1, 1968-1995**

	USA	Japan	Germany	France	UK	Italy	Canada
OECD Forecast	0.86	0.69	0.56	0.68	0.61	0.59	0.72
Naïve Forecast	0.19	0.62	0.40	0.51	0.32	0.24	0.39

Naïve forecast in t of real GDP growth in t+1 = real GDP growth in t

Sources: Row 1 Pons, Jordi (1999), "Evaluating the OECD's Forecasts for Economic Growth", *Applied Economics*; 31(7). Row 2: World Bank, IMF.

But surely we should not award victory to economists on the basis of a contest with naïve forecasts? Surely, we should pit the economists against the "clear eyed foresight" of the anti-economists. Let us recall some of the forecasts made by the campaigners at the opening of the campaign.

- Robert Manne in November 1992 avowed: "Unemployment is certain to remain at 10 per cent or above for the remainder of the decade".<sup>17</sup> (In fact it fell below 10 per cent within 18 months of that prediction, and finished the decade at 6.9 percent).

- In early 1992 Pusey declared that New Zealand's economy was "dead in the water" (In fact, over the next 5 years New Zealand's real GDP was to grow by about 20 per cent, compared to only 13 per cent for the OECD as a whole). Pusey added the US was "in deep trouble", and if "the productive capacity of this nation is destroyed, we cannot plead ignorance".<sup>18</sup>
- In mid 1991 BA Santamaria outdid even this blundering illusion with: "The US economy is presently exposed to the most powerful combination of recessionary forces since the Great Depression of the 1930s."<sup>19</sup> In the very quarter this amazing analysis was made, the US was embarking on the longest period of uninterrupted expansion it has ever enjoyed.

We might also recall that the campaign claimed that it had found the country Australia should imitate in place of the "deeply troubled" US or New Zealand. This country was Japan, and the campaign showered an importunate applause upon Japanese economic policy. Manne and Carroll praised the way in Japan "the state guides economic development, principally through an elite bureaucracy".<sup>20</sup> Australia could learn from Japan, said Manne. And he was quite right. We could learn from Japan how *not* to conduct economic policy, (and how we could do without the Japanese version of "elite bureaucracy".)

### **What does it signify?**

The first lesson of the campaign against economic rationalism and economists is simple: Australia's public culture is trash. Or, to be circumspect in expression, our public culture is mostly trash. I do not say this because the campaign is nonsense: there is always nonsense in the public domain. The question is whether the public culture takes nonsense from the strange corners of the world where it often loiters, and conducts it to the centre of public attention with salutes and flourishes. Our public culture in this case did so.

The campaign would have remained in doleful obscurity without enthusiastic and indulgent media coverage. Pusey has gratefully recorded how the media propelled *Economic Rationalism in Canberra*: "When the book was finally launched on 7 September 1991, all the springs were coiled. Kirsten Garrett's superb ABC *Background Briefing* program (25 August 1991) coincided with the launch ... Then Hugh Stretton's marvellous, full-page review article in the *Australian* on 11 September 1991 really got it going in an ideally favourable way [with] about 50 radio interviews ... about 23 'dedicated' articles in the metropolitan press; five parliamentary hearings; and wide magazine and journal coverage ... Clearly the media attention was quite decisive in every stage."<sup>21</sup> Further, the public culture has bestowed patronage, honours, platforms and audience, on some of the leading participants.

In France “writers with no authority whatsoever can obtain large audiences even when they treat of subjects about which they openly boast of knowing nothing” (Patrick Wilson)<sup>22</sup>.

Not only in France!

### **Anathemisation of economic reform and economists**

But what has it wrought? Anti-economics amongst the public is not new, especially in Australia. William Keith Hancock in 1930, wrote, “Australians have always disliked scientific economics and (still more) scientific economists.”<sup>23</sup>

This antipathy, ironically, stems from economists’ pursuit of policies favourable to the public interest. The free market is in an important, if qualified, sense favourable to the public interest. But the paradox is that it is a universally unloved form of economic organisation. The reason is simple: for *any* economic interest one cares to nominate, there is always a distortion that will improve that interest’s position relative to what it would otherwise enjoy in the free market. What any economic interest cherishes is preference and privilege, not the free market’s cold equality before the law. Whatever friends the free market has amongst economic interests are false friends, and its true enemies are universal. The vocation of the free market advocate is a universally unpopular one.

Yet there are swings in fashion, and fluctuating moods. The mood has changed from, say the mid 1980s, and this is attested by surveys of public opinion. It is also attested by the shifting positions of politicians. For example, Malcolm Fraser. He is well known as a stalwart verbal opponent of economic reform. But his posture was once quite different. Consider his meeting with Milton Friedman 1981.

The discussion with Mr Fraser was not among the most friendly discussions we have ever engaged in. He was very cold, arrogant, quite uninterested in hearing anything other than an echo of what he said himself. He began by asking questions about the situation in the United States, especially about President Reagan’s budget. His initial tendency was to derogate the size of the budget cuts and make unfavourable comparisons between what Reagan was setting out to do and what he himself had succeeded in doing in Australia.<sup>24</sup>

Here we see Fraser in 1981 aspiring to out-Reagan Reagan.

A still more pungent case is Bill Hayden, Treasurer in 1974-5, surely the original economic rationalist. The focus of his public lecture of October 2000, “Core Cultural Values”, was the Aboriginal predicament. Before he reached this topic, Hayden, apropos nothing, began to flick disdain at economists, quoting Ralston Saul for the purpose. Later, having found his main theme, he criticised “black arm band” historians, for misrepresenting the experience of Aboriginals, but then paused to assure his audience that he meant no disrespect for

history, and that he enjoyed the subject. Here we see in miniature the reach of denigration of economists: the man who brought the ALP “to accept as the source of its economic ideas ... the economics profession... the IMF and the ... OECD”<sup>25</sup> now apologises for any offence to historians, but sees economists as fair game for random pot shots.

### **Decline in economics education**

A second consequence in the campaign has been the decline in economics education. Between 1991 and 1996 there was a 45 per cent fall in high school enrolments in economics<sup>26</sup>. (New Zealand, by contrast, experienced only a 7 per cent fall)<sup>27</sup>. Some later data indicates the fall continued past 1996. In 1991 there were 20,177 enrolments in NSW HSC economics; by 1998 there were only 6,197 enrolments.

### **Decline in influence of economics**

There has been a muting of the voice of economists in policy formation.

...there is anecdotal evidence that a policy-formulation crisis has taken root. Take economic policy ...Within Treasury and Finance says one close observer...no one is brave enough to chance alternative policy. There is no incentive ... You have bureaucrats saying they don't produce the best policy because the politicians won't listen. As a result, morale in the middle and lower rungs is at “rock bottom”. (Sid Marris, *The Australian*).

What does it spell? In the good times there may be little damage; skill and knowledge are most useful in difficult or bad times, not good. When the sea is calm, the sky is clear, and the winds are happily blowing in the right direction, an incompetent sea-manship may be of little import. It is when all those conditions change that expertise is valuable. A pertinent reference for this observation is found in a country much admired by the campaigners: Imperial Germany.

From the time of the formation of the German Empire in 1870, economics, as it is ordinarily understood, died. It was replaced by the German Historical School of Economics, led by Gustav von Schmoller, that made itself a kind of national cultural church, dedicated to the German “mission”. Repudiating all theory, the Historical School dedicated itself to eliminating “Smithianism” and “Manchesterism” (the terms of the period for “economic rationalism”), and providing rationalisations for the cartelisation of industry and the establishment of protection. They were keen advocates of “social welfare” programs to preserve cohesion of the new state. They also eagerly lent themselves to government policies beyond the purely economic: such as the collection of colonies in Africa and the Pacific, and the construction of a massive naval fleet.

Giving something to everyone, the Historical School won great esteem. Kaiser Wilhelm I caused a sensation by attending Schmoller's lectures. Bismarck said he would join Schmoller's academic society if only he had the time. Schmoller was "well acquainted" with Bismarck, and counted six other ministers as personal friends. Most important of all, at least for the long run, German lecture theatres were flooded with students keen to absorb the economic wisdom of the Historical School.

Perhaps economics has never been so popular anywhere as it was in Germany in that period. And perhaps it has never anywhere been so bad. The hostility of the Historical School to theory amounted to a program of intellectual disarmament. Before 1914 this was of little harm – the German economy grew hectically despite this. But after 1914 this intellectual disarmament had two catastrophic consequences. The German hyperinflation of 1922-23 is directly attributable to the precepts of the Historical School that had "proved" the falsehood of what we call "monetarism". The ineffectiveness of German economists in dealing with the Great Depression is also attributable in part to the intellectual impoverishment of the Historical School. The most effective responses to the Depression, recall, came from the centre of mainstream economics, in Cambridge.

The moral can be extended. In 1949 Ludwig Erhard was appointed Economics Minister of a stagnant and ruined Germany and sought to implement economic reform. He did so in the face of determined opposition in German public opinion (reflecting 75 years of German tradition) and in the face of enthusiasts abroad of left Keynesianism. Thomas Balogh (so approved by Stretton, Pusey *et al*) condemned Erhard's policy as a "wicked" act, which "tried to apply to real life an abstract, obsolescent and internally inconsistent economic theory", and which made inevitable "serious crisis and terrible social costs". Balogh was successfully resisted, Erhard pressed ahead. What ensued was, of course, the German post-war economic "miracle".

## Endnotes

1. Macleay Press 2001. *Exasperating Calculators* is available from select bookshops, and may be ordered over the internet from [www.bookshop.com.au](http://www.bookshop.com.au).
2. Pusey, M. (1993), "Reflections on the impact of Economic Rationalism in Canberra", *Australian and New Zealand Journal of Sociology*, 29(3), p. 384.
3. Manne, Robert (1982), *The New Conservatism in Australia*, Oxford University Press, Melbourne, pviii.
4. For a more extensive discussion see my "The Current State of Anti-economics", (in S.B. Dahiya (ed.), *The Current State of Economic Science*, Spellbound Publications, India, Rohtka), and *Economics and its Enemies* (Palgrave, forthcoming).
5. See for example, Ross Gittens, "Economical with Generosity", *Sydney Morning Herald*, 2001.
6. Laband *op. cit.*
7. To explain the derivation: 77 percent of sociologists have an income \$40,000 or over. But only 48 per cent pay the fee pertaining to \$40,000 or over. Thus only 62.3 per

- cent (= 48/77) of those with incomes over \$40,000 pay the right fee, and 37.7 per cent do not.
8. For the US see Alston, Richard M., J.R. Kearl and Michael B. Vaughan (1992), "Is There a Consensus among Economists in the 1990's?", *American Economic Review*, 82(2). For Australia see Anderson, Malcolm and Blandy, Richard (1992), 'What Australian economics professors think', *Australian Economic Review*; Oct.–Dec. 1992, pp. 17–40.
  9. The politics sample is defective owing to an underrepresentation of ALP members (only 25 ALP members out of 70). If we correct this so as to give an equal weighting to ALP and non-ALP members we find the proportion attending non-Catholic private schools falls to 28 per cent.
  10. The reader will note that the percentages for SES officers add up to 81.9, not 100. Pusey offers no explanation. If this is due to 18 per cent of the sample not answering the question then our conclusions are only mildly revised..
  11. Higley, J., Deacon, D. and Smart, D. (1979), *Elites in Australia*, Routledge and Kegan Paul, London.
  12. Ladd, Everett Carl and Seymour Martin Lipset (1975), *The Divided Academy : Professors and Politics*, New York : McGraw-Hill
  13. By contrast, the 1984 Carnegie Survey indicated only 27.7 percent of surveyed economists identified themselves as Left or Liberal. But this sample size of this survey is small, only 112, compared to 1250 of the 1969 survey. And the reduction in Left or Liberal identification compared to that of 1969 is so massive one is inclined to doubt the representativeness of the 1984 sample, despite the assurance that the sample was random (Hamilton, Richard F. And Lowell L. Hargens, (1993), "The politics of the [US] professors: self-identifications, 1969-1984", *Social Forces*, 1 (3)..
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  19. Santamaria, B.A. (1991b), "The Australian Economy. What is to be done?", *Quadrant*, 35(5), p. 41.
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  21. Pusey 1993, op.cit.
  22. Wilson, Patrick (1983), *Second-hand knowledge : an inquiry into cognitive authority*, Westport, Conn. : Greenwood.
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  27. Alvey, James and Smith, Leanne (1999), 'Recent changes in economics enrolments: A note comparing the situation in New Zealand', *Economic Papers*, 18(3), pp. 91–5. xxvi Macleay Press 2001. *Exasperating Calculators* is available from select bookshops, and may be ordered over the internet from [www.bookshop.com.au](http://www.bookshop.com.au).



Photo: David Karonidis

*Hilary McPhee*

Hilary McPhee is a former publisher and Chair of the Australia Council and presently the inaugural Vice-Chancellor's Fellow at Melbourne University. In *Other People's Words – The Making of an Accidental Publisher* (Picador), she recorded her experiences as part of the Australian publishing industry and the McPhee-Gribble team. On Tuesday 10 July 2001, Hilary McPhee addressed The Sydney Institute and spoke about the need for some lateral thinking if Australians were to preserve their own stories in film, the arts, education and literature in an increasingly globalised environment.



# IN THE NATIONAL

## *INTEREST*

Hilary McPhee

There were several triggers for *Other People's Words*, the book I have just written about Australian publishing and writing from my personal perspective.

The first was the message I kept getting from some academics and cultural commentators that Australian content or "Australian cultural production" is now a non issue, a redundant form of nationalism that no longer has any meaning. E-mail has changed everything is their message. By putting specialists around the world in touch with one another, they are now part of the world's great intellectual conversations and concerns. A kind of globalization of the intellect has taken place and we can stop feeling as if we are speaking only to ourselves.

The publisher in me didn't think much of this argument. Valuable individually, of course, but only a handful of our scholars and artists and writers are heard in the wider domain. And it's that domain encompassing both the local and the international that interests me most.

At one of the recent Deakin lectures in Melbourne, Edward Said imagined a community of intellectuals and writers in which we are all active participants. The new audiences are many and varied and are configuring themselves across cultures.

This means, of course, that the public realm and public intellectuals can no longer speak in the kind of language that excludes all but like minds – if they ever could. Only by writing and speaking in 'transparent clear prose into an infinitely expanded new space', Said said, will people have the courage to construct across borders 'fields of coexistence rather than fields of battle'. I don't think he was speaking of e-mails.

Another trigger to writing the kind of book I ended up writing was visiting the McPhee Gribble archives in the Baillieu Library for the first time in the decade since the company was sold. It seemed to me that

they told a story in themselves, not only about our literary culture, but about *realpolitik* and the future as well as the past.

Here was not just the familiar story of a typical little Aussie battler, an independent company swallowed up after fifteen years battling the big boys. The archive also gave me the means to tell one of the stories of this place of ours as it evolved from a kind of Anglophile monoculture at the bottom of the world – to the point where all but the most curmudgeonly among us experience ourselves at the centre of our own universe with something to offer other cultures.

So I started with the archive which closely documents the way we worked, the books we published, the authors who came to us at the start of their writing lives and stayed, the export markets we began to establish in New York and London and then into Europe in translation. The licensing of authors' copyrights overseas was immensely difficult and still is – and it led us and others here to the conclusion that Australia and New Zealand should be treated as a separate copyright zone. Instead most ANZ authors were tacked on to the British Commonwealth for no good reason other than tradition and for the commercial benefit of publishing companies owned in the UK. And it should go without saying that this was to the commercial disadvantage of companies owned in Australia.

So what I ended up with, I hope, was a portrait of how a creative place worked here that we haven't had often before.

We are remarkably good at forgetting our history. And very good at making the same kinds of mistakes over and over again. It is a depressing fact of Australian life – in all fields but especially in the arts and in issues fundamental to our democracy and quality of life, it seems to me. This means we find ourselves having to reinvent the wheel every decade or so.



I joined Penguin Australia as its first editorial staff appointment in 1969, having done what everyone was able to do in those days, talk our way into any job we thought we wanted.

I can't say that this was a job I really wanted or had serious ambitions about. I was much more passionate about being an archaeologist. Australian prehistory was just starting to take off then and the prehistoric *terra nullius* was about to be furnished with dates of great antiquity.

When I first became addicted to Nullabor excavation in the mid sixties, dates of 8000BP were considered old. By the end of the decade they were coming in at 20, 30, 40,000. And I wanted more than anything to be part of it.

But when I applied to do a higher degree in Australian Prehistory at Melbourne and Monash Universities, I was told I'd have to go to

Canberra for supervision and field work where John Mulvaney was establishing the School of Pacific Studies.

Domestic life had intervened by then and I had two small children and a painter husband and an unfinished mudbrick house and studio in the Dandenongs. Much more sensible to drive down the mountain in our beat up VW and ask Penguin Books for a job as a baby editor – their first, my first, and the tentative beginnings of my love affair with Australian writing that would last the rest of my life.

Gradually it began to dawn on me that what I could see there in the Penguin warehouse in Ringwood, an outer suburb of Melbourne, was a little like I had found when I first started studying Australian prehistory in an era when real archaeology happened only in the northern hemisphere.

Real publishing, real writing only happened in the northern hemisphere in those days also. There in the warehouse were all the books published by Penguin in the UK – every one of them because the Australian company had to take what was shipped out to them in those days – books about rose growing in the southern countries, about trout fishing in the Lake Country, Pelicans about the Druids and Prehistoric Ireland, collections of poems by young poets never to be heard of again, novels from all the famous hardback British fiction houses, and a few Americans.

Contemporary American fiction, like fiction in translation, had to wait a couple of decades before it was deemed to have what it took to be a Penguin – but the great American classics were there.

The Australian company in those days was actually selling some of the books about trout fishing and feudalism and eighteenth century Bath, too. This was the era when most text books in schools and universities were British. I learnt more about Tudor England and the Ruhr Valley than I ever learnt about the Snowy Mountain scheme or about transportation or the *Bulletin* School, for that matter.

But in the warehouse there was a small section at the far end of the picking line labelled “Australian” and here were the 27 titles that the Australian company had managed to publish over the last decade – rather dowdy looking books poorly printed on pretty rough paper – but groundbreaking in all kinds of ways – a kind of nucleus of something that would soon start to grow.

“Australia is about to emerge, speaking from a publishing point of view, into a creative phase in place of an absorbent one,” Allen Lane, founder of Penguin Books wrote in 1961 to his friend W.E. Williams, who’d established the British Institute of Adult Education amongst other things.

Allen Lane based his observation on his encounters with writers and artists and their work on his many trips to Australia – people like the young Robert Klippel, and Fred Williams, Arthur Boyd, Tass

Drysdale, and writers like Patrick White and A.D. Hope and Bob Hughes. Nugget Coombs told him that the Australian ballet and theatre were taking off and that Peter Sculthorpe had returned to Australia from Oxford saying that ‘Oxford had sharpened his awareness of things Australian and his feeling that temperamentally he did not belong in England.’ The creative phase in Australia had truly begun and would strengthen over the next decades.

Also in 1961 Geoffrey Dutton and Brian Stonier and Max Harris had persuaded the parent company to let them start a modest local list in exchange for selling the UK books so well. ‘Parent company’ was the right term. It was very much a parent-child relationship in those days.

And to underline their subsidiary status, the Australian branch office was instructed at the end of the sixties to repatriate its profits to shore up Penguin UK flailing fortunes.

The 27 Australian Penguins included some important survey books that hadn’t been commissioned before. Publishers rarely commissioned books in those days. There was a volume on Australian Literature, on Australian poetry, Robert Hughes on Australian Art, John Manifold’s Songbook, *Three Australian Plays* – Douglas Stewart’s *Ned Kelly*, *The One Day of the Year* by Lawler, and Hal Porter’s *The Tower*. There was not much Australian fiction since Penguin worldwide did not originate fiction then but instead acquired paperback rights from hardcover publishers.

George Ferguson and Beatrice Davis at Angus & Robertson didn’t want to sell paperback rights to authors such as Kylie Tennant, Ruth Park, Frank Dalby Davison and the young Thea Astley and Ivan Southall but preferred to try to establish paperback lists themselves. Penguin’s fiction included authors such as Randolph Stow, Patrick White, Martin Boyd and Kenneth Cook’s *Wake in Fright*.

When I arrived in 1969, my first covers and cover blurbs were for Thomas Keneally’s *Three Cheers for the Paraclete* and Henry Handel Richardson’s *Fortunes of Richard Mahoney*, which I spent hours on trying to think of ways to entice the Poms into taking for their list.

This was a problem. The English company almost never took anything for their list from Australia. Occasionally they relented, such as when they reluctantly took copies of *The Lucky Country*, for instance – but it had to be retitled and rejacketed for the English market as *Australia in the Sixties*. But our fiction was never any good unless it was by Arthur Upfield or had come in the front door through a British hardback house.

This is how Patrick White made the grade and how Randolph Stow and Alan Moorhead and a little later David Malouf entered Penguin’s real lists – the British ones – not the one with the Penguin colophon peering out through interlocked boomerangs on the cover

proclaiming the books to be Australian Penguins and therefore, of course, second rate.

I am proud to say that I removed the boomerangs around the Penguins while I was there but the lack of reciprocity in what went into each other's publishing programs never altered. It was all one way. We were a lucrative, in fact highly profitable, market for British books in Australia. Britain was no market at all for ours.



In the 1970s and 1980s it all started to change. The market share of Australian books went from 10 per cent at the end of the sixties to 50 per cent imported/50 per cent local by the late eighties – which felt about right. In our schools our kids were usually being taught with Australian produced materials or overseas stuff that was adapted substantially.

We, and a number of other mainly independent publishers took on the rights struggles – in attempting to make Australia and New Zealand a separate copyright zone, selling rights to our best authors overseas on separate contracts for the UK, Canada, the USA and retaining this market for ourselves.

What we wanted above all was not an Australian publishing ghetto of course – but to be able to apply our own filters and judgement to what was happening here. Just as British or American publishing is the backbone to their own markets and they apply their own filters to the best of international publishing – Australian publishing could be the backbone to a real market with the best international works selected here alongside our own, selected here with an editorial eye as well as a marketing and distribution eye.

We were not simply a market to be distributed into so that exports from the Northern Hemisphere could be maximized and profits repatriated from here to shareholders in the UK, Europe and the US. But it's all in the book so I'm not going to tell that part of the story now.

It's a good story, though I say it myself. And like all good stories it had a beginning and a middle and an end. But it's the future that I want to talk about and the fact that it's a story that applies as much to our film and television industries as it does to publishing, and to our theatre and dance, our music and our visual arts.

An example of how we have to reinvent the wheel here happened as I was finishing writing the book. It felt like an eerie coincidence – but it was really just a depressing reminder of the vigilance needed to keep building on what has gone before – rather than taking one step forward and two backwards a lot of the time.

I was writing about the time when McPhee Gribble was fighting for its life after the stock market crash at the end of 1987 and during

the soaring interest rates of the next two years. We were trying to borrow money to finance an obvious expansion at 17.5 per cent which astonished my American publishing colleagues who were able to grow their companies with 4 per cent interest rates at that time. As we so often did, we were fighting on several fronts at once.

One of the more public fronts was with the Prices Justification Tribunal, in 1989 under the Chairmanship of Professor Allan Fels – who was hellbent on opening the Australian market, making it more like Singapore which received books from near and far but had very little local publishing of its own. We and other independent publishers led by Laurie Muller at UQP fought this and won what turned out to be a very effective compromise for the Australian book industry.

Briefly, publishers were allowed to retain their copyright privileges in this market, with competing editions kept out, so long as they supplied Australian readers within 30 days of first publication in overseas markets. This made them more efficient, of course, more attuned to the needs of this market, and preserved Australian authors' copyright in traditional territorial arrangements.

A decade later, and now we have to argue the case for our authors and independent publishers all over again. Professor Fels and his ACCC are determined to undo this sensible legislation and open the market fully, for no good reason other than ideological consistency. These are not cultural arguments or national interest arguments, of course. We rarely have those except in the arts pages and usually along rather predictable lines.

We were not exactly an offshore island of the UK in publishing terms when I first went into publishing – we had all the disadvantages of distance and dependence from the start. But we suffered from a cultural formulation that allowed the major decisions to be taken elsewhere about what we read in this country, when we read them and what we couldn't read (apart from our own sorry record of censorship at the time).

We did not provide our own filters or our own grown up international environment into which to publish our own authors – and in many ways we still don't. But things improved significantly as Australian publishing grew and the number of Australian writers who could live, frugally, most of them, by their pens increased significantly. There were, I think, only three or four by the beginnings of the seventies. Now there are many writers whose primary income comes from writing and writing-related activities.

This will change if the market is opened to competing editions of writers' works on which they receive little or no royalty income. The ASA and the APA have put the arguments forcefully and I am sure you will all be familiar with them – and don't need me to recommend you lobby government to retain the current 30 day rule.

But the open market argument is a good example of what I was speaking of earlier – the necessity to keep reinventing the wheel. To have the same debates. To fight the same fights. To not be able to move on.

★★★★★

Whenever I read another attack on Australian publishers doing book buyers out of cheaper books, or a ratings and efficiency justification for changes at the ABC, or a curmudgeonly sneer at support for writers and artists, I long for our own version of the Japanese rice-as-culture argument.

This the Japanese use to defend their homegrown rice in the face of global imports. It takes various ingenious forms: that Japanese rice is subtly but unmistakably different from other rice to Japanese palates, that Japanese intestines are only suited to Japanese rice, that rice paddies are part of the Japanese aesthetic. Rice is culture – and protecting Japanese rice is in the national interest.

We need to argue something even more fundamental than this.

Is it in the national interest to do what we can to strengthen Australian culture? Do we value the films, books, broadcasting, music, theatre, dance, artworks created and produced here? Or not?

If “yes”, we should get on with it and stop confusing the issue with arguments that are more relevant to tinned asparagus or car tyres.

We could then define what it is we mean by the national interest rather than what is simply economic fashion. Economic benefit and national interest are not necessarily the same thing. And conflating them when we talk about culture and creativity leaves us increasingly hobbled in a global environment – instead of being able to take our place in it.

The present discussions about the state of the ABC feel as if they have nowhere to go. The role of public broadcasting is the issue at stake, yet, in the absence of unequivocal acceptance that the ABC is essential to the national interest and a resource of great potential in the 21<sup>st</sup> century, we bog down in arguments about its budget, its ratings and in criticisms and justifications of administration.

More than a decade ago the publishing industry and authors’ associations campaigned successfully against an open market for books where competing editions from anywhere in the world could be sold here. This, it was argued, would weaken authors’ copyright and undermine local publishing. Instead sensible reforms were put in place which have produced a more responsive and sophisticated Australian publishing environment. This has benefited readers and writers alike.

Yet an open market for books is again threatened by Professor Fels and the ACCC determined to open the market fully for no good reason other than ideological consistency.

The villains and heroes haven't changed – selfish publishers denying readers cheap books, weak and probably second-rate authors in need of income protection, versus some brave booksellers and American-owned distribution chains willing to import from wherever they can buy the cheapest editions of any work. And Australian readers are caricatured as hungry for anything as long as it's cheap.

This is an argument embedded in issues of global markets, of world rights and contracts for a select few stars in place of carefully managed territorial copyright. It is an argument about easing the path yet further of foreign-owned companies into this market – as if we were an offshore island of the USA.

The cultural argument is lost in a plethora of misleading promises of cheap product. There is no recognition of the hard-won history of the publishing industry or the realities of being a writer in this country.

Even the economic argument is one-eyed. In order to compete globally we need to continue to help develop a large and varied number of writers and publishers willing to invest in them as well as distributing international titles.

Tariff walls to protect Australian culture are not possible or desirable, but taking steps to strengthen what is produced here surely is – especially now when our media, education, arts and literary culture are operating in a global environment.

Culture, art, ideas, creativity, content – what ever we call it – works best when there are no walls – but all artists and writers and producers deserve a properly maintained copyright environment to participate in the kind of exchange equals enjoy across markets.

It works best when one market isn't a dumping ground – euphemistically called an 'open market' – or a mere distribution channel, as publishing once was here and as ABC-TV certainly is at present, for British culture.

We need more competition not less – but as far as possible on our own terms. There is no way round this. Either we give up what has been achieved and regard it as a blip on the screen. Or we tackle the reality head on. To truly compete we need a cultural policy which begins with a consideration of national interest.

We need a bigger arts budget and more money for arts education in schools. We need a more responsive investment environment for large and small budget films. We need a serious increase in the ABC's base funding and a commitment to showcasing into the region our best not our worst. Above all we should provide more development time so that Australian creative work is as good as it can be.

Much less vulnerable cultures spend a great deal more than we do on the arts and creative enterprises. The UK recently increased the annual budget of the Arts Council of England to 336 million pounds – an 80 per cent increase. Their cultural policy emphasizes that arts

education for which there is substantial funding is “to offer every child the opportunity to develop their creative potential”.

Last month the Canadian Government announced an extra \$C560 million in arts funding during the next 3 years giving the Canada Council an extra \$C75 million, CBC an extra \$C60 million and internet initiatives \$C108 million. Compare this to the embattled ABC or the Australia Council, still funded at \$68 million.

We have fallen for our own hype, I think – too much expenditure on marketing, on big production values and threadbare content, on telling ourselves we are amazing when we often aren’t. We are not in good shape to face the biggest threat of all – increased marketing of global entertainment and education product into this highly creative but underdeveloped country of ours.

We urgently need a clear definition about what we mean by creative culture in this country – and what that culture means to us. Then perhaps we can move to a deeper sense of what we have here, and its fragility if we don’t find ways to make it strong



*Peter Drysdale*



*Masako Fukui*

Photos: David Karonidis

Australia and Japan have a stable and mature economic relationship characterised by complementary economic relations in primary and secondary commodity imports and exports, large Japanese investment in Australia and large numbers of Japanese visitors to Australia. But what of the future? With economic downturn in Japan, some Japanese companies have withdrawn from Australia. There is a risk we will become complacent. To suggest ways to revitalise the Japan Australian relationship, Professor Peter Drysdale, Executive Director of the Australia-Japan Research Centre, ANU and Masako Fukui, former journalist with *The Nihon Keizai Shimbun*, Sydney Bureau addressed The Sydney Institute on Wednesday 18 July 2001.



# WHERE TO? –

## *AUSTRALIA AND JAPAN*

**Peter Drysdale**

Forty-four years ago Australia and Japan concluded their historic Agreement on Commerce, normalising relations after the Pacific War and establishing for the first time a basis for equality in trade dealings between the two countries. This was a remarkable watershed in the relationship, little more than a decade after the bitterness of the war. It laid the foundations for the huge trade growth that saw Japan become Australia's largest trading partner and Australia among Japan's most important suppliers of a raft of strategic raw materials — coal, gas, iron ore, bauxite, alumina, aluminium, nickel, with the important exception of oil. It was not just an economic agreement but also a political settlement of enormous significance, made possible under the umbrella of American security arrangements with both Australia and Japan. The vision and courage of Crawford, McEwen, and Menzies (in Australia) and Ushiba and others in Japan in effecting the change that drove the growth and deepening of the relationship over the last 40 years still stand as beacons in reflecting on where the relationship has come from and where it might go to now.

Australia and Japan have achieved so much together not despite but because of their differences — through the economic relationship — and also in the perspectives we have come to share in the international community and our work in building regional cooperation through APEC. The relationship that has grown since the 1950s is one of the most remarkable diplomatic and political achievements in the past half century. Not like the achievement of the end of the Cold War may be. But critical in building a vision and exemplar for how the huge plurality of people in the Asia Pacific region might live on good terms and in prosperity.

Japan is Australia's most important export market by far. Australia sold \$25.4 billion worth of goods and services to Japan last year. That is a quarter more than was sold to all of Europe, two-thirds more than was sold to the United States, and almost four times what was sold to China. Despite the economic stagnation in Japan,

Australian exports of goods and services to the Japanese market have grown by 65 per cent over the past decade.

Both countries have also brought a strategic dimension to the economic partnership, working together to support cooperation and development in East Asia, most notably in getting APEC off the ground.

And there is ease and increased familiarity in the relationship, through the programs in Japanese studies at every university in Australia, through Japanese tourism, through school and community exchanges, through the 300,000 young Australians learning Japanese today — developments that were the stuff of dreams when I was a boy growing up in the time of bitterness that was a product of the war.

This is an immensely important bilateral relationship, not merely because it has brought trade, economic prosperity and amity to the two societies. It is the leading edge of Australia's economic and political relationships in East Asia. Getting the relationship with Japan right is a key element in getting our relationships in East Asia right. This is why the shared endeavours and achievements in Asia Pacific cooperation have been so important to both countries, beyond the hub and spokes of security relations with Washington.

Yet despite all the achievements, there is reason to be worried about the drift in the relationship over the last several years.

The truth is that there have been enormous changes in both countries and their circumstance in East Asia and the Pacific. These changes demand reassessment of the arrangements that have governed the relationship between them for more than a quarter of a century, since the signing of the Treaty of Friendship and Cooperation (the Nara Agreement) in 1976. They also demand rethinking the agenda for cooperation in regional affairs. Instead the relationship has been marked by neglect: Prime Ministerial visits cut short; Ministerial meetings that do not meet; absence of diplomatic focus; retreat from commercial initiative. This neglect is a product of factors on both sides: obsession with the problems of the Japanese economy over the last decade rather than the opportunities they present, and associated political disengagement in Australia; perceptions that Australia is not relevant to inventing the new economy in Japan; a reorientation in Japan towards East Asia commercially and politically; ambivalence in the Australian political leadership over Australia's East Asian role.

The last decade was a time for strategic re-positioning, and for laying the foundations for a deeper relationship with Japan. But that is still to be done. The good news is that the hard work on taking the relationship forward now seems set to begin – especially since the Australia-Japan Conference in Sydney last April for which the Australian and Japanese governments commissioned two separate reports on strengthening bilateral relations. The report by my

colleagues Gordon de Brouwer and Tony Warren on *Strengthening the Australia–Japan Relationship* begins the task of defining the way forward. More on that in a moment.

A stronger bilateral relationship with Japan is important because of the large economic opportunities and political leverage it offers in its own right. Despite its slow growth Japan is a huge economy now subject to immense pressures for change that will advantage Australian business. The relationship is also important because it is a critical element in the strength of our broader relationships in East Asia.

There is now more fluidity in foreign economic policy and diplomacy in East Asia and the Pacific than there has been for a very long time. Japan does face huge problems in the reform of its economy and managing industrial and demographic maturation. But Japan remains overwhelmingly the most important economy in East Asia, although other parts of East Asia (including China) are on the rise. The import of these changes was underlined by the impact of the East Asian crisis. One consequence was the emergence of a new regionalism in East Asia. The crisis shook East Asia's confidence. Japan was notably on the back foot. China appeared to be occupying the stage. Washington was alternately neglectful and triumphalist. Groping around for new ways forward within the region seemed the natural response. This process is by no means at an end.

One development was the emergence of the ASEAN + 3 group. At this stage the ASEAN + 3 group is not a regional trading arrangement, and cannot easily become one, but rather seeks to provide a framework for demonstrating East Asian leadership and influence on regional and international affairs. The focus is on financial cooperation. China and Japan have come together politically in this arrangement and this is a very positive development. Despite our problems with Malaysia and Indonesia, Australia should be positioning itself with Japan and other countries in the region as an insider not an outsider in this arrangement. Particularly in the area of regional financial cooperation, we have a great deal to contribute.

Another development was the proliferation of proposals for free trade areas (FTAs). Aping FTAs elsewhere in the world appeared attractive despite the fact that discriminatory trade deals are likely to damage rather than promote East Asian economic and political coherence and exacerbate regional tensions (as Singapore's negotiation of bilateral trade deals has already done in Southeast Asia). This is why APEC committed to open regionalism and *non-discrimination* in trade policy. There was a shift in policy mood on discriminatory trade arrangements in Japan, where the principle of *non-discrimination* has been embedded in the approach to international trade diplomacy since Meiji times. Japan has embarked on negotiating a bilateral FTA with Singapore. Remember that the cornerstone of the Australia–Japan

Agreement on Commerce is *non-discrimination* in trade treatment and that the Nara Agreement extended that principle to other issues, such as investment and people movement.

None of these shifts in policy direction were subject to serious debate in Japan nor the occasion of any high level political dialogue between Australia and Japan. At best this is casual treatment of the national interest in Australia's most important bilateral economic relationship. Australia is now scrambling to negotiate a discriminatory trade agreement with the United States, with problematic outcome and problematic effects on its global and East Asian interests. At best this is a clever political tactic but one that is negligent of the genuine strategic interest of both Australia and the United States in international and East Asian affairs.

So where do we go from here?

Some have argued that Australia should negotiate an FTA with Japan. But that would be bad in principle and impossible in practice. An FTA with Japan would impose trade discrimination against other key partners like China, Korea or the United States and there is no way that Japan would negotiate freeing up agricultural trade with Australia and exclude the United States or China. An Australian FTA with the United States would have the same effect on Japan. The problem with FTAs in general, and these FTAs in particular, is that they divert trade from efficient to more costly trading partners, costing consumers and compromising national interest in important relationships.

There is a better way to capture the opportunities for closer integration and promote business with Japan without the costs of trade discrimination. Many of the so called closer economic partnerships under consideration (such as that between Japan and Singapore or Singapore and Australia) are not primarily about border barriers to trade (that is tariffs and quotas on goods) at all. The primary objective of these arrangements is to *facilitate trade and investment* through a range of initiatives that goes well beyond border liberalisation to deal with issues like standards, financial regulation, business mobility, regulatory transparency, competition policy, education and scientific exchanges. But they are being negotiated as FTAs and therefore carry the costs of trade discrimination. To constrain them within the framework of traditional FTAs (under Article 24 of the GATT) distorts their major purpose and compromises open *non-discriminatory* trade policy.

De Brouwer and Warren sensibly propose the negotiation of a comprehensive Trade and Investment Facilitation Agreement (TIFA) as the best way forward in the relationship with Japan. A TIFA would not involve border discrimination in trade and can be negotiated in a way which does not preclude others from signing on to the same arrangement (as a whole or in part). Hence it could serve as a vehicle

for extending economic integration among those ready to sign on in the region, including for the approach to negotiating the agreement that has been proposed with the United States.

A TIFA between Australia and Japan could be directed towards cooperation in a range of areas including agriculture, biotechnology, communications, education, finance, health, technology and people movement not encompassed in current arrangements. A comprehensive agreement, de Brouwer and Warren argue, would ensure that issues are dealt with on a consistent basis, political interest in the relationship is galvanised, and business attention is drawn to new opportunities.

An agreement with Japan which reinforces non-discrimination and openness towards other economies in the region would provide an innovative model on which to build economic integration with other partners willing to participate, such as Singapore, Hong Kong and Korea.

This is an ambitious proposal. But re-invigoration of the relationship with Japan requires nothing less. Negotiation of an agreement like this requires careful and patient diplomacy over two to three years, and eschewing the quick-fix which has passed for diplomatic initiative too often in recent times.

Australia's East Asian interests depend on a deep and active relationship with Japan. As de Brouwer and Warren say, a decade of stagnation in Japan, the development of other East Asia, the US-led new-economy revolution have directed attention away from Australia. Australia's challenge now is to recapture its place on the radar screen and set a course of strategic engagement with Japan in East Asia and the Pacific.

# WHERE TO? -

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## *AUSTRALIA AND JAPAN?*

**Masako Fukui**

Let me begin by sharing with you an amusing story about Japan I heard recently. The story was on *PM*, ABC Radio's current affairs program, which is not usually known for its tongue in cheek glibness. But in this story, the ABC's Tokyo correspondent was interviewing Australian journalist and well-known "Japan expert" Murray Sayle about a curious new phenomenon – that of Japanese men using hidden video cameras to film inside the skirts of unsuspecting women.

The various perversions of Japanese men – from lingerie bars to those little shops in Tokyo that sell unwashed girls' underwear, nicely packaged in plastic bags, of course – have always been the topic of lurid fascination in Australia, and most of these stories are probably worthy of nothing more than our ridicule.

But this story on *PM* was rather disturbing, because Murray Sayle attempted to link this particular Japanese male perversion to a serious social issue – Japan's declining population. Mr Sayle, who has lived in Japan for nearly 30 years, claimed that the fact that Japanese men were perverting at women's underwear was somehow indicative of their inability to form responsible relationships with the opposite sex, and that this led to fewer marriages and consequently lower birth rates. If things don't change, Mr Sayle warned, within 800 years, Japan's population, which is now around 130 million, could shrink to a mere 45,000, about enough people to fill the Tokyo Dome.

I'm not sure what disturbed me more – the sheer stupidity of Murray Sayle's analysis, or that such a puff piece could masquerade as serious journalism on your ABC.

Then there is the *Bulletin's* cover story last week on the Japanese economy. The content of the story was well researched and informative, (and even the piece written by Murray Sayle about the new prime minister Junichiro Koizumi was reasonable), but the ominous headline caught my eye, "Will Japan Bring Us All Down?" it said.

Japan could possibly bring down the US, given the bulk of its current account deficit is funded by the Japanese. But there's little chance of Japan bringing down Australia, despite Japan being its biggest trading partner. After all, in the latter half of the 1990s, when Japan hobbled from one economic slump to the next, Australia's economic performance was impressive, with GDP annual growth rates of around four to five per cent – an overachiever among OECD countries.

So why is it that despite the so called mutual understanding and close bilateral friendship that the two countries are supposed to share, Australian public perception of Japan still tends to be dominated by misrepresentations – that Japan is always seen as either a nation full of weird and incomprehensible people (and dirty old men), or a looming economic threat? (Let's not forget that in the 1980s when Japan was experiencing an economic boom, it was also portrayed as an economic threat – an aggressor, invading Australia with its yen for buying up land.)

I would argue that this lack of understanding is mostly on Australia's side, and arises out of Australia's limited view of itself in relation to Japan. The charge that Japan falsely regards Australia as a mere hole in the ground from which natural resources are extracted is, in my view, not true, and in fact it is Australia that persists in hanging on to the outdated perception of itself as a farm, quarry and tourist haven.

Why? I suspect that over 40 years of healthy bilateral trade with Japan has bred complacency in Australia, hindering any compulsion to seek a deeper understanding of Japan or to rethink Australia in relation to Japan, consequently hindering any need to rework the bilateral relationship.

Ever since Australian Prime Minister Robert Menzies and his Trade Minister John McEwen concluded the Commerce Agreement of 1957 with Japan, Australia-Japan, trade has grown steadily. By 1966, Japan was Australia's biggest export market and thanks to a trade complementarity between the two countries that fits like a glove, for the last 40 or so years Australia has enjoyed a trade surplus with Japan. The 1957 Agreement, the 1976 Basic Treaty of Friendship and Co-operation and a range of administrative mechanisms to handle the day-to-day issues of bilateral commercial activities provides a framework for bilateral trade that ensures exports to Japan are guaranteed well into the future.

Such a comfy economic relationship that cruises along on its own momentum hardly requires constant realignment or reinvention. It's no surprise then that despite repeated words of caution over the past decade from those in the know that Australia is losing market share in

Japan, and that the relationship is waning, Australian leaders have done little to create a dynamic future path for the bilateral nexus.

As an indication of how uninspiring the Australian view of the bilateral trade relationship can be, let me refer to the report “Strengthening Australia-Japan Economic Relations” which was commissioned by the Department of Foreign Affairs and Trade and released earlier this year. It’s a useful report on one level, as both it and the report commissioned by the Japanese government on the same topic and released at the same time, document meticulously the extent of Australia’s trade with Japan.

But if the DFAT commissioned report, (which by the way was written by one of Professor Drysdale’s colleagues at the Australian National University), is to inform future government policy on Australia’s trade relations with Japan, it is sadly deficient. In the section entitled “An agenda for Government” for example, the report outlines a number of measures such as increased dialogue on competition policy, encouraging investment and the promotion of a new trade and investment facilitation agreement. It also lists a number of sectors in which exports to Japan could be increased and co-operation enhanced such as education, biotechnology, health and aged care, finance, e-commerce, IT.

None of this is ground breaking stuff, in fact, recommendations such as streamlining customs and visa procedures, or strengthening intellectual property regimes are mere housekeeping issues, and to simply expand the list of export sectors seems to me common sense, and hardly constitutes a trade policy.

So what of the Japan side? The parallel report commissioned by the Japanese government I referred to earlier has equally uninspiring prescriptions for the future of bilateral trade relations. But that’s in some ways, understandable. The Japanese economy is a lot bigger than Australia’s, and it might just be good Japanese policy to leave the bilateral trade relationship on cruise control. After all, there are many more pressing issues Japan must deal with, and disputes with Australia have always been backburner issues.

Now, that’s not to say there isn’t a genuine desire on the part of the Japanese to invigorate this 100 year old trade relationship. Japanese government, bureaucracy, institutions and businesses have an affectionate regard for Australia, as Australians do of Japan – a kind of bilateral warm and fuzzy feeling – and there is a strong commitment to deepen the relationship by finding new ways of engaging with Australia. Certainly on the part of Japanese business, there has always been a healthy level of interest in their Australian counterparts.

During the seven years I was a journalist in the Sydney bureau of the *Nihon Keizai Shimbun*, Japan’s major economic and business daily, whenever I wrote a story about an innovative Australian company that

had developed a new product or launched a new service, or had made a major scientific breakthrough, there was almost always a response from a Japanese company wanting to know more about the Australian firm in question.

I'm not sure how many commercial deals eventuated from these queries, but I can assure you that none of the Japanese firms seemed to be deterred by any false perception of Australia as a mere quarry, farm or haven for cute furry animals. In fact, my biggest problem was trying to convince my sceptical editors that an Australian invention was a world leader or a world first. They always assumed that the company must be an American subsidiary.

Japanese companies, like companies of any nationality are on the prowl for that competitive edge, and in the final analysis, it matters little if an Australian, American or Singaporean firm supplies that edge. That means Australian firms must let their own track records speak for themselves, and perhaps the most valuable thing the Australian government can do to expand and reinvigorate Australia-Japan trade is to create an environment where Australian businesses can become more innovative and competitive.

Take the example of Macquarie Bank. Macquarie is a small investment bank, and by international standards, minuscule. But Macquarie has a particularly strong derivatives section, which had been involved in a joint venture in Hong Kong since the mid 1990s. In 1996 when Japanese bank IBJ (Industrial Bank of Japan) racked up massive losses in its derivatives arm in London, it went looking for an American partner with solid derivatives experience in Asia. IBJ stumbled upon Macquarie instead, which at the time was trading almost 10 per cent of the volume of Hong Kong's futures exchange, and after three years of polite negotiations, Macquarie formed a derivatives joint venture in 1999 with IBJ, which is now part of the Mizuho Financial Group. It was IBJ's first joint venture with a foreign bank.

For Macquarie, this deal was a major coup, as it has given the bank a foothold in Japan. It is now expanding into financial services like funds management, areas in which Australian know how is way ahead of Japan.

It might be worth noting here that despite the prevailing view that Australia is more interested in Japan than Japan is in Australia, Australia gets a hell of a lot of media coverage in Japan. Currently, there are eight Japanese media organisations with permanent bureaus in Australia. In fact, the Japanese media contingent is the biggest foreign media presence in Australia and despite the fact that Japanese corporations have been leaving Australia in droves in the past decade, two new bureaus – Fuji TV, a national TV network and The Mainichi Shimbun, a national daily newspaper – have both opened bureaus in Sydney in the past decade.

And what sort of stories do Japanese news organisations cover in Australia? Obviously the comings and goings of Japanese companies and the occasional tourist mishap are the bread and butter stories, but Australia's policies and interests in the Asia Pacific region are high on the list of must cover topics.

Japan, especially since the formation of APEC in the late 1990s, has seen Australia as a kind of natural partner in the region. While the decline of APEC has seen this regional partnership falter, Japan is acutely aware (due to its historical aggression in the region) that it lacks social skills when it comes to regional diplomacy, and is keenly interested in engaging with an English speaking democracy like Australia on regional issues.

In fact, the Japanese probably have a clearer vision of Australia's standing in the Asia Pacific region than Australians themselves. The Japanese see Australia as a kind of United States in the region. Like the US, Australia acted as a major market for Asian exports during the dark days of the Asian financial crisis. Australia is, like the United States, considered to be an open, compassionate and multicultural society with a high standard of living and a strong public health and welfare sector.

Australia is also seen as unique in the region – a Western democracy with traditional allegiances to Europe, yet 77 per cent of all export growth in the past decade has been to East Asia. And there are very few Japanese who see Australia as the arse end of the world.

Japan is undergoing immense social, economic and political upheaval and facing an imminent demographic crisis as its population rapidly ages with social institutions that can no longer support the elderly. It is also feeling the chill wind of post Cold War reality up its skirt, (to revert to a previous theme). A country like Australia offers great opportunities for learning and partnership.

There are many such issues on which Japan and Australia could co-operate. Trade is obviously one, especially in this current fluid state of affairs as the growing trend to stitch up bilateral trade deals that crisscross the region intensifies and the non-discriminatory global trading system comes under intense political pressure.

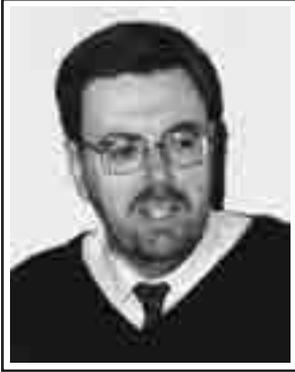
Regional defence is another area of bilateral co-operation. While both countries have a partnership with the US that constrains their respective strategic agendas, there may certainly be scope in the future for forging a partnership on regional issues that may exclude the US. China is one area in which Japanese interests might converge with Australia's rather than with the US domestic opposition to the US military presence on Japanese soil is increasing, as is pressure on Japan to alter its peace constitution to allow its self defence forces to participate in regional peacekeeping activities. Australia could help

Japan come to terms with these new demands of a post Cold War world.

Aid is another area in which the two nations could collaborate. For years, the two countries have been swapping notes on aid and development issues in the South Pacific, but East Timor could be another country where the two nations could put their heads together. Japan is heavily involved in East Timor as its biggest aid donor, but is a bit cheesed off because Portugal gets all the accolades and gratitude from the donor community and the East Timorese. Perhaps Australia can help Japan with its diplomatic/marketing skills on that score.

Indeed the most exciting and most promising area of Australia-Japan bilateral co-operation in the regional context is the idea of a regional financial co-operation in the form of an Asian Monetary Fund. This idea was given special mention in both the Australian and Japanese reports on the bilateral relationship that I referred to earlier. This idea requires immediate action, before the Japanese economy really hits the skids.

There are many other issues I could discuss. A bilateral dialogue on Japan's role in the Pacific War. Australia's treatment of its indigenous population – a kind of bilateral co-operation on healing of old wounds, corporate responsibility in Australia and the region (after all, Japanese multinationals are notorious for digging big holes or destroying the environment of their host countries without offering due compensation). Or Sydney restaurant owner Tetsuya Wakuda. Or even Jeff Kennett.



*Greg Sheridan*



*Bruce Duncan*

Photos: David Karonidis

The late BA Santamaria, otherwise known as “Bob” Santamaria, became one of Australia’s rarer public figures. He led a political organisation – the National Civic Council – for over four decades, presented a television commentary “Point of View” for three decades, paid for by the NCC, and from 1976-98 was a columnist for *The Australian*. Heralded as a friend of the Liberal Party, BA Santamaria declared he had never voted Liberal. Accused of initiating the Labor split of the 1950s as an avid anti-Communist, he came to be admired by prominent leftists such as Phillip Adams. To shed some light on a complex figure, Bruce Duncan, author of *Crusade or Conspiracy – Catholics and the Anti-Communist Struggle in Australia* (UNSW Press) and Greg Sheridan, Foreign Editor, *The Australian* and friend of BA Santamaria addressed The Sydney Institute on Tuesday 24 July 2001.

# SANTAMARIA,

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## *THE CHURCH AND THE "MOVEMENT"*

**Bruce Duncan**

I am very grateful for the opportunity to speak on the topic of my recent book, *Crusade or Conspiracy: Catholics and the Anti-Communist Struggle in Australia*, published by the University of New South Wales Press. A number of other authors had opened up various aspects of the story of B. A. Santamaria's anti-communist "Movement", including indeed the executive director of The Sydney Institute, Gerard Henderson, in his thesis published as *Mr Santamaria and the Bishops* (Sydney: Studies in the Christian Movement, 1982). This work was particularly significant since Henderson had access to Santamaria's own files with much new information.

For my PhD topic at the University of Sydney I had considered exploring the philosophy and politics of the Catholic Action movements and the later Split between the Catholic churches of Sydney and Melbourne, which extended into the Australian Labor Party. However, I soon realised this was too ambitious since there had been very little detailed research on these topics and I would have to start from scratch in many areas. Hence I restricted my thesis topic to the origins of the Catholic Action movements in Sydney, entitled: "Ghetto or Crusade: A Study of the Social and Political Thought of Catholic Opinion-Makers in Sydney during the 1930s" (Department of Government, 1987). The 1930s were decisive not only for the Catholic Action movements, but also for the communist organisations, as Australia struggled to cope with the effects of the Great Depression, the apparent collapse of liberal capitalism and democracy in many parts of Europe, the rise of Fascism, Nazism and Communism, and of course the Spanish Civil War. The results of this study impressed on me the distinctiveness of Sydney's Catholic history, and particularly Catholic involvement in the ALP and social reform debates.

During the 1970s and early 1980s, it was clear that the dispute among Catholics over the Labor Split of the 1950s underlay continuing cleavages in the Church, especially affecting attitudes towards the Vietnam War, the Cold War, debates over disarmament and nuclear

deterrence policy, liberation theology, Australian aid projects in South East Asia, and particularly the role of Australian Catholic Relief and the Catholic Commission for Justice and Peace. Santamaria's National Civic Council and its associated organisations and friendly bishops played a major role in these debates, and made it very difficult for the Church to speak on social issues with a united voice.

Part of the problem was that the issues arising in the Split had never been properly resolved, and could not be until the events themselves had been clarified. Several versions of the Catholic debates behind the Split had been published, notably by Santamaria himself or his opponents in the *Catholic Worker* group, Paul Ormonde's *The Movement* (Melbourne: Nelson, 1972) and Max Charlesworth's *Church, State and Conscience* (Brisbane, UQP, 1973). Other historians gave a context for the debates, especially Pat O'Farrell in *Catholic Church and Community* (Melbourne: Nelson, 1977), Michael Hogan in *The Sectarian Strand* (Melbourne: Penguin, 1987) and *Australian Catholics: the Social Justice Tradition* (Melbourne: CollinsDove, 1993) and Ed Campion in a number of his books.

What was lacking was a more comprehensive account, detailing the long dispute between the Sydney and Melbourne hierarchies, the nature of the Vatican intervention, and the significance of the debates for how the Church should promote social justice and equity in a liberal democracy in the future. I was intrigued also to determine how the ideas of the French political philosopher and activist, Jacques Maritain, had influenced the debate in Australia. I was aware of his influence on Pope Paul VI and the Second Vatican Council, and knew that members of the *Catholic Worker* group had appealed to his thinking in their critique of Santamaria. I felt very strongly that until the issues raised for Catholics by the Split were resolved, it would be difficult for the Church to engage more constructively with our society in a collaboration for social equity, justice and peace.

Fortunately for my work, I was granted access to all the Church archives I approached, and though only a few had retained significant documentation from the Catholic Action years, I was gradually able to build up a fairly adequate overview of events and to fill in many gaps in the historical record. I was also greatly helped by various Catholic activists of the period on both sides of the dispute, who supplied me with further Movement documentation and personal correspondence.

In addition, I interviewed as many of the participants who were still alive as I reasonably could, and also gave them the opportunity to read and critique my account of what they had told me. Some others, listed in my acknowledgments, agreed to critique the whole draft, a most generous contribution, as the version I first offered to a publisher was in two volumes, totalling 350,000 words. I am eternally grateful for their numerous corrections and suggestions, but of course hasten to

add that they should not be held accountable for any deficiencies or mistakes in the present shorter text.

I also offered my draft to Bob Santamaria and he agreed to a series of meetings to discuss the text section by section. In fact, we only had one meeting on the first seven or eight chapters, and I left him with another seven or so to read. Understandably, he found this difficult and time-consuming, and so instead he suggested that we continue our discussion in writing. This we did until he fell ill.

Over the years Santamaria and I had debated social issues in the pages of the Catholic press a number of times, so he knew that I was not a sympathiser with his particular version of Catholic social thought. Yet I was conscious of what a privileged position I was in as a historian to detail the complex events of the Split, and to try to understand and explain Santamaria's view of the world. There were aspects of his personality and goals which even sharp critics and past enemies admired. The challenge for me was to evaluate this period as fairly as I could, avoiding both hagiography and demonology by considering Santamaria primarily as a political actor and thinker. In a very real sense, it is historians rather than the subjects of their research on trial before their readers.

It was clear to everyone that something very major had gone wrong with the Church's social engagement in the 1950s, but it was not clear what. Never before had Australians seen a leading Catholic layman, Santamaria, denouncing the Sydney hierarchy of "cowardice and betrayal" (*Crusade or Conspiracy* pp.307, 313), while Gilroy reported to Rome on the Melbourne "fanatics" and to his priests denounced the NCC in 1959 as a "subversive organisation" (p.371).

Yet because the bishops were not free to make public their involvements, and indeed were not able to come to any agreement among themselves, many Catholics were left thoroughly confused about what had happened in the dispute and why. Unless they were in the small groups with privileged access to the behind-the-scenes activity, they had little alternative but to follow their local bishops. Hence with some significant exceptions, Catholics in Victoria, Tasmania, Wagga-Wagga and other friendly dioceses tended to follow the Mannix-Santamaria line, while most of the NSW dioceses, Adelaide etc. tended to follow the directions of Cardinal Gilroy and the then Bishop James Carroll in Sydney.

Many Catholics can still remember how bitter were the divisions in the Church, with the line of cleavage running through parishes and even families. The divisions were generally deeper and longer lasting in Melbourne than elsewhere. The tragedy was not just the personal suffering caused by the Split, but it provoked many Catholics to disengage from social debate, and, I suspect, left a hiatus in the social consciousness of the next generation, which was suspicious of the

earlier social idealism expressed in Catholic documents and more included to pragmatic social improvement.

My book, *Crusade or Conspiracy?*, then, looks at the origins of the Catholic Action Movements, and particularly at Bob Santamaria and his colleagues in the Campion Society, but also traces the differing emphases from Sydney. What is clear from almost the beginning is the difference of views among the Campions about the standing of Maritain's views, which had a wide international audience from the early 1930s. Maritain argued that official Church organisations acted under the authority and control of the bishops, and were to be distinguished sharply from movements acting under the inspiration of Catholic principles but independently of the Church in social and political affairs, i.e. "action of Catholics". These distinctions were particularly articulated by Mr Kevin Kelly, later Australian Ambassador to Portugal and Argentina who, ironically, had first recommended to Mannix that Santamaria be asked to work for the Australian National Secretariat for Catholic Action (ANSCA) in Melbourne in 1937.

The curious thing is why Santamaria so studiously ignored these distinctions of Maritain which were to prove so important for events in Australia. As I trace through my book, this was to prove one of the most important criticisms of Santamaria: that he claimed to be acting as if the Movement was the secular arm of the Church. He later strongly and repeatedly denied this, but you will find in my book many instances where he claimed to be acting under the authority and control of the bishops, and that Catholics were obliged to follow him. Cardinal Gilroy was always uneasy about this ambiguous arrangement, but went along with it while the object was to prevent a communist takeover in Australia.

The turning point came when Santamaria began to expand his aims beyond the anti-communist fight into an attempt to assume the dominant influence within the Australian Labor Party, and ultimately the Australian government, so he could implement his plans for a rural-based civilisation. He detailed his rationale in the 1952 paper, "Religious Apostolate and Political Action" and in 1953 and early 1954 promoted versions of this as the theoretical basis for Movement activity. How does one explain Mannix's astonishing reliance on Santamaria and his backing for this extraordinary political adventure?

Dr Paddy Ryan, the Sacred Heart priest who had originally organised Catholic anti-communist groups in Sydney from the 1930s, contested Santamaria's new direction for the Movement, though this was known only to top Movement leaders and their clerical advisers. Ryan warned Gilroy that Santamaria was ignoring the limits placed on him by the Sydney understanding, and launching into a direct involvement in party politics in the name of the Church and demanding the loyalty of Catholics.

It was then that Gilroy promoted his canon lawyer and adviser, James Carroll, to bishop, so that he could resolve the entanglement over the Movement. Carroll tried to reign in Santamaria from his political plans, but when this failed, he effectively withdrew the Sydney Movement from Santamaria's direction. Mgr Tom Wallace, parish priest of Darlinghurst, also played a key role in urging key Labor Party identities to move against the Movement.

However, it was left to Dr Evatt in October 1954 finally to denounce the Movement publicly, leading eventually to the Labor Split. From around this time, Santamaria began claiming that the Movement was an independent organisation of lay Catholics, not under the command of the Church, but still closely allied with friendly bishops who lent legitimation and intense vocal support, considerable finance and access to other Church resources.

I have attempted to trace the close involvement of the Church leaders in this unfolding drama. The divisions within the Church became so inflamed over the Split that the Melbourne-aligned bishops in October 1956 refused to attend meetings of the entire hierarchy to try to resolve the issue. Hence the Sydney alignment appealed to Rome.

Drawing on many new sources in Rome and Sydney, I have detailed the fate of this appeal, and shown the extent to which the 1957 Vatican intervention was influenced by Maritain's thinking, particularly through Mgr Pietro Pavan, the secretary of the Vatican's international secretariat for Catholic Action, whose views Santamaria had long ignored.

To the enormous surprise of Mannix and Santamaria, the Roman decisions went against them. Mannix appealed unsuccessfully to Pope Pius XII himself. Sydney immediately acted on the Vatican instructions to disengage from the Movement altogether, in industrial affairs as well as political. In fact, Sydney had already been doing so. In areas of the Melbourne alignment, on the other hand, things continued much as before. Contrary to the explicit Roman instructions, there was little or no disengagement from the Movement by the Melbourne alignment. The Vatican Instructions were never publicly clarified by the bishops.

Finally, in 1959, after Gilroy's repeated appeals to Rome, one of the Vatican's top trouble-shooters, Cardinal Agagianian, was sent to quieten the dispute. The situation in Melbourne was not formally resolved until Archbishop Simonds succeeded Mannix in 1963.

This is where my story ends. Santamaria, of course, continued to agitate as a Catholic champion on social issues, particularly in relation to the Vietnam War, the Cold War, and debates over the Catholic Commission for Justice and Peace. Someone suggested to me that I should continue Santamaria's story through these years, but I quail at

the thought of the amount of work involved. Perhaps some of this audience may be interested in pursuing this massive project.

I would have liked to have written a book with a happy ending, but unfortunately history is rarely so kind. Whatever their good intentions, Mannix and Santamaria in particular emerge very tarnished figures. How does one explain why Santamaria so often interpreted official Church directives and conferences in a way contrary to what was intended, particularly on the Church's engagement in political affairs? After 1954 Santamaria simply reversed earlier positions on Church involvement in politics for strategic reasons, and pressed on as if nothing had changed. Denials by Santamaria and some of the bishops of Movement activities which were in fact true, though understandable from a political point of view, do not support a hagiographical interpretation in relation to truth-telling.

Part of the explanation for this surprising lack of frankness is that a clandestine organisation like the body must rely on the principle of deniability to preserve its operational integrity as a secret body. Hence members denied they belonged to such a body on the pretext that they were not technically formal members; they even had to be prepared to deny that such an organisation existed. The Movement soon became trapped in the morass of its own "disinformation", scandalising many Catholics and outside observers.

Gilroy acknowledged that he and the other bishops had in 1945 made a mistake setting up the national Movement in the first place, and wanted to wrest control of the Sydney Movement from Santamaria, but did not seem to understand the importance of Maritain's distinctions. Nor did Carroll and his advisers.

In his review of my book in the *Australian Book Review* (May 2001), Ross Fitzgerald considers that I have rendered Gilroy "as being pure as driven snow", when he claims, the NSW bishops, particularly James Carroll, were "devious pragmatists, intimately connected with the powerful ALP machine." (p. 35). I am not sure what Fitzgerald wanted me to say about Gilroy. The Cardinal was known to be petty and authoritarian in the manner of the time, unintellectual and mistaken about authorising the Movement. But as for being improperly involved in politics, as far as I could determine, contemporaries considered that Gilroy was very averse to any personal involvement in politics, though his position meant some regular contact with politicians.

How much did he understand of what Carroll was doing? And was Carroll doing any more than resisting Santamaria's control of the Sydney Movement? Certainly he intervened in Sydney in very authoritarian fashion against the Melbourne Movement, and he campaigned for much of his life for Catholic education. But did his

interventions go any further than this? Until Archbishop Carroll's papers are released in several decades, it will be difficult to know.

The ones who emerge from this account with most credibility are the proponents among the Campions and *Catholic Worker* people on the matters of principle raised by Maritain and repeatedly endorsed by overseas Church authorities. Why did Santamaria ignore these distinctions for so long? Presumably because he found Maritain's opposition to a crusading mentality in the Spanish Civil War so repugnant that it rendered the developing political views of the French activist in coming years totally unacceptable, despite the fact that they won widespread agreement in Catholic circles and had strongly influenced the authorities in international Catholic Action for many years.

In addition, Maritain was much more sophisticated in his critique of communism than Santamaria, and did not dismiss it as totally demonic. On the contrary, Maritain said it contained elements that had been discarded by the Church and should be retrieved into its social teaching. Maritain in many of his 60 books certainly attacked errors in the philosophy of communism which helped explain the atrocities of the communist regimes, but he also argued that communism had won much popular support because of its attack on real social injustices.

The dispute over the Movement was the most torrid in recent Catholic history in Australia. Santamaria's project was bound to fail, as he could not simply resurrect a theocratic view of Church political engagement and ignore contemporary Church thinking on the question. Yet the question of the relationship between Church and State/society has been a perennial one in western civilisation, and will continue to be so. I hope my book has shed some light on a distinctively Australian chapter in this long history.

# REMEMBERING

**BOB SANTAMARIA**

**Greg Sheridan**

It's always an honour to be associated with anything at The Sydney Institute and if I were a politician I would say that I'd like to be associated with Gerard's remarks in the paper today about immigration. I'm planning to offer a few remarks about Bob Santamaria and the movement he ran. I must say for a clandestine organisation I just want you all to know that Gerard and I didn't meet at a national seminar that wasn't held. Or that didn't exist. In a city which shall remain unnamed. Many years ago. We didn't have a very interesting conversation there either.

It's deeply deniable. I must say that this is the most thoroughly documented clandestine organisation in the history of the world.

Ladies and gentlemen, I am profoundly unqualified to speak to you tonight about this subject. I've read some of Bruce's book. It looks wonderfully interesting and no doubt I'll read the rest of it. But I must say I haven't given any systematic thought to B. A. Santamaria's place in history or his controversy within the Catholic Church for at least ten years.

Nonetheless I've been foreign editor of *The Australian* for about ten years and I would say that my own views on foreign policy were profoundly influenced by Bob. My qualifications for making a few remarks tonight are essentially that I was a friend of Bob. It's always difficult to claim friendship with someone who's dead because you're in danger of "verballing" them, but I think it's fair to say that I was one of Bob's friends.

I was drawn to him by his romantic and heroic anti-communism which I believe was absolutely right and something I've never recanted and never regretted. In the big battle of history he was on the right side, by being an anti-communist. I was an anti-communist when I met Bob, when I was about 16 years old. I am an anti-communist now and have been all the way in between and have never seen any argument which would make me change my mind on that.

I'll just share a couple of memories about Bob with you. First of all I want to issue a couple of caveats in the normal cowardly journalistic fashion – but what can you expect from a journalist? Nobody would endorse everything that Bob wrote because you couldn't possibly. It's all too contradictory of itself. In his last years his critique of globalisation had some interesting points. There was some value in it when he began because he was one of the few saying that sort of thing then. Now every jackass is a critic of globalisation, especially if they've done no research on it. Nonetheless, I have to say I disagree pretty much wholesale with his critique of globalisation in the last decade or so of his life. So I want to make that caveat.

But I think it's important to remember that Bob was, after all, a newspaper columnist among many other things. And one of the things about newspaper columnists is they have to write so many columns, so many words and make so many judgements so quickly that they often get their first judgement wrong. It's very easy if you're critiquing a newspaper columnist to make him look a fool. There are columns that Walter Lippman wrote in the early days of Nazi Germany which seem very pro-Nazi because he had to write a column when he had inadequate information. In due course, when he found out what the Nazis were really like, he became very anti-Nazi. And Bob, like many newspaper columnists, wrote some silly things. But he wrote more good things than silly things.

I met Bob because I admired his anti-communism and was drawn to his crusade against communism as a young, Australian Catholic kid of Irish traditions with the normal dysfunctional neuroses which such Catholic kids had. I was a literary youth obsessed with politics and fearful of the Communists. With all of that pressing on my psyche, what could I do but to fall into the arms of Bob Santamaria. You can see what a lot of misery has come as a result. But I must say when I met Bob I travelled to that city which won't be named to attend an organisation which didn't exist of which I wasn't a member and no one could have been less influential in Australian politics than me at age 16. If you'd surveyed the 13 million or so Australians there were then, you couldn't have found a less influential person.

I had no connections to any family that had any political influence, a family with no political activists or connections or money. And Bob spoke at this organisation which didn't exist which I didn't attend and he couldn't have been friendlier or more solicitous to an absolutely callow youth. As a 16 year old this was a rather magical moment to me. Every Sunday morning I'd watch Bob on television after *Nature Walkabout*. I remember there'd be the *World Championship Wrestling*, *Nature Walkabout* and Bob Santamaria's *Point of View*, all of which I'd like to watch on Sunday morning. Each had its own secret charms.

And it was tremendously exciting to meet Bob. I couldn't believe he was actually taking a serious interest in what I thought. Asking what I thought about the situation in South Vietnam when I didn't know about the situation in south Sydney. It was astounding that he would talk to me, much less take me seriously, and confide in me, and befriend me, and even mentor me. At that personal level, he was a wonderful person and very generous always with his time and interests, especially with younger people.

On the great historical issues Bob was much more right than wrong. Of course, anyone who wrote the millions of words he did will get some things wrong. But a few issues stand out.

The other day, I was researching a column on some of the silly things Malcolm Fraser's been saying lately. I was reading some of Bob's old pieces. And I found Bob in the early 1960s calling for the admission of large numbers of Asians as immigrants into Australia, long before most people thought of abolishing the White Australia Policy. He was doing this in a practical way, not calling for the immediate abolition of the White Australia Policy – you know, a totally racially non-discriminatory immigration policy – but what he was arguing was an incredibly progressive stance for him to take at the time. And it demonstrated, in a sense, his freedom from constraint of the normal attitudes of left and right in Australia. He was certainly not a Menzian "God, Queen and country, white, Anglo-Saxon, protestant conservative". He was interested in ideology and faith and national interest, but he wasn't interested in race or a bigoted conservatism.

After 1975, he was the first big figure to argue that Australia had an obligation to its allies in the Vietnam war, to those who had been defeated, who had been our allies. So he argued that we should take in large numbers of Vietnamese, Cambodian and Laotian refugees. Again, I thought this was an heroic, magnificent and absolutely right ethical stand for Bob to take. And Bob took it almost alone at that time. The Labor Party wasn't interested in the Vietnamese because they were anti-communist. The conservatives in the Coalition weren't interested in the Vietnamese because they weren't white, Anglo-Saxon protestants. Although, eventually Malcolm Fraser to his great credit did take in large numbers of Vietnamese. It was probably the best thing he did as Prime Minister. Perhaps indeed the only good thing and certainly the best thing he did. But right from the start, Bob saw this not as a matter of race but as a matter of simple honour. You had obligations to your friends. And on the big issue of anti-communism he was absolutely right.

But Bob did have a habit of mind which makes him subject to easy attack. This was to always deal in the worst case scenario. Now that can lead you to some silly judgements because most of the time the worst case doesn't eventuate. But it is a great benefit for a society to

have someone thinking systematically about what is the worst case scenario that can credibly happen. You can then extrapolate that out. If it doesn't happen, you can be mocked for that. But it's very useful in a complacent, isolated society like Australia to have someone thinking publicly and reasonably rigorously about what the worst case scenario might be.

If Bob Santamaria were alive today, he'd be talking about the possible violent break up of Indonesia and what that might mean for strategic reality for Australia. That would be a very important contribution for him to make. Or, he might talk about the possibility of a radical Islamic regime coming to power in Malaysia. These things probably won't happen, but it's very important for somebody to think them through and enter them into the national life.

In terms of my own intellectual development, I would say that I learnt four great lessons from Bob. One was that communism was evil and ought to be opposed. This was a fundamental element of political hygiene and was absolutely right. Secondly, Australia's security was not absolutely guaranteed. We live in a turbulent, strategically difficult part of the world, and this was infinitely more so the case during the worst days of the Cold War. And our independent survival depends to some extent on our own actions. You can't take it absolutely for granted. Thirdly, within society, philosophies are in collision and there is a great battle of ideas going on. And fourthly, whatever anyone else does you should take responsibility yourself for taking some action in the great battle of ideas. So, while Bob wrote some things that were silly, there were those four great lessons I learnt from him and I believe they were sound lessons.

Now, to conclude, the other thing is that we neurotic, literary, political, Irish-derived Catholic, anti-Communist depressives aren't generally regarded as a barrel of laughs by most people. But there was an element of being influenced by Bob which was a lot of fun. There were a lot of laughs to be had. I know people will find this astounding but I must say that fictional or unsympathetic portrayals of Bob always seem to miss completely the sense of irony and the sense of humour which was so often at play in his words and his tone of voice. Often there'd just be something in his tone of voice.

I remember him telling me once about how he'd rejected the offer of a knighthood by Malcolm Fraser and him saying something like, "Well I'm prepared to do a lot of stupid things for politics but you've got to draw the line somewhere."

There is a final anecdote in Bob's biography of Mannix which I think is telling. President Diem of South Vietnam was assassinated days before Bob was to deliver a television address. Everyone knew the Americans were involved. Bob was outraged at this monumental folly and at the slander that Diem had committed suicide. His dilemma was

whether to publicly criticise the Americans shortly before an election, and thus possibly diminish support for the American alliance, or to stay silent in the face of calumny heaped upon his friend. He decided to speak out, to criticise the Americans and support Diem. He later asked Mannix what he thought. Mannix told him he had done the right thing, for you must always support your friends, especially when they are dead, and the whole world is against them.



1. Alan Gold, Jolmathan Gold  
2. Kate Mill, Kathy Chitnick  
3. Jan O'Dea, Vivienne Hobbs  
4. Joanna Osorio

5. Yvonne Wilson & Guest  
6. Janette Batley, Alan Batley  
7. Mena Berry, Ron Poulson  
8. Suzanne Blake, Ann Gibson

9. Lana Syriatowicz, Roberta Veery  
10. Dorothy Mitchell, Eva Stack  
11. Melinda Meyer, Gillian Coutts

Photographer: David Karonidis



Photo: David Karamidis

*Peter Costello*

Widely recognised as the Liberal Party's successor to Prime Minister John Howard as federal Liberal leader, Australia's Treasurer and Liberal Party deputy leader Peter Costello is an impressive political performer. Addressing The Sydney Institute on Wednesday 25 July 2001, Peter Costello chose to tackle head on the issue of globalisation, reminding his audience that fluctuations in the market had affected Australians as far back as the 1850s with the discovery of gold. Globalisation is not a value but a process Peter Costello told his audience and to argue against it was like arguing against the telephone.

# **THE CHALLENGES**

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## ***AND BENEFITS OF GLOBALISATION***

**Peter Costello**

Each night the Australian television network bulletins give a run-down on the \$A exchange rate against the \$US, the Yen and generally the Pound. This is followed by a stock report and the closing value of stock market indices in New York, London and Tokyo.

These news bulletins are the flagship programs for networks. They are expensive to make and in the cut-throat battle for ratings the networks do enormous research to identify what the consumer wants from a news program. If you change between channels you will often find the same stories running in the same order. The product is so finely researched it is a formula. If the networks carry this financial information, there is a reason for it. The public expects it.

So what do Mr and Mrs Average make of a rise or fall in the value of the Dow Jones industrial, the Nasdaq, or the Nikkei as they fold the washing, or clear the dishes, or yell at the children to begin their homework? If there is a big fall, a news story will attempt to explain what it means for the domestic audience. But on most days, it is simply there – part of the background noise of daily living. People must think that in some vague way it is relevant to them. If they didn't it wouldn't be reported. And in a vague way it is.

### **Globalisation**

What happens on the New York Stock Exchange can influence what happens on the Australian Stock Exchange and if it does, it can affect the net worth of the millions of Australians who, for example, own Telstra shares.

Last week investor concerns about Argentina caused a flight to US dollars. That moved up the \$US. If the US dollar rises then, as measured against it, most other currencies fall. The \$A fell on the exchange rate to the \$US not because of any event in Australia, but because of changed perceptions of Argentina.

Now the transmission mechanisms are not entirely clear, the influences can vary in intensity, some effects are short term and some

effects are long term, but we are conscious that we are affected by a whole series of events around the globe.

And to some degree it has always been thus.

The evening news will quite regularly give a quote on the oil price and the gold price (measured of course in US dollars). Few Australians buy or sell gold today.

But a lot of the diggers at Ballarat and Bendigo in the 1850s and 1860s sold gold. Movements in the world gold price could mean the difference between splendour and starvation. The daily livelihood of thousands depended on the global price of gold. Two of Australia's great industries – mining and agriculture – have always been exposed to global pricing.

The Ballarat digger did not get the gold price from the evening network bulletin or the Reuters screen. The transmission of global pricing information took longer and market adjustments were slower. Often this meant, that when the adjustments occurred they were much larger and caused a much greater shock and dislocation.

Globalisation is a description of the fact that countries and their citizens are affected by other people, or governments, or businesses, or decision-makers all around the world. And because communication is faster, and transport cheaper, the connections are more immediate and more intense than ever before. The telephone which first connected suburbs now connects the world and optic fibre transmits data, money, email, knowledge from business to business, home to business, home to home across the world.

As I have previously argued globalisation is not a value, it is a process. Globalisation describes what is happening. And ranting against globalisation is like ranting against the telephone. You can use the telephone for good or for ill. So too the wider process (of which the telephone is part) can be a force for good or ill.

Rant against globalisation and you might as well rant against the telephone. And, what is more, you will not reverse this process.

Of all the countries in the world where this should be well understood, it should be in Australia. The founding of the colonies in Australia was an example of globalisation. At the end of the eighteenth century as its economy strengthened, its technological capacity developed, Britain was able to establish and maintain a settlement 12,000 nautical miles from its global centre in London. It couldn't do this in the sixteenth century where its capacity to maintain colonies extended only 3,000 nautical miles to North America.

Foreign investment arrived here in Port Jackson in 1788 with the first fleet. It was investment in construction, agriculture, livestock and government infrastructure. Of course at that stage it was government rather than private investment, but overseas private investment followed thereafter. In the early years it came principally from London.

We used the savings of others to invest in and build our economy. Australia is here as a result of globalisation and foreign investment.

None of this is to say that all the consequences have been without blemish, nor to say that we should not try and direct this process to maximise our benefits in the future. In fact I think we should. But we should come at it from the right starting point. A country which is open to trade, investment, technological transfer, is going to be more prosperous and a better place to live than one that is not.

There is a self-styled anti-globalisation movement that pretends to the contrary.

This movement likes to protest against the meeting of any organisation that has the word “world” in its name – the “World” Trade Organisation (Seattle December 1999), the “World” Bank (Washington April 2000), the “World” Economic Forum (Melbourne September 2000).

Yet these demonstrations are organised on the Internet, otherwise known as the “World” Wide Web, its members fly the One “World” airline network to get to anti-globalisation rallies and once there they organise demonstrations for “world” wide television coverage.

Some of these people are committed leftists. They are not against internationalism. They are against international markets for capital. They wouldn’t mind a bit of internationalism of the socialist variety. Some of the protestors are Christians who are members of the Roman Catholic Church (which has a global hierarchy here on earth) or the World Wide Anglican Communion. Some are environmentalists who protest against globalisation, and demand international agreement on global warming. They think “global” and act “global” and protest against globalisation.

Of course there are countries that have sought to close their borders to foreign investment and erect barriers to trade. But it is unlikely you will hear the demonstrators extolling the virtues of them – countries like North Korea, Albania or Cuba. And one wouldn’t want to run an anti-globalisation demonstration, indeed any demonstration, in a country that prefers the closed – as opposed to the open – society.

One of the constant claims made against the process described as “globalisation” is that it is making the world’s rich, richer and the world’s poor, poorer. Let me say at the outset that I am interested in making the world’s poor, richer. If there are policies that can pull the world’s poor out of poverty and increase their standards of health care and education, it does not concern me that in the process the world’s rich become richer too. Rising living standards in the developed world would be another reason to pursue these policies. However, it would concern me if rising living standards in the developed world were the **cause** of deterioration for the world’s poor.

Experience shows us that open markets, trade liberalisation, and the economic growth which it has facilitated is boosting the living standards of the world's poor.

In the twentieth century, the poorest quarter of the world's population became almost three times richer. Economic development lifted more people out of poverty than ever before and gave them better health and education and better opportunities in life. Gains of this magnitude are unprecedented in previous human history.

A clear majority of those who were poor as recently as 1970 have got richer, in both absolute and relative terms: over the last 30 years, about 70 per cent of the population of developing countries have experienced sufficiently fast growth in real per capita GDP to converge towards rich countries' levels. Poverty has worsened in some nations, particularly in Africa. But there are major developing countries, particularly in Asia, with large populations that have been growing quite strongly and lifting millions out of poverty.

In our part of the world – East Asia – economic policies which encouraged foreign investment, more open trade, and economic growth, have halved the number of people living in extreme poverty in less than two decades.<sup>1</sup> The dispersion of living standards has been slowly narrowing, not widening. The only halt in this process was the Asian economic crisis of 1997-1998. Economic growth is the best poverty-buster yet discovered.

But there have not been many successes in sub-Saharan Africa.

Those countries where poverty is worsening are not those which have participated in free capital flows and foreign investment. On the contrary they are those that have been unable to participate in globalisation because of war, corruption, or maladministration. And their economic institutions are weak. Their share of global trade has actually halved over the last 20 years. They are isolated from global trade opportunities.

This indicator of falling trade shares for the poorest countries is not a sign they are exploited by globalisation, but rather an indicator they are missing out on the opportunities that can be created.

Many of the problems attributed to international trade rules or international institutions, such as apparently intractable poverty in the poorest countries, are in fact failures of national policies and institutions. If only things were easy. If only we could defeat poverty by halting the proceedings of the World Trade Organisation. The truth is much more pessimistic than the fantasy that the developed world can fix all the problems of the developing world. Ending war, tribal conflict, corruption, building legal and economic institutions is so much harder.

The greatest victims of the anti-globalisation demonstrators who want to stop more liberal world trade would be the poor. Protectionist policies followed in developed countries would lock the poor out of

markets for agriculture and textiles where they could actually develop trade and earnings. It is not open markets and free trade, it is protection that will damage the world's poor.

Economic reform has also brought benefits to Australia. In the 1960s Australia used to trail OECD average annual real per capita income growth by about one percentage point. By the 1990s and particularly in the second half of the 1990s Australia's productivity kicked away and we began to lead the OECD annual average per capita income growth by about half a percentage point.

Australia was only one of three OECD countries (together with Ireland and the Netherlands) to have registered markedly stronger trend growth of real GDP per capita over the past decade compared to the 1980s. The same trio also led the OECD in the trend growth of multifactor productivity with gains in Australia particularly strong in the later part of the 1990s.

There was broad bipartisan support for economic reform until Labor went into opposition. Since then Labor has had some success in the politics of opposing economic reform. But it has been unable to come up with any alternative program.

So if these economic developments are pulling people out of poverty, if they have led to rising living standards in our own country, why is there so much disquiet? Why has globalisation become a dirty word?

I think the answer is that as people see decisions taken in far-off countries that affect their lives but which they have no influence over, it tends to lead to a sense of powerlessness which may be resentment or anger.

I am not sure if the individual has less control or influence in modern society than he or she did 20 or 50 or 100 years ago. But I am sure that people want more. Expectations are rising.

Because we now have immediacy in communication people expect more consultation. They have the capacity to put views on daily events and they expect them to be listened to.

Elections occur only every three years. People want a say more often than that, hence the proliferation of vote lines, 1800 numbers and daily talkback radio. People can decide who took the best catch in a Test Match or who should be evicted from the Big Brother home so why not have more important decisions determined on the same basis? Decisions that are made outside the country or outside the broadcast area seem to be much harder to influence again.

Despite the publicity given to individual foreign takeover proposals, the proportion of Australian equity owned by non-residents has remained steady at around 29 per cent since 1993-94.

On the other side of the coin, Australians have become large owners of overseas business assets. Since 1993-94 around \$A30 billion

has been invested in direct interests in overseas-located companies. Tomorrow's icons may well come from these overseas business interests as much as from Australian based companies.

What we know of investment is that departures are visible and arrivals are unnoticed. This is the nature of media which can film a closure together with individuals affected by it. It is much harder to film potential beneficiaries of new investment. And it is not nearly as interesting a story. News thrives on a sense of crisis.

A recent arrival in Australia is ABN AMRO Australia, which employs around 750 staff in Sydney, Melbourne and Brisbane.

Architectural services provides an example of Australians capitalising on global opportunities. The world market for architecture is perhaps A\$3 billion a year. Australia is currently a small player, but off-shore earnings from architecture is some 16 to 20 per cent of Australian architects' fees. Denton Corker Marshall, a leading Australian design practice, and the youthful Sydney architectural firm of John Choi and Tai Ropiha, are enterprises that have both taken advantage to win spectacular successes overseas.

Size does matter if you are selling goods or services, or raising capital. Australia is a market of almost 20 million people and about US \$200 billion in terms of private final consumption expenditure. In comparison, the EU is a market of 375 million people and almost US\$4600 billion, and the North American Free Trade Area is a market of 400 million people and over US\$7500 billion.<sup>2</sup>

There is strong pressure on Australian companies to gravitate to the large markets of the Northern Hemisphere and to seek capital from the savings of the large block of affluent people who live in the Northern Hemisphere.

The most recent vehicle put forward to pursue this aim is the dual listed company. A dual listed company is a company listed, in our case, on the Australian Stock Exchange equalising dividends and capital with another company listed on another exchange and being run by a common management and board.

The business of two companies is merged without transferring assets into a single structure. It is the equivalent of a merger without the legal transfer of assets and shareholdings. It is obviously becoming quite a significant development for Australian companies – first CRA then BHP and now others.

The merger of the business gives economies of scale. And one of the principal economies is one set of management. Australian companies have Head Office Management located in Australia. The Head Office management of their dual listed partners will probably be in the Northern Hemisphere. Does it matter where the unified Head of Office is located? Does it make sense to talk about a Head Office having a location in the modern world?

I think it does.

Corporations usually require a whole set of skills for their Head Office functions – financial services, accounting, legal strategic and investment. These skills hired by or retained by management tend to congregate around the Head Office management. In a modern world where the basis of wealth is skill, the congregation of skills (one of which is the top management itself) adds value to the economy of a nation.

Now some will say that for young Australians the opportunity to develop or exercise these skills are still there as they advance through the corporation. And of course by exercising them in larger operations (including operations overseas) they may well be exercising them to a degree which they would previously not have been able to do. But I do not think it would be good for a country if these skills were not being exercised anywhere in the country or not being exercised to a significant degree anywhere in a country.

This is the principal reason why the government insisted on a term in the BHP-Billiton foreign investment approval that the global headquarters of the Group is to be Australia.

Of course, if a country wants to have Head Office and ancillary services, its first priority should be to build a business environment that makes it attractive. This has been a large part of our thinking in reducing company tax, cutting capital gains tax, abolishing financial taxes and stamp duties. In addition, personal rates of income tax are relevant factors to decisions on where to base Headquarters and executives.

Obviously if a country wants a competitive taxation regime and a decent level of social services then it needs a taxation base to sustain it. To stay competitive the weight must be kept off direct tax – income tax and company tax – and the indirect tax base must carry the burden of funding social services. A narrow base, indirect tax cannot do it. To reweight the tax system out of indirect tax and, by definition, into direct tax is a reverse direction. No other developed country in the world is moving that way. It is a recipe for uncompetitiveness. With the competitive challenges we face we can't afford errors. Narrowing our indirect tax base, and its consequence of higher direct taxes, could do us great damage.

The immediacy that changes in technology and communication have brought means that bad-decision making is more evident and reaction to it faster and more severe. The leverage is greater than ever. The benefits can be greater than before. But the margins for error are much smaller. If Australia wants a decent level of social services (which it does and which it deserves) then it will require a decent broad based indirect tax base to maintain it.

But keeping up with the competitive game is not just tax. It is a whole range of pro-investment decisions on labour relations and monetary policy and skill development. And most of all a determination not to run from the rest of the world, but to adapt and change and harness the best opportunities that it offers us.

## **Endnotes**

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- 1 Those interested in the statistical issues behind the common misconception that the world income distribution is still widening are referred to one of the articles in Treasury's centenary Economic Roundup, *Global poverty and inequality in the 20th century: turning the corner?* May 2001, available at <http://www.treasury.gov.au/>
- 2 These comparisons are at exchange rates rather than purchasing power parities, as the context is not a living standard comparison, but rather a comparison of the sizes of consumer markets as they might appear as market opportunities to global businesses

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## GUEST SPEAKERS AT THE SYDNEY INSTITUTE MAY 2001 – JULY 2001

**Rob Johnson** (Author, *Cash for Comment: The Seduction of Journalist Culture*, Pluto Press)

**Pilita Clark** (Senior Writer, *Sydney Morning Herald*)

*Critic Critique Thyself: The Media and Self-Delusion*

**The Hon Philip Ruddock MP** (Minister for Immigration & Multicultural Affairs)

*Australia's 2001/2002 Migration Program*

**Bob Breen** (Army Reserve Officer and Author)

*Peace Keeping Lessons – The ADF in East Timor and Bougainville*

**Meredith Hellicar** (CEO, Corrs Chambers Westgarth)

**Barry Jones AO** (Former ALP President)

**Dr Katharine Betts** (Assoc Prof, Social & Behavioural Sciences, Swinburne Uni of Technology)

**Kevin Andrews MP** (Liberal Member for Menzies)

*Australia's Population: The Options*

**Dr Ann Harding** (Director, National Centre for Social and Economic Modelling)

**Patrick McClure** (CEO Mission Australia & author of "The McClure Report")

**The Hon Steve Maharey MP** (Minister of Social Services & Employment, NZ)

*Where for Welfare?*

**Ruth McColl SC** (President, NSW Bar Association)

*The Law, Politics and the Media*

**The Hon Kim Beazley MP** (Leader of the Opposition)

*Knowledge Nation*

**Jonathan Shier** (Managing Director, ABC)

*The ABC – Unique Competition*

**Rudo Chitiga** (Deputy Director of the Commonwealth Foundation)

*Civil Society, the New Millennium and the Commonwealth of Nations*

**Rev John Shelby Spong** (former Bishop of Newark, NJ)

**Fr Paul Stenhouse** (Editor, *Annals Australasia*)

*Here I Stand: Spirituality in the 21<sup>st</sup> Century*

**Dr William Coleman** (Co-author, *Exasperating Calculators* [Macleay Press])

*The Campaign Against Economic Reform*

**Hilary McPhee AC** (Author, *Other People's Words-The Making of an Accidental Publisher* [Picador Australia 2001])

*In the National Interest*

**Prof Peter Drysdale** (Executive Director, Australia-Japan Research Centre)

**Masako Fukui** (Journalist, formerly with *The Nihon Keizai Shinbun*)

*Where to – Australia and Japan*

**Bruce Duncan** (Author, *Crusade or Conspiracy?* [UNSW Press 2001])

**Greg Sheridan** (Foreign Editor, *The Australian*)

*Remembering Bob Santamaria*

**The Hon Peter Costello MP** (Treasurer & Liberal Party Deputy Leader)

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