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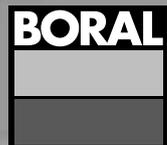
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Photo – David Karonidis

Fiona Terry

Fiona Terry is the Director of Research, Medecins San Frontieres, Paris and author of *Condemned to Repeat – The Paradox of Humanitarianism*. During a visit to Australia in April, Fiona Terry addressed The Sydney Institute on Wednesday 30 April 2003. Her message was direct – if difficult. In Dr Terry’s experience, it is not good to see humanitarian efforts simplistically. Aid workers are often caught in complicated political situations. And some aid work is capable of negative consequences. Unenviable decisions have to be made – and sometimes withdrawing humanitarian aid is unfortunately the only answer.

CONDEMNED TO

REPEAT? THE PARADOX OF HUMANITARIAN ACTION

Fiona Terry

In the field of humanitarian action, my message is difficult to deliver because it's counter-intuitive. Quite simply, in spite of the good it can do, sometimes humanitarian action can also have unintended negative consequences. And it can, potentially, do more harm to certain populations than good. I am very pleased to say that this is not in the majority of cases, but tonight I am going to focus on some of the cases where such negative consequences have occurred. This is because we need to look at the more extreme examples of humanitarian action to see where it's gone wrong.

It is utopian to believe that humanitarian action is only good, but this is the message that most aid organizations espouse. This is for a good reason: aid organizations must remain independent of governments if they hope to direct aid to people in need regardless of political agendas, hence they require the support of the general public to finance their activities and the best way to generate such support is to pull at the heart strings of people and say that aid is good and is a solution. But what I'm here to say tonight is that it is very rarely a solution to a problem because humanitarian action can never address the root causes of the conflicts or the causes of crises which have terrible humanitarian repercussions. It can only really stick a band-aid on them and try to alleviate the suffering of victims of crises and sometimes this occurs in a negative way.

My book stems out of my personal experience with Médecins Sans Frontières in the Rwandan refugee camps in Tanzania and Zaire at the end of 1994. What I'd like to do tonight is paint for you the dilemma that we faced and talk about how we thought about this dilemma and why we left the Rwandan refugee camps. I'd also like to talk about North Korea. It's a country that not many of us know much about. For me, it's the example of the worst manipulation of humanitarian action in the world today. All the cases I cover in my book – the Rwandan refugee camps in Zaire, the Afghan refugee camps in Pakistan, the Salvadoran and Nicaraguan refugee camps in Honduras (during the

1980s) and the Cambodian refugee camps in Thailand (1980s) – were written with the benefit of hindsight. I was able to ask: what were the positive and negative effects of their relief operations? But, in North Korea today, there is no end to the terrible situation for North Koreans and we do not know the results of many years of aid. That makes it a particularly interesting situation.

The dilemma of the Rwandan refugee camps began after the 1994 Rwandan genocide, when the people that were responsible for the genocide, who had organized it and perpetrated it, pushed much of the Rwandan population on the road and out the country's borders, first to Tanzania and then into Zaire, where they lived amongst them and basically controlled them by controlling the humanitarian aid coming through. It was understandable that aid organizations did not realize this at the very beginning because there was a massive exodus of refugees. We are talking about hundreds and thousands of people crossing the borders within a very short period of time and, of course, when this occurs the major priority of the aid organizations is to stop mortality, to try and get clean water systems in, to try and get the food distribution systems flowing and to organize sanitation, get measles vaccination campaigns in place and so on. It takes time to stand back and look at the political situation and start asking questions about who the refugee population is.

On top of that, most of the refugees were saying that they fled the advance of the Rwandan Patriotic Army, which was invading from Uganda in the north (which in fact stopped the genocide in 1994). A lot of the refugees had, from years of civil war, legitimate reasons to flee and to fear this invasion force. However, we started to feel it was somewhat bizarre that the refugees were all recounting the same story of the violence that they had heard about, but we couldn't find any witnesses to direct violence perpetrated by the RPF at that time. Then about June (this had all occurred around the end of April) we realised more about the people in the refugee camps. A very well know participant in the genocide, one who had helped to organize it as the mayor of one commune, was found to be in the camp. And when the United Nations High Commissioner for Refugees – whose responsibility is for the refugee camp – asked him to leave, thousands of refugees immediately rose up with machetes and threatened the aid organizations. This made us very much aware that this was not a normal refugee situation. It was a very volatile and violent situation. The people who had perpetrated the genocide were in charge of the camp.

So what did these perpetrators do while they were in the camp? How did they control it? As you're already aware, when refugees are dependant on food aid, the people that control the food control the refugees. As they have no other source of income, they are dependant on the camp leaders. So the perpetrators put themselves forward as

legitimate representatives of the refugees and they controlled all access to the refugees by the aid organizations.

In Zaire, it was much worse. After July 1994, the main instigators of the genocide and the army fled into Zaire. You will all remember the terrible scenes from cholera outbreaks that devastated the refugee population: up to 50,000 people lost their lives in about one month. You probably remember the images of the bulldozers piling the bodies into vast pits. It was a catastrophic situation. But in amongst the millions of refugees were the hardliners, those that had organized the genocide, who were then being defeated by the Rwandan Patriotic Front invading from Uganda. And they had even more control in the camps of Zaire. Tanzania wasn't so affected by the hardliners, but the problem of camp control still existed. But in Zaire it was very visible. The leaders in the camp even imposed a 20 per cent tax on all local staff. At that time, because the Zairean currency was hard to get hold of in such enormous quantities, we were all paying US dollars.

In one refugee camp of 100,000 people, we were running the hospitals and we had about 550 local staff on our payroll. They were earning an average of about US\$100 a month. Twenty per cent of the payroll was US\$11,000 and that was from just one NGO in just one camp. This was money going directly into the hands of people responsible for genocide, and people who were rearming. And we all saw the arms flights coming into the camps at night. They were using the camps as a rear base for their attacks on Rwanda and they carried out many attacks. Our aid was helping to legitimise them; aid was helping to restore them to their former power.

The dilemma we faced was terrible. As humanitarian actors we were not responsible for this situation. It was the abrogation of responsibilities by many other actors that led us to have to confront this terrible dilemma, where it was actually our aid that was contributing to a longer term problem. So we were really left with only two choices. We called for military intervention in the camps to separate the genocidaires from the bona fide refugees; we called for a police force to do so but no states were willing to intervene apart from just to stop the cholera epidemic, after that they all left. They were not willing to get involved in this process of separation. In many ways it is understandably why they did not want to get involved but it left us in a terrible situation where we were left with a choice between participating and continuing to be there, accepting that our aid was being used in this way; or leaving.

I was head of the French section of Médecins Sans Frontières in Tanzania during this period, and we decided to take the controversial decision to withdraw our assistance from the camps. It was even controversial within MSF because we were split as an organization. The Dutch, Belgian, Spanish and Swiss sections all decided to the

contrary, although our diagnosis of the problem was the same. They decided that our greater responsibility lay in continuing to help the refugees regardless of the possible longer term consequences. Some also argued that you can't predict the longer term consequences of the situation.

It was a terrible moral decision that we had to make and one on which I continued to dwell after we left. I began reflecting upon what other situations had there been in the past of this happening. Was this unique – the militarisation of refugee camps – or were there precedents from the past? During the Rwanda crisis some people in MSF were invoking the precedent we had of the Khmer Rouge in the 1980s, that they had pretty much done the same thing – the Khmer Rouge had annihilated a part of the population in Cambodia; they had taken a large number of refugees with them and fled across the border into Thailand, where they installed themselves beside the refugees in the camps. They controlled all aid coming into the camps and they were resuscitated as a fighting force, the remnants of which still perhaps exists today, or until a few years ago. That was an important precedent we had at the time to reflect upon the potential consequences of the Rwandan refugee crisis.

Of course, we all know the consequences for the Rwandan refugees (even MSF did not predict it would be as bad as it was). In 1996 the refugee camps in Zaire were attacked by the Rwandan army of Paul Kagame's regime, which is now in power in Rwanda. Up to 200,000 refugees are still unaccounted for to this day. After the camps were attacked, the refugees were systematically hunted down in Zaire and if they did not return immediately to Rwanda they were massacred. And aid organizations were used in this terrible process. Whilst driving around after the camps had been attacked, trying to find refugees we knew were in hiding in order to give them food, medical assistance and so on, what we didn't know but very quickly learned was that the rebel forces of Laurent Kabila and Paul Kagame were following our aid vehicles. Once the refugees came out of hiding in order to receive our aid, they were massacred. The aid organizations raced from site to site in Zaire as the refugees fled west, and in different places we were able to bring some refugees together, and try to deliver them assistance. But the security was so bad that aid organizations weren't able to stay overnight. On one occasion near the town of Biaro, where a makeshift camp had been established, the aid organizations left one night and came back in the morning to find the entire camp deserted. Even the hospital was empty. There was just the intravenous drip hanging down from the beds and no sign of the patients. A few months later, a mass grave was discovered nearby.

So this was the consequence of two and half years of humanitarian aid – a million dollars a day these camps cost – resuscitating a

genocidal regime and provoking attacks from the Rwandan government. Of course, the responsibility for this does not lie with the aid organizations. Far from it. It lies with the people in control, with the people who actually ordered the killing, who pulled the trigger; it lies with the states that had the capacity to do something but which chose to do nothing. Nevertheless, what role did we have, as aid organizations, in this process? What responsibility should we bear for the consequences? That's really the question I try to examine in my book, by looking at historical cases of the militarisation of refugee camps, the different ways in which aid has been manipulated for the benefit of a fighting force, and, in historical cases, what was the attitude of the aid organizations and the UN to this manipulation of aid? Did they recognise it was happening? Did they justify it in the name of a just war – as many did with regard to support to the Mujahideen in the Afghan camps of Pakistan? Many aid workers thought that it was a legitimate, just war against the Soviet occupiers in Kabul. The Mujahideen were allowed to use the refugee camp as a rear base, and to use it as a rest and recreation area for its fighting forces who'd come back and spend time with their families. However, it was also in these refugee camps that the madrassas, or Islamic schools, were developed, and where the Taliban in fact were born. And it is very ironic, in the situation of the world today, that it was United States government that was the main sponsor of what was happening in the camps and allowed this to occur.

One of the main points in my book is that the victims of today are potentially the oppressors of tomorrow. We need a much more hard-headed look at humanitarian action and be more politically aware in order to see the way that aid can potentially prolong war. It can assist people we are not intending to assist. Aid organizations should try to minimise the harm they do with their humanitarian aid. Having said all this, of course, humanitarian aid is indispensable to the lives of many people around the world, so there is always this tension. We need to be able to juggle one side against the other.

All this is very pessimistic for some people, but there is hope that some of the problems of aid can be minimised if aid organizations look more deeply into who their aid is actually helping. They need to put into place mechanisms that will help them to judge the relative good or harm of their aid to enable them to decide whether they should stay or go. The aid operation in North Korea is a good example of a country in which there is no possibility of giving genuine humanitarian aid. Médecins Sans Frontières left North Korea in 1998, as did many organizations. It's probably the country which has provoked the withdrawal of the largest number of aid organizations: Oxfam, CARE, Médecins du Monde and Action Contre la Faim have all left. In spite of this, it is one of the largest recipients of food aid in the world.

There has been a terrible famine North Korea since the early 1990s. The international community became aware of it in 1995 when the government made a call for international assistance. But the government controls all the aid coming in, and very firmly. All food that comes in is taken over by the government at the port and distributed through their mechanisms to kindergartens, schools and areas where people are fed, or supposedly fed. There is no possibility of aid organizations controlling their aid; and they have never been allowed to conduct an independent evaluation of where the needs lie because no one is allowed to travel freely in North Korea. The government appoints the translators and minders to all the aid organizations that are working there. There isn't even the possibility of sitting down and having a conversation with a North Korean person. The government watches everything and people are obviously too scared about the repercussions of talking to foreigners. From our work there, we know the spin that translators give to the responses of doctors in hospitals.

So, aid organizations that are working in North Korea are very highly compromised and refugees in China say that they have never received food aid despite the massive aid program. There are few refugees left in China now, but over the last three years MSF has been interviewing refugees and trying to assist them in a clandestine way because the Chinese authorities do not recognise that they are refugees. They consider them economic migrants, illegally there, and arrest any they find and forcibly send them back to North Korea where they are handed over to the authorities. Their fate is to be sent to a concentration camp for a certain amount of time. Many will never come out of these concentration camps, particularly if they have crossed the border into China multiple times. It is not easy to cross the border into China. Refugees have to traverse the river and there are border guards all the way along. Still, many manage to do so, some on a regular basis, trying to get food and money to take back to their families in North Korea.

Aid organizations working in North Korea say that their aid reaches the starving but since they have never been allowed to conduct an assessment in the country they don't know who are the most vulnerable, who are in most need. All aid is channeled to institutions and aid organizations are allowed to go and see food being fed to people – but only with four to seven days notice given to the government. There are no spot checks allowed. Aid groups can't just walk into a school and see that children are eating. When eventually allowed to visit a school or another institution, the aid workers have no idea who the children are, or where they've come from. In therapeutic feeding centres established by MSF there was a very low malnutrition rate, which is odd in a country suffering famine. Yet MSF workers saw starving children dressed in rags, who were clearly malnourished searching for grains of rice along the railway tracks. When they ask the authorities, "Can we

help these people?" the authorities say they don't exist. "There are no street children in a socialist paradise". But it is very clear, there is famine going on. Aid organizations want to be there to help the people, but how can they, as humanitarian actors, possibly continue to support a system where the regime has chosen who to allow to receive aid and thereby live, and who is expendable to the regime and can be disposed of? And we have also learnt that the North Korean regime has classified all of its population according to three categories of loyalty to the regime, based on their family history according to which side their father may have fought on, or their grandfather, in the Korean war or during the Japanese occupation. Such loyalty is accepted for three generations; that's the timescale in North Korea for this categorization.

It became fairly clear to us that the people we were allowed to give food to were those who were chosen by the regime, and we were not allowed to provide any assistance to those considered expendable. From our interviews with refugees along the border, who came mostly from Hamkyong province in the north and were coal-miners and from the 'hostile' class, it was clear they never received food aid despite the massive quantities that came in and despite the fact that the UN World Food Programme concentrates its aid in these Northern provinces. But they did not receive aid. Some people, in interviews, spoke of only seeing food aid when they had to carry it from a military warehouse to the UN or to a school before a UN inspection. It became clear to us that the monitoring visits were very much staged by the regime. So in 1998 we left North Korea, saying that the government has made it impossible for us to work, that such conditions clearly contradict the very basis of the idea of humanitarian action, to decide who has the right to live and who has the right to die. Humanitarian action is aimed at giving aid to those who are most at risk, regardless of who they are, what they've done in the past; it's purely on the basis of need and vulnerability, and so it was impossible to stay.

I'm still trying to understand, in spite of all the knowledge we have about the perverse effects of aid, about the diversion of aid, why is it that we are unable to get around it; why is it that we are unable to escape the negative consequences. Why is it that after the Khmer Rouge, the Rwandan situation occurred with much the same consequences? We are going through a fairly sad period of history with regards to humanitarian action and I believe the situation is going to get worse. There is a large amount of institutional preservation guiding the actions of the aid world today, rather than purely the needs of populations and a concern with humanitarian action itself. The principles of neutrality, impartiality and the independence of aid organizations, are being very much eroded.

Since 11 September 2001, we have seen a further erosion of the independence of aid agencies. It's staggering, in the United States, that

so-called non-government organizations are very close to their government and have for a long time been pursuing its foreign policy interests. Before the attack on Afghanistan, Colin Powell made it clear that he wanted aid organizations to be part of his combat team, spreading American values to the people of Afghanistan and elsewhere. But the consequences of this proximity for humanitarian action is going to be bad and, ultimately, for the populations we are trying to assist.

It bodes very badly that a delegate of the International Committee of the Red Cross was recently assassinated in Afghanistan, because as aid workers we have so long relied upon our relationship with people in the field for our security. It is an important relationship to build; they should know we are there to assist them and that can be our protection. We are very reluctant to take armed protection from the military, as Somalia showed. Once you associate too much with an armed force, you are linked with one side. No matter how much they may be seen as liberators when they come in, the situation very quickly changes. If you are associated, even just a little bit, with them then you can also become part of it and this will affect your ability to reach populations at risk. And so we have for a long time relied on this relationship we have with populations. The International Committee of the Red Cross has worked in Afghanistan for several decades and has built up a respected relationship with the Afghani people. It managed to deal with a lot of combatants and it is very well known in Afghanistan. But now one of its personnel has been shot dead in Afghanistan, and by somebody who knew the Red Cross and had been helped by that organization in the past, but who saw the Red Cross worker as an infidel. This bodes very badly for future possibilities of security for humanitarian workers in certain countries, which we need in order to be able to assist populations in need. It's these people who will ultimately be the ones who suffer if we are no longer able to work in certain countries.

The request I'm making at the moment to aid organizations is to try and take a step back, to try to retain a lot more independence from governments, from states, and to reassert the very important values of humanitarian action of impartiality and of neutrality. I was in the United States in September and was shocked to see the US government had already announced \$6.6 million to US NGOs for Iraq. The NGOs have put together their proposals. But these are not based on any actual assessment but more a prediction of what the situation will be. It was incredible to see how many organizations had already lined up for the funds, had said "yes, we are going to go with American money, into Iraq to work". So I asked them, "are you auxiliaries of the US military, or are you humanitarian aid organizations?" Because it's going to be very difficult for any aid organization, who goes there with the US, or any military force in the conflict, to be impartial or to be seen as neutral

and to have security and to be able to actually access the people whose lives depend upon receiving this humanitarian aid in the field.

It will be a very telling time, in that sense. In Iraq, there will probably be many needs. The United States government is going to be in charge of providing relief, as it has the obligation to do as an occupying power under the Geneva Conventions, but what is going to be the role of non-government organizations? Are they going to be able to work independently, will they be able to independently assess the needs of the population and direct aid on the basis of need alone and not on the basis of what will bring peace or stability to Iraq, but simply of need? This remains to be seen.



Photo – David Karonidis

Hind Kourouche

Australia is now home to a growing number of Muslim communities. In the multicultural suburbs of Sydney and Melbourne, mosques are now familiar landmarks. Hind Kourouche, the first female President of the Arabic Welfare Council in Sydney and now Director of Islamic Resource Management, believes however that non-Muslim Australians need more information about the Islamic way of life. In 2003, Hind Kourouche undertook a visitors' program trip to the USA at the invitation of the US State Department. To address some of the most important issues she feels are not understood, Hind Kourouche spoke for The Sydney Institute on Tuesday 6 May 2003.

ISLAM IN AUSTRALIA

AND THE US
Hind Kourouche

I am delighted and humbled at the privilege to present to you tonight.

The wonderful men and women, I have met over the last 24 months, have been an inspiration to me. Their achievements and energy, support and knowledge, have been a significant driving force, for my determination to grow and expand my thought processes and begin to see the world as oneworld¹ full of hope, opportunity, security and joy. Indeed my tour of the US, at the request of the US government, was a pleasant surprise and a wonderful experience.

You may all be wondering why a young Australian Muslim woman, like myself, was invited to the US. And in fact participated in a study tour at a time when the question of Islam and its focus in the world arena is at a crossroads, in terms of understanding Islam along with the significance of the current Middle Eastern crisis, and the US involvement in this issue. The reality is, this trip was much more than just a simple learning experience. It gave me a first hand and tangible opportunity to meet and break bread with US citizens from all walks of life.

I am proud to say that as an Australian woman I was accepted on an equal playing field in the meetings I attended. Furthermore, everyone I met embraced my faith as a Muslim and displayed a keen interest to learn more about Islam.

My professional individual study tour was an ambitious one, and involved travel to six US states including the prestigious and grand Washington DC and the highly energised New York City. May I share with you that Nicole Kidman was in Central Park at the time filming a movie. There was a sighting of Elvis in Graceland, Memphis – a history haven – and my own personal lecture from Reverend Kyles about the civil rights movement and freedom experienced by the indigenous African Americans; he is also a good friend of Martin Luther King. In Chicago – the windy city – I met a Christian priest who is married, a second time, to a Muslim woman from Thailand. They engage students in discussions about the united scripture of Islam and Christianity. In Des Moines, Iowa, I met with the doers and several women

in leadership. And San Francisco was as multicultural and diverse as Sydney.

All this was cramped into a hurried three weeks of living in and out of my suitcases, experiencing airport homeland security closely, an artists' strike, the first in 17 years on Broadway and a reminder of the good old days when we had strong unions and thousands of public servants marching in Sydney city. Temperatures ranged from as low as minus 15 degrees celcius to as high as 12 degrees celcius – and the tipping system left me wondering at how good the service was. Feeling like a privileged diplomat I had a constant escort (a driver), sponsors in every state and as many as four to six meetings per day. Yes, the US was indeed at its best, even in the most crucial moment.

Tonight's topic is vast and in the time allotted to me I will do my best to cover general points, such as the current situation seeking to secure the existence of Islam in oneworld, its economic contribution, its influence and progress to date and its potential future development and progress.

So let's begin. It is reported the first mosque in Australia was built in Adelaide in 1889 by early Afghan migrants. And, in the US, the Mother Mosque of North America was the first Mosque built in 1934, in Cedar Rapids, a town in Iowa. Islam is now perceived as significant because, more than not, it is presented by the media and policy makers as posing a security threat to the lifestyle of the secular West.

Can Islam exist in a oneworld, secular and free? An Islamic state, or any suggestion of it, creates a barrage of fear in the mind and heart of lovers of freedom. This is Islamaphobia; a fear of death, fear of losing our civilisation and peaceful lifestyle, a fear of a return to male domination, fear of brutality and suspicion as witnessed in the Taliban regime, a fear of loss of secularism and the belief that an Australian or American Islamic State will prevail if it's not deterred. The US has taught me that it's our enemies not our friends that make us stronger, but we need our friends to make it purposeful.

Muslims across Australia and the US are law abiding citizens and can exist in a secular Western society because of the economic and social governance, the emotional intelligence and the political system. Human rights, values and freedom are part and parcel of an Islamic way of life. United, Americans and Australians are good people, kind, generous, family oriented and religious, and demonstrate a great sense of human respect and human integrity. However, some Muslims are intimidated by Western secularism and feel Islam has been given a raw deal. To explain this I will create the term secularphobia.² And I'd like to talk a little about the fears that Muslims have in dealing with the West.

Muslims feel the West promotes disobedience. This is explained in the Koran, when God introduced Adam to the Angels and Satan and ordered them to bow down to Adam. All the angels obeyed, except for

Satan. His response was, "I am better than he."³ This was due to his reasoning that God had created him from fire, but he had created Adam from clay. Hence the hierarchical structure developed that fire was better than clay and this served Satan's own selfish, arrogant and vain purposes.⁴ So, any Muslim who engages in vain and arrogant behaviour, who slanders another, or adopts attitudes of racial gender or class superiority is embracing Satanic logic.

Muslim jurists discourage all types of arrogance. Muslims are driven to modesty in the way they walk down the street, talk to people as equal, and must interact with respect. The Koran makes it clear that acts of arrogance in people are unjust, criminal and make them non-believers.⁵ The modesty of believers in Islam is about submission to God in its purest form. Muslims believe that goodness and value among humankind are based on piety and righteous deeds, not race, geography or other sundry circumstances of birth.

Another concern is that Muslims believe education about Islam has been excluded, to a degree, from public primary and high school levels in some cases. The Koran is the authentic word of Allah (God) and cannot be interpreted in English or other languages, it can only be translated. Muslims encourage the inclusion of Arabic language in the education system so that anyone wanting to learn Arabic has access to the Koran and is not disadvantaged. Education is the thread of the Koran. The first word Angel Gabriel spoke to the Prophet was "read". The Koran is a way of life for all Muslims.

Islam and business

Islamic jurisprudence implements laws on financial transactions that can be incorporated into the finance industry. I met with HSBC in New York to learn about their new Islamic products. Islamic rules drive the pursuit of financial instruments and there are many alternative ways Muslim banks can do business without falling into the prohibited Riba (interest). There is, for example, *musharaka* where a bank is an active partner with the borrower and shares in the profit and loss of his enterprise; *murabaha* where the bank buys the goods and resells them to the borrower at cost plus an agreed upon profit – this is the main product of HSBC in New York; and *qard hassanah* which is a straight forward interest or free loan.⁶

I was impressed with an Islamic finance company established in Chicago, (www.failaka.com). Failaka is a research site and offers consulting services. The company currently sells two products, the first is an annual Islamic fund to research performance results for fund managers, the second is consulting services geared toward companies interested in outsourcing Islamic financial research.

Islamic financial products are considered halal. This term is not restricted to just financial transactions. Halal is also used to reflect the

way animals – those permitted to be consumed as food by Muslims – are to be slaughtered in accordance with Islamic law. Globally, the halal market is huge and growing. Islam’s economic benefits and contribution of its global halal food business has advantages. Though definitive figures aren’t easy to find, Austrade defines the world market as worth around \$120 billion a year.⁷ With around 1.4 billion Muslim consumers, there’s scope for halal to form a larger proportion of Australia’s roughly \$18 billion annual food export trade. Australia’s highest regional export growth was recorded in the Middle East in 1998–99, an 11 per cent increase to just over \$4.3 billion.⁸ Australia exports over \$40 million annually to the UAE for live sheep, sheep and goats meat. Australian live cattle sales to Egypt are around \$100 million annually. In Australia we sell around \$7 million in halal products.⁹

The Immigration Department has now agreed to develop a case study about Halal food (meat, dairy and others) and its contribution to the Australian economy. The case study will aim to quantify the contribution of the Halal food industry in terms of current and potential employment, export and investment growth. In the context of secular-phobia, Muslims feel this significant economic contribution to the world and Australia is not used in the best interest of the esteem of Muslims.

Social concerns

Another concern Muslims have is youth. The level of crime displayed in movies and on TV is desensitising youth with regard to crime. Muslims fear losing social structures based on family values, and the freedom that women enjoy in the West frightens some. Images of free women suggest crimes against women. There is a perception of men’s powerlessness. This has led to violence in the home. Especially with family breakdown on the increase where current divorce rates for first marriages in the US are at 50 per cent and the second marriage divorce rate at 75 per cent. Australia is close behind these statistics. In some cases, freedom in Western society is misunderstood, and a lack of communal dialogue, for whatever reasons, in Australia on sensitive issues creates confusion, worry and a lack of consensus.

There have been some attempts to communicate Islam within communities that would otherwise be ostracised by Muslim leaders. In a San Francisco Mosque, the Imam and his executive team advised me they were “learning to enter into areas they would not have done so in the past” such as a recent dialogue created with the San Francisco Gay community to educate them about Islam. Islam maintains its position as anti-homosexual. The dialogue serves the interest of the united American community to eradicate fear and begin to negotiate on respect. This communication is a form of *maslaha*, allowing a consideration of public interest in interpreting Islamic law.¹⁰

Effects of the war on terror

A report on the status of Muslim civil rights in the US¹¹ concluded that, since 9/11, there have been increasing Muslim concerns surrounding the policies and procedures instituted by government in the name of combating terrorism. Simply put, in my discussions with the Council for American Islamic Relations (CAIR) in Washington DC, they felt American Muslim civilians are treated as guilty before they are proven innocent. However, the report also concluded that judicial action had favoured Muslim complaints.

Another result in the report revealed that discrimination reported by women regarding dress (hijab) had declined from 25 per cent before 9/11 to 13 per cent post 9/11.¹² However complaints are severe. For example, I was told by a Muslim author in New York of one 15 year old girl who had her scarf burnt while she was wearing it.

Finally, Muslims question the rationale of a bond between the US and Israel to resolve the conflict in the Middle East. There are emotional ties with Palestine. Muslims feel Palestinians are getting a raw deal and that there is a lack of conflict resolution, development planning and resource sharing management in the region to free the people from oppression and to provide security and bring harmony and respect for human life. To Muslims, the heavy issues surrounding the Middle East place the world at risk as witnessed by 9/11, Bali, Afghanistan and Iraq. This creates the “them and us” scenario so prevalent in our current times.

Developing communities in the West

Muslims in the US approximate 8 million, from migrants or descendants of immigrants from various countries. They include a large Arab population, a European population and almost one-third African American converts, known as Nation of Islam or American Muslim Mission, with smaller numbers of white American converts and Hispanic Muslims. For two consecutive years, the US Postal Service has released Eid ul-Fitr stamps designed by an American Muslim man named Mohamed Zakariya. These sell for about 33 cents (US) per stamp. The stamps sit on a beautiful blue backdrop with gold Islamic calligraphy text for blessings during the festivities.

In Australia, there were over 281,000 Muslims at the time of the 2001 Census. The ethnic origins of Australia’s Muslim community include Turkey, the former Yugoslavia, Lebanon, Iraq, Syria, Egypt, South East Asia, the Indian subcontinent, Albania, Iran and the Cocos Islands. According to research, one third are Australia-born including indigenous Aboriginal converts to Islam. Both American and Australian Muslims have experienced first hand generational stagnation, as a result of a history of overseas religious leaders establishing themselves

in these countries, and carrying cultural attitudes that have little significance and relevance to local laws and customs. In my discussions with American Muslim Imams, they highlighted risks associated with continued overseas leaders being appointed in the West. These risks were seen in the light of the future local development of Islam, and its maturity, within the sphere of secularism and its ability to embrace and guide youth in the twenty-first century.

Historically in Australia, Christians, both Catholic and Protestant, accepted as appropriate the practice of having religious leaders and governors general sent from abroad. In time, however, this became unacceptable and local leaders were preferred. In the last half decade, Australia has accepted only Australian born governors general. Likewise, Islam in Australia and the US is now beginning to recruit local Muslim leaders. American Muslims are taking stock and managing their own internal issues. In Washington D.C., a group of American Muslim women lawyers informed me, for the first time, that a position for Mufti of Washington D.C. had been advertised. The appointee will lead strictly within Washington D.C.

One of the US Mosques, situated in the heart of San Francisco, has a long term plan to remodel and improve the building infrastructure of a three storey building. Currently on the one floor it accommodates the men's prayer area, an Islamic book store and a women's prayer area. African American Muslims have reaped fruits in areas where Muslim leaders are either American born or have grown up in America as I witnessed in Des Moines, the political and agricultural heartland of America.

There is a campaign to shift African American Muslims from "gangs to graduates" and it's working wonders with local mainstream business and government. This group is a doer – shaping a local crime spot into a safe suburb. Results reported say that local parks are now used by residents, a new nursing home has been built at the back of the park and it's safe to drive through there late at night without fear of getting caught up in the crossfire. A group like this works closely with women who drive decisions and approve budgets and have committed private local funders for its different causes. One project will roll out 25 new computers to encourage African American youth and young adults to be trained, upskilled and taken off the streets and into jobs. This non-profit organisation has also secured funding to expand its premises.

Explaining Islam to the West

Muslims point to the Constitution of Medina as evidence of Islam's equality of all human life. One of America's founding fathers Thomas Jefferson said, "All men are born equal".¹³ The Institute for American Values has a slogan which reads, "All human beings are born free and equal in dignity and rights"¹⁴. Separation of church and state and the

freedom to exercise any religion were principles enshrined in Section 116 of the 1900 Act to constitute the Commonwealth of Australia (Australian Constitution).¹⁵ Muslims are born to accept the passage of different faiths that have come before them including Judaism and Christianity. Muslims, along with Jews and Christians, identify themselves as children of Abraham belonging to different branches of the same religious family.¹⁶

Current US policy displays a commitment to religious freedom as a form of civil liberty.¹⁷ The Advisory Committee on Religious Freedom Abroad recommended engaging in dialogue with other religions, from a perspective of mutual respect and a desire to learn more about different faiths. Among the emphases should be the prohibition of discrimination on the basis of religion.

Islamic jurisprudence begins with the Koran¹⁸ as the first source of Islamic law. Where a matter is not addressed specifically in the Koran, or where a situation permits several reasonable interpretations, jurists look to the sunnah of the Prophet¹⁹ (the haddith and example of the prophet). Further questions unanswered or issues unresolved encourage Muslim scholars to *ijtihad*²⁰. *Ijtihad* is a system of reasoning and interpretation for which jurists have articulated several basic principles. The *ijtihad* of jurists on matters of marriage and divorce was significantly influenced by their environment. Often gender, class, and political preferences filtered into Islamic consciousness and were incorporated as part of regional Islamic legal tradition.²¹

If the Koran and sunnah are silent on a matter, it is permissible to resort to local custom, so long as the custom is consistent with the Koran and the sunnah.²² Legally this means it's permissible to supplement religiously based law with customary law.²³ As laws vary in time and place and circumstances, Islam is a religion for all times and all people. Therefore each culture is permitted (as long as it is consistent with the Koran) to have a reasonable degree of flexibility in interpreting and applying Islam to its own community.

As schools of legal thought gained prominence, Muslim states began selecting the jurisprudence of one of these schools as the basis of their legal systems. There are significant jurisprudential differences not only among the schools, but also among scholars within each school.²⁴ Islam guaranteed each individual freedom of choice in such matters because, ultimately, each Muslim will have to account personally to God for his/her own choices and actions. The Prophet stated the differences among various jurists were a sign of divine mercy and that Islam is a religion of facilitation not complication.²⁵ Again the Koran states clearly there is no compulsion in religion.²⁶

The revelation of Islam in Medina raised the status of women by prohibiting female infanticide, abolishing women's status as property, establishing women's legal capacity, granting women the right to

receive their own dowries, changing marriage from a proprietary to a contractual relationship and allowing women to retain control over their property and to retain their maiden names after marriage. The Koran declares men and women equal and their relationships to be one of love and mercy.²⁷

Women played important roles in the early development of Islamic communities and during the life of the Prophet. History and other evidence indicates that Khadija was the first woman to learn the Koranic revelations. She was a successful businesswoman, had been married three times in her lifetime, hired Mohammed and later proposed marriage to him knowing he was 15 years her junior. During her life as the wife of the Prophet, Mohammad continued to work in her business and helped at home with chores. Khadija was the Prophet's first and only wife for 24 years; she was the first convert and one of the strongest supporters of Islam.

Aisha, was Muhammad's influential and youngest wife (aged around 12 when married). The daughter of the first caliph²⁸, she played a unique role in the community as an acknowledged authority on history, medicine, poetry and rhetoric. She is one of the most important transmitters of haddith.²⁹ Fatimah, the Prophet's daughter, and other women played significant roles as community activists and teachers. The Prophet provided educational classes to encourage women scholars and activists to look after the intellectual needs of his female followers.

During the life of the Prophet, the Koran upheld rules to engage both men and women in politics. Women independently pledged their oath of allegiance (bayah) to the Prophet, often without the knowledge or approval of male family members. In many cases, distinguished women converted to Islam before the men in their family. Women were encouraged to participate and were appointed to hold official positions as judges. Rather than focus on gender, the Koran describes an account of Queen Sheeba³⁰ as a positive example of leadership. As a woman it was her ability to fulfill the requirements of her office, her purity of faith, her independent judgement and her political skills that portrayed a woman as serving as an effective political leader.

In the early sixteenth century, Islamdom could be regarded, collectively, as the greatest world power, not dissimilar to the United States today.³¹ The history of Islamic success came to an abrupt end and was further handicapped by colonialization.³² The twentieth century represented an unprecedented disaster for the Muslim world. Cultures that arose after the time of the Monguls and the crusades were patriarchal. They forbade women education and excluded women from participating in judicial work, weakening their status and positions and ensuring their participation was in the home. Teaching had been characterised by customs and local culture leaning more towards genuine

Islamic values.³³ In the words of Marcus Aurelius “philosophy of whatever happens, happens rightly”.³⁴

Overcoming Islamaphobia

Islamaphobia has created, more than ever, a wedge – placing Muslims on one side and Jews and Christians on the other. Having said that, there are some NGOs in the US committed to all faiths and the teaching of religious unity.

In Memphis, the Ghandi Institute at the Christian Brothers’ University offers a uniquely unifying and peace loving platform that seeks to treat all religions equally and with respect. Clearly nonsectarian, it promotes models of peace, dialogue and builds on the strengths of each religion without any bias. Its information source is a balanced mix of local and foreign media to represent issues with non-bias and a clear manner.

At the Interfaith Centre, Johns Hopkins University, Baltimore there is a fresh and unique commitment to seven different faiths. I observed both a commitment to Christianity and to Islam. The university has invested \$US2 million to provide a flexible infrastructure where the Christian University Church becomes a Mosque on Fridays, accommodating Friday prayers led by the local Imam. On the inside, the stained glass windows are framed with beautiful white wood, and consist of two parts – one a fixed bay frame, and above it a triangular shape matching the shape of the stained window. Mounted in a way to allow the triangle shaped windows to open, the clouded glass placed inside the white wood frame blocks out any shapes or figures on the outside allowing for mixed colours and patterns to reflect on the inside. During Friday prayer, the windows are closed. Then on Sundays they are opened to allow the images of the coloured stained windows to come through.

As the church has no statues, none had to be removed for the Mosque. However, about seven rows of front benches were taken out to allow room for Muslim prayer participants to sit on the floor, and on Sunday the cross is wheeled out on a trolley allowing a wonderful transformation of these two faiths.

Cyber opportunities

Political and economic developments in the twenty-first century will create new dynamics through cyberspace in dealing with emotional intelligence, behaviour and strategy. A oneworld is our future. I believe it will possess no boundaries, and perhaps will be controlled by a panel of world leaders or jurists as owners.

In 2000, the digital economy was evident as the newest revolution with the emergence of e-Commerce. The emergence of the digital economy placed us in a global village. *The World Telecommunication*

Development Report: EIU Country Report (1997) on a country's "technology readiness" suggests more than 80 per cent of the globe does not have technical capabilities. Countries that are ready include the US, Denmark, Canada, Sweden, Australia and France.³⁵

Consumers are being asked to self-serve and information is being collaborated, mobile phones are advancing as wireless computers, videos and cameras. Appliances such as fridges and dishwashers are now made with Internet capabilities. Smart-houses are accessed through mobile phone capabilities to manage home temperature. Video conferencing links people in real time from across the world, changing the dynamics of meetings; and currency is fast becoming digital. Security software such as biometrics, speech/voice recognition, robotics are well into the early stages of oneworld. All this evolving technology facilitates a mobile lifestyle, enabling work in a secure, yet physically unconstrained environment – suitable for an Islamic way of life.

In a three process methodology of learning, growing and maturing, Muslims can be players in the new global village and can define the boundaries within cyberspace securing their own space within the oneworld model. A cybermall can include Islamic shopping, Islamic halal products and maximising internet/mobile banking revolutions. This can be developed, limited only by the imagination, in an Islamic Vortal framework to include Islamic libraries, hospitals, travel centres with pilgrimages to Mecca, access to prayer times at the Mosque, even the chance to listen to the *Adhan* (call to prayer), a jurisprudence advisory board. All this and more offer Muslims opportunities with software created in cyberspace.

A oneworld – as the next development will provide tighter security, a new form of effective communication, accessibility and accountability. This is clearly an opportunity, for Muslims to catch-up. Its progress relies on Muslims living in the West and in advanced secular societies, to build Islamic communities within cyberspace.

Islamic women and the workforce

The role of women in Islam today is significant. The improving roles of Western women are also welcome. Islamic women, as pioneers, are passionate about the teachings of women's Islamic rights. It is men and women, living in a secular Western society, that can empower Muslim women in the workforce.

In New York I met with the American Sufism Muslim Association and the woman's group director informed me that while she was working to have a woman lead prayer. She had discovered a reluctance among girls and women who had not been encouraged to lead prayer in their lifetimes. The problem was that if a man was present, there was a strong reluctance to lead prayer, but as the group was all women she insisted someone from among the women had to lead prayer. This

woman has now worked out a rotation system so that at every meeting a different woman will lead prayer. The discomfort at first became accepted with time and now the women enjoy leading prayer.

How are Islamic women in the current workforce coping? In the US, a survey of 675 employed persons of different religious backgrounds addressed discrimination and bias. The executive director of the Tanenbaum Centre in New York shared the results with me. Key findings were 55 per cent of American women felt bias, irrespective of their religion. Muslim women in the US were the most vulnerable group to discrimination and bias and often left work without addressing the issues with human resources or their managers. Jewish women reported the lowest degree of discrimination and bias, even lower than Christian women on the job. Jewish women also reported the highest level of comfort on the job.³⁶

How are professional Muslim women treated outside their comfort zone, in the secular West? I would like to share with you a meeting I had with the Appeal of Conscience in New York, where I was well received, respected by the staff, asked to visit the local school, interacted with and answered students' questions and visited the Synagogue influenced by Byzantine art and culture. It was a privilege to see Rabbi Arthur Schneier. I'd met him before in Sydney. He is a strong international leader and we engaged in several dialogues about international affairs. But, in particular, I was humbled and privileged to have been consulted about recommending a deserving statesman for the year's Statesman Award. For which my reply was indeed that Australia is deserving for a winner as we need to be recognised as a global player.

It is time to encourage more Australian Muslim men and women to enter politics, the professions, corporations, private enterprises and international conglomerates as the benefits are two way. In a recent survey regarding the education level of Australian Muslims girls, it was discovered many are entering education in greater numbers than the general public.³⁷ This is a vast improvement on the work I began to pioneer in 1991. However, evidence suggests that Muslim women and men are missing from the game in the domain of Australia's corporate world. While Muslim women are encouraged to study in Australia, there is some control in terms of what is a suitable working role. Generally they are recommended fields such as education, teaching, school counselling, child caring and nursing.

The Daily Telegraph approached me for an interview for several articles covered in a week on the Muslim community in Australia last year. Ben English, author of the articles and one in particular – "When a headscarf is seen as a threat" – addressed issues for Muslim women in corporations. In effect, I explained that while women are still a minority in the workforce, ethnic women are a greater minority and a Muslim woman with the headress is the most handicapped in our

current times. To encourage Muslim women into the workforce, they need support and a network base to provide guidance, if and as needed, to ensure their employee rights are understood. A similar role would have been played in the past by unions, but today we need to provide knowledge on the cultural sensitivities associated with religious jurisprudence.

Our experience with numerous Muslim women in Australian corporations is that generally some of them experience discrimination whether they wear the hijab or otherwise. There are women that wear the headdress in the workforce of engineering, finance, banking, and other commercial enterprises. Some examples of local discrimination have included stories such as that against a young Australian Muslim woman, aged 25 years, who did not wear the hijab, whilst working for a retail Australian bank. Even so, she experienced discrimination after Bali and ended up leaving her job. Another, young Australian woman – a convert to Islam – came to us after she had been walked out of her job at a law firm. She lost her job shortly after turning up to work wearing a headscarf – not the dress code. Now she is working in a public hospital – perhaps this is viewed as more suitable.

Another Muslim woman working in a large Australian insurance company, who wears the hijab, declined an opportunity to apply for a promotion, imagining herself in a manager's meeting wearing a headscarf. This was not a comfortable situation for her, nor her peers. And then, of course, there are the hours involved, and as a married Muslim woman, her family comes first. For those Muslims looking for freedom, corporations are seen as a way of life that Islam does not fit into. However, with the oneworld model described above there are opportunities for many Muslims to enter the industry for IT, business, marketing, law, product development, media and so on. An employer can easily, if willing, understand a Muslim's rights.

As a result of the response to the article written by Ben English for *The Daily Telegraph*, two positive things came about. First it initiated a school reunion – the 1980 class of Birrong Girls High School were united only four months after the article was published. Second, it was the trigger that made me appreciate that I needed to take some responsibility for this niche market and drive its cause. Hence, I was encouraged to establish a project, the Australasian Society of Islamic Professional Women (ASIPW).

This project has enjoyed communicating via video conference to people on an international basis across Australia and the USA. The project works with mainstream men and women, and supports and mentors Islamic women. The mentors are not restricted to any faith or vocation. There must be a commitment to Islamic women's progression.

Early in 2002, I founded Islamic Resource Management (IRM), a consulting business that provides resources that can contribute to

national and international projects in all professional areas. For example, if a hospital is being built we involve consultants to write business requirements, adopt PM methodologies for delivery. We prefer to be engaged in all the stages of the project, including as early as start-up, planning, execution and closedown.

Conclusion

In conclusion, what has been presented articulates a model for reconciliation and integration in a new world order – namely oneworld. By focusing on the similarities, Muslims living in a secular society can benefit from their rights to religious freedom and have a perfect opportunity to learn and understand Islamic jurisprudence.

Muslim women are taking a leading role in pioneering women's empowerment within cultural boundaries. However, this can only be done with the support of men and women living in a secular Western society, of different faiths and backgrounds. This can begin to bridge the gap between secularism and Islam.

With resources, well defined and utilised, Muslims can catch-up, be more creative, innovative, effective in communication and conflict resolution.

The US State Department offered me a wonderful opportunity to visit the US and accommodated my ambitious request for six different states. There are many other people equally deserving of a similar award. I hope that my journey, as successful as it was, will encourage the Department to invite other Muslim men and women and engage them in a similar style in the education of their choosing. And may peace and good health prevail.

Endnotes

1. A logo I identified with during my trip across all the states visited in the US. Mostly evident in airports but also is a logo worn on the clothes of many women and men as a clip on their attire.
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23. See eg. Subhi Mahmassani, Muqaddimah Fi Ihya ,”Ulum Al Shariah” AH 67-69 (Beirut, Dar al Ilm li al Malayin, 1962); and Mohammad ShalabiUsul Al-Fiqh Al-Islami 325-28 (Beirut, al Dar al Jami’iyah, n.d.).
24. *The Oxford Encyclopedia of the Modern Islamic World* John L Esposito, ed., Vol 3.
25. *The Oxford Encyclopedia of the Modern Islamic World* John L Esposito, ed., Vol 3.
26. *Travelling Together: Building a Culture of Peace*. First Interfaith Dialogue, Strathfield 2002; *The Glorious Koran* (2:256)
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29. *What everyone needs to know about Islam: Questions and Answers* John L/ Esposito, 2002.
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FUNCTION NIGHTS 2003



Photographer: David Karonidis



Photo – David Karonidis

Stephen Conroy

Corporate governance and the role of directors – as well as the protection of shareholders – is now strongly on the Australian Labor Party's agenda. Putting the case for immediate and urgent reform, Senator Stephen Conroy, Opposition spokesman for Finance, Small Business and Financial Services, addressed the Sydney Institute on Monday 12 May 2003. As Labor sees it, "the objective of corporate governance is to set up a system of checks and balances that ensures the accountability of the board to shareholders".

LABOR'S APPROACH

TO CORPORATE GOVERNANCE – EMPOWERING THE SHAREHOLDER

Stephen Conroy

For Labor, corporate governance is of paramount importance as the retirement incomes of all Australians depend upon well-managed companies. For this reason, we believe that institutional shareholders such as super trustees and funds managers have a responsibility to take an active role in Australian companies. We also believe that there is a disconnect between the owners of the company (the shareholders) and the board.

Too many Australian boards have been putting their own interests above the interests of their shareholders. To redress this imbalance, Labor wants shareholders to hold boards accountable, but to do this, the shareholders need be empowered. Tonight, I'll explore the steps which Labor has taken to empower shareholders. However, before discussing these issues, I will start by outlining why corporate governance is an essential component of Labor's economic agenda.

For Labor the purpose of good corporate governance practices is to enhance the integrity of our capital markets. Good corporate governance practices ensure that the market is informed and that shareholders have the relevant information upon which to base their decisions. Informed shareholders are essential for capital markets to discharge their primary function. The function of the capital market is to allocate capital to the most efficient uses and to ensure that resources are productively employed. This function contributes towards having the highest possible rates of growth. To fulfil this function, however, the market must be efficient, fair and transparent. How do we achieve an efficient, fair and transparent market? By disclosure.

For Labor, disclosure, transparency and accountability are the core principles of good corporate governance. Our political opponents paint us as black letter law acolytes. However, our approach is principles based. Based on these principles, Labor has developed a document called the *Directions Statement on Corporate Governance*. Its purpose is to identify the key issues in corporate governance and set out a road map of how we will address those issues.

It's not a discussion of the theory of corporate governance but rather a practical guide to be used as a platform for legislative change. The Directions Statement sets out Labor's policy perspective on issues such as:

- Composition of boards;
- Executive remuneration;
- Audit independence;
- Analyst independence; and
- Penalties for corporate misconduct.

As our Directions Statement illustrates, Labor takes a holistic approach to corporate governance. In our view the objective of corporate governance is to set up a system of checks and balances that ensures the accountability of the board to shareholders.

So in our view it's not just a matter of looking at auditor independence or at executive remuneration. We have taken a macro approach and have considered how different processes interact to achieve a well-managed company. We have looked at the role played by management, the role played by finance executives and the role played by auditors. We have looked at the role of analysts, fund managers, superannuation trustees and shareholders.

In our view, each have a role to play and must be active in promoting the interests of shareholders. Recently shareholders have been relegated to a secondary role. When you consider the recent spate of exorbitant executive salaries, the dodgy accounting practices of companies like One-Tel and HIH, the recent conviction of John Elliott for trading whilst insolvent and the cavalier attitude of many companies to our continuous disclosure regime – it becomes clear that Australian directors have been putting their own interests above the interests of their shareholders.

Labor's objective is to re-align the interests of the boardroom with the interests of the shareholders.

Share ownership

The fact that a large proportion of Australians are shareholders is largely a result of the Hawke-Keating reforms of the 1980s and early 1990s – which introduced compulsory superannuation and changed Australia's financial landscape forever. Another portion of Australians have become shareholders as a result of demutualisations and privatisations in companies like NRMA, AMP and Telstra. Others have taken advantage of technological advancements to buy shares over the Internet – which has made share ownership affordable and within reach of many Australians.

Today, super funds in Australia have control of over \$505 billion dollars.¹ That's almost three times what the federal government will spend running the country this year² and it's almost 39 times our

annual defence budget.³ According to the RBA, the value of funds under management in Australia has grown at an average annual rate of 11 per cent since the late 1980s, to now stand at 86% of GDP.⁴ Over 70 per cent of these funds are invested through superannuation products.⁵

When you consider that the retirement incomes of Australians are dependent on the vagaries of the share market, the importance of shareholder activism becomes clear. The way to increase shareholder activism in Australia is simple – empower the shareholders. The self-regulatory approach of the Howard Government has been a green light to corporate greed. Australian boards have acted in their own self-interest, not in the interests of their shareholders. There is a disconnect between shareholders interests and the interests of the company.

This disconnect arises from the imbalance in the relationship between shareholders and the board of directors. The “corporate balance of power” is not in alignment. Boards wield the power, management makes the decisions and shareholders wear the consequences. A recent article in the *Harvard Business Review*, accurately diagnosed the cause of the problem, saying that:⁶

When shareholders fail to engage, either in setting direction or holding board members accountable for their behaviour, an important link in the governance system is missing. In this context, a director’s allegiance shifts from its proper base – the shareholders – to the nearby boardroom, where fellow directors and management fill the void.

This re-direction of a director’s allegiance from the shareholders to other directors and to management, has created an environment in which shareholders interests have taken second place to boardroom ego. According to the *Harvard Business Review*, when shareholders are left out of the loop, the result is that:⁷

... directors move closer to management, and (this) sets the stage for the cordial, consensus-driven environment for which boards are widely criticised.

This issue is also prevalent in Australian boardrooms. Corporate culture was a key factor in the collapse of HIH. In his final report, Commissioner Owen said that:⁸

The problematic aspects of the corporate culture at HIH – which lead directly to the poor decision making – can be summarised succinctly. There was blind faith in a leadership which was ill equipped for the task. There was insufficient ability and independence of mind and associated with the organisation to see what had to be done and what had to be stopped or avoided.

HIH is a case study for the consequences of a passive board. The directors’ allegiance was to Mr Williams and their fellow directors – not to the shareholders. To avoid this type of passive corporate culture, directors must be held accountable to shareholders. However, in order

to hold directors accountable, shareholders need to be empowered. Accordingly, Labor has taken three major steps to empower shareholders:

- *Firstly*, we have moved legislation in parliament which gives shareholders a statutory right to vote on a company's executive remuneration policy;
- *Secondly*, we have moved legislation in parliament which requires trustees of super funds to vote, and funds managers to disclose their voting records; and
- *Thirdly*, we will oppose the governments CLERP 9 proposals which emasculate shareholder rights.

I'll briefly discuss each of these steps.

Disclosure of policy

The first step Labor has taken to empower shareholders is in relation to executive remuneration. In the past few years, executive remuneration has reached unprecedented heights. There's been an avalanche of obscene payouts:⁹

- Chris Cuffe got \$33 million from Colonial;
- Brian Gilbertson got an estimated \$24-\$30 million from BHP;¹⁰
- Peter Smedley got \$20million from Colonial;
- Paul Anderson got \$19 million from BHP;
- George Trumbull got \$13 million from AMP;
- John Prescott got \$11 million from BHP;
- Tom Park got \$10 million from Southcorp;
- John Fletcher got \$8 million from Brambles;
- David Higgins got \$6.7 million from Lend Lease;
- Keith Lambert got \$4.4 million from Southcorp; and¹¹
- Tom Fraser got \$4.7 million from AMP's UK arm.

In relation to similar payouts in the US, Warrant Buffet recently said:¹²

Directors should stop such piracy. Compensation committees should go back to the drawing board.

In light of the recent spate of excessive executive payments, we have to ask why is that remuneration packages often do not coincide with shareholder value? The power of the board to set remuneration and the powerlessness of the shareholders to have input into that process results in this disconnect.

To overcome this, Labor wants to empower shareholders. Labor wants checks and balances on the setting of executive remuneration. In contrast, the Howard Government wants to keep shareholders powerless and in the dark. The Howard Government has no plans to empower shareholders and no intention of supporting Labor's amendments. Why? Because Labor's amendments upset the balance of power – in shareholders favour.

Labor backs the shareholders whereas the Howard Government backs the board directors. Labor's amendments require companies to disclose the policy behind the setting of executive remuneration.¹³ Our amendments require companies to disclose – in the directors' report – how they set their executive remuneration.

This means that the policy behind the big payouts must be disclosed. Shareholders will get a breakdown of how the remuneration package is composed and how remuneration relates to the company's performance over a five-year period. A recent study by the University of Technology Sydney, found that compliance was higher when executives were comparatively poorly paid.

So the more companies paid, the less they actually disclosed.¹⁴ We want shareholders to know whether options and equity are subject to performance hurdles. We also want shareholders to know what those performance hurdles are. This concept is *not* ground breaking. Already, in the UK these requirements are part of the law. However, the Howard Government voted down these amendments in parliament saying that such amendments were "*complex and overly prescriptive*".¹⁵

Labor wants shareholders to be informed but also to be empowered to act. That's why in conjunction with our amendment requiring disclosure of the principles behind the executive remuneration – we moved an amendment which gives shareholders a say. Our amendment requires companies to put an annual non-binding resolution to shareholders on executive pay.

This gives shareholders a *statutory right* to voice their opinion on executive remuneration policy. This is not a radical idea – British shareholders already have a statutory right to vote on executive salary policy – as of April 2003. Why don't Australian shareholders have similar rights to their UK counterparts? It's simple. The Howard Government voted these amendments down. John Howard and Peter Costello do not want to empower Australian shareholders – they like the status quo. In Australia, under the Howard Government, the board makes the decisions and the shareholders wear it.

Super voting

The second step Labor has taken to empower shareholders is by proposing amendments to increase the participation of super trustees and fund managers. Because of the matters on which shareholders vote – the election of directors, certain share capital transactions, certain related party transactions – voting has a direct impact on the company's management. Super trustees bring pressure to bear on companies which far outweigh the pressure of individual shareholders. The old response of simply selling out is the easy way out. Trustees of super funds need to engage with the companies they invest in. The AGM of

AMP on Thursday will be a litmus test for many trustees and fund managers.

In relation to the AMP AGM, Terry McCrann has described institutional investors in AMP as needing to “stir from their normal AGM stupor” and has called on them to reject the election of two directors – Grellman and Killearn – who have “made a mockery of ...corporate governance”.¹⁶ In relation to the institutional investors holding AMP stock, McCrann says:¹⁷

It would be just as bad, and arguably worse, to try to weasel out of taking responsibility for directly voting for Grellman and Killearn, by handing open proxies to chairman Willcox. Who will probably use those votes to try to have them re-elected. Every institution is obliged to vote directly...This is an extremely rare occasion where it would be inappropriate and unacceptable for an institution to hand an open proxy to the chairman.

Institutional investors in AMP are at a cross-road. In Australia, only 14 per cent of investors voted against resolutions on executive pay in the 2002 annual general meetings season.¹⁸ Accordingly, in March, Labor moved amendments which:¹⁹

- require trustees of super funds to vote on all resolutions proposed at annual general meetings; and
- require fund managers to disclose their voting record on all resolutions proposed at annual general meetings and the reasons for voting in the way they did.

Our amendments were passed by the Senate upon introduction, but were subsequently defeated. We plan to move these amendments again – probably in relation to the CLERP 9 legislation.

CLERP 9 proposals

It's hardly surprising that Labor's measures to promote shareholder activism have been rejected by the Howard Government. Recently, they released a draft bill that launches a direct attack on shareholder democracy.²⁰ The draft bill (which I understand will now form part of the CLERP 9 legislation) attacks shareholders rights in at least three ways:

- By shortening the notice period required for the calling of company meetings from 28 days to 21 days;
- By abolishing the right of a single director of a listed company to call a company meeting; and
- By abolishing the “100 member rule” – which gives minority shareholders the right to call a company meeting.

Accordingly, the third step which Labor will take to empower shareholders is to reject each of these CLERP 9 proposals. In Labor's view, 28 days is the minimum notice period required. Labor and the Democrats inserted this provision into the Corporations Law in 1998. The government did not support the amendment then and is now

trying to unwind it. The Australian Council of Superannuation Investors (ACSI) have said that:²¹

A 21 day notice period will lead to lower levels of proxy voting by institutional investors – many simply won't bother to vote if they have only three weeks to consider the issues. In the US, shareholders are given six weeks notice!

ACSI have also said that reducing the notice period is a “wrong-headed proposal (that) would lessen the scrutiny of corporate behaviour and encourage lower standards of corporate governance”.²²

We agree with ACSI and wonder whether this is not the very purpose of the government's proposal – to reduce scrutiny of corporate behaviour.

It has also been suggested that the recommendations relating to auditors in CLERP 9, may actually reduce the accountability of auditors.²³ It's been argued that, the recommendation that auditors be allowed to incorporate *and* the recommendation that proportionate liability of auditors be introduced to replace joint and several liability, both reduce accountability. In relation to auditors being allowed to incorporate, an article by Michael Duffy in the UNSW Law Journal, argues that:

... this opens up the possibility that high risk auditing work could be performed by separate companies with limited assets and limited insurance which, in a situation of large negligence claims may fail and become insolvent to the detriment of those who have claims against them (including those who relied on their audit work and suffered loss as a consequence).²⁴

In relation to proportionate liability, it has been argued that the CLERP 9 proposals may necessitate a review of the current law of causation in relation to negligence.²⁵ Labor will refer the CLERP 9 legislation to Senate Committee and conduct hearings to explore the ramifications of these proposals.

Timing and quality of information

Labor also believes that the fundamental means of empowering shareholders is through the provision of timely information upon which to make their investment decisions. Accordingly, Labor has identified a number of additional areas where we can take steps to empower shareholders. Those areas are:

- ASIC's proposed fining power;
- The integrity of financial statements;
- Auditor independence;
- Analyst independence; and
- Nomination and election of directors.

I'll briefly outline our concerns in relation to some of these issues.

Australia's continuous disclosure regime provides the mechanism through which shareholders are informed.

We've had almost 10 years of continuous disclosure, however, doubts have begun to surface about the *culture* of disclosure in Australia. From July 2001 to June 2002, the ASX required additional disclosure on more than 1000 occasions.²⁶ Furthermore, ASIC believe that there is a lack of deterrent for delayed disclosure – companies are quick to disclose good news and slow to disclose the bad. Other companies have been relying on technical interpretations of the rules which are not in the spirit of the law.

The current powers at ASIC's disposal are not sufficient – criminal proceedings take considerable time. Whilst ASIC's power to suspend a company may not always be in the long term interest of the shareholders. The proposal in CLERP 9 to give ASIC a power to fine companies for failing to disclose is a welcome measure in combating the current culture in the market. In Labor's view, it is also important that ASIC have the ability to publicise the regulatory outcome from the exercise of this power.

Integrity of financial statements

Another issue which is critical to the empowerment of shareholders is the integrity of financial statements. Shareholders must have confidence that the financial statements of a company present an accurate picture of a company's financial position. To ensure that shareholders have confidence in the financial statements, it's important that the following three principles are adhered to:

- Firstly, management must be committed to producing accurate financial statements;
- Secondly, auditors must be independent; and
- Thirdly, accounting and auditing standards must be comprehensive and relevant.

Labor supports the recommendations of Professor Ramsay in relation to auditor independence. We also believe that auditors should be prohibited from providing certain non-audit services to their audit clients.²⁷ To prevent conflicts of interest this is an essential requirement. Labor supports the CLERP 9 proposal that audit partners must be rotated every five years.

Equally important is the composition of the audit committee. The ASX Guidelines recommend that the audit committee should be comprised of only non-executive directors with a majority of independent directors.²⁸ Of course, recommending a course of action and mandating a course of action are entirely different issues. In my view the ASX Corporate Governance Guidelines have been little more than a political football. Their genesis arose from the Howard Government's desire to be seen to be tough on corporate misbehaviour.

In my view, they are nothing more than a "political placebo".²⁹ Senator Campbell has admitted as much saying the guidelines:³⁰

...are not supposed to have teeth. It is meant to be a process that encourages companies to review their current corporate governance procedures and then report to the market-place.

Of course, companies don't even have to "report to the marketplace", all they have to do is say they don't comply and give a stock standard explanation. It's business as usual for boards of Australian companies. In my view if the government were serious about cracking down on corporate misbehaviour they would have made the guidelines mandatory.

To ensure integrity in financial reporting, Labor is of the view that the law must require auditors to specifically report to shareholders, and to the audit committee, on any alternative treatments of financial information that had been discussed with management. The ASX Corporate Governance Guidelines require the CEO and the CFO to sign off on the company's financial reports³¹ yet they fail to require auditors to report to shareholders – a requirement which is clearly in the best interests of the shareholders.

Analyst independence

Analyst independence is another area of concern for Labor. In the US, the magnitude of the problem has been highlighted with the recent settlement reached between the SEC and Wall Street which included the creation of a \$432.5 million fund which will be used to pay for "independent research". In Australia, similar concerns about conflicts of interest are being raised. Consequently, I was disappointed that Senator Campbell has chosen to pass the buck on this issue to ASIC.

CLERP 9 will simply contain a requirement that financial services licensees are required to manage conflicts of interest. ASIC has been delegated the task of "joining the dots with a detailed set of guidelines" which will attach to CLERP 9.³² This is an abrogation of the role of parliament. If the Howard Government were serious about tackling this issue, CLERP 9 would mandate minimum requirements which must be met. Minimum requirements could include, for example:

- mandating written disclosures in analyst reports of any interest of the analyst;
- establishing "quiet periods" prohibiting the publishing of any reports for a period after the analyst firm has acted in an IPO for the company that is the subject of the report;
- prohibiting analyst firms from offering favorable research – or threatening to withhold favorable research – as an inducement for business; and
- prohibiting an analyst firm from allocating shares in an IPO to a client or a potential client on the condition that the client or potential client direct the company's investment banking business to the analyst firm.

Instead, Senator Campbell has passed the buck on analyst independence to ASIC.

To conclude, being in Opposition can be incredibly frustrating especially when you see good policy taking a back seat to political opportunism. However, corporate governance is a key priority on Labor's economic agenda and we plan to ensure that good policy wins out.

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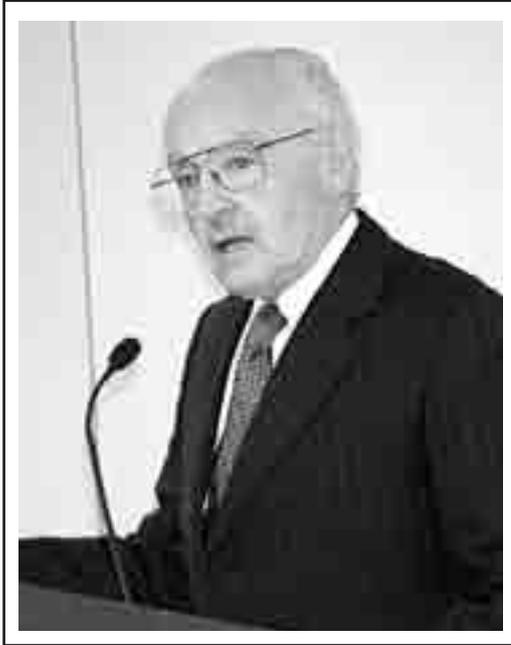


Photo – David Karonidis

Ihab Hassan

Born in Cairo, Dr Ihab Hassan followed the path of many bright young Egyptians in the first half of last century – he trained to become an engineer. He went on to do his MS at the University of Pennsylvania, with additional post graduate studies in literature. Ihab Hassan is widely acclaimed for his work. During a visit to Australia for the Adelaide Festival of Ideas, Ihab Hassan addressed The Sydney Institute on Thursday 5 June 2003, tackling the topic of postmodernism and its shortcomings, and the ways it has mutated and challenged our ideas of truth and subverted public trust.

POSTMODERNISM:

WHAT WENT WRONG?

Ihab Hassan

What went wrong with postmodernism? Some answer plenty, a few answer nothing. Tonight, I will focus on the loss of truth and trust as the inadvertent legacy of postmodernism. But we cannot answer the question, what went wrong with postmodernism, without asking a prior question: namely, what was postmodernism itself? The problem is, *that* question may be unanswerable.

I am not entirely facetious. Postmodernism is like a ghost or revenant, and every time you think it has disappeared, it returns in another form. Certainly I know less about it today than I did some 30 years ago, when I started writing about it, earning myself the dubious, indeed shady, moniker of “godfather of postmodernism”. I don’t know who the mother was, unless it’s Dame Hype.

What happened, I think, is this: postmodernism has changed, you and I have changed, the whole world has changed, and in an age of ideological conflicts and media hype, unstable concepts become more unstable still, but won’t evaporate. They keep returning, I have said, like a revenant. Well, reason, sanity, and a little information may serve as our bell, book, and candle.

The word postmodernism is certainly current in post-industrial, media, and consumer societies – I don’t think it is current in Kabul or Timbuktu. The term haunts the intellectual discourse, as well as public chatter, about architecture, the arts, the humanities, the social, and sometimes even the physical sciences; it haunts the entertainment industries; it haunts the language of private lifestyles, including post-modern cuisine – just add a dash of raspberry vinegar. You can, in short, meet it in pop culture as well as in high places.

So let me offer some examples of postmodernism without pretending to define it:

1. Frank Gehry’s Guggenheim Museum in Bilbao, Ashton Raggatt McDougall’s Storey Hall in Melbourne, and Arata Isozaki’s Tsukuba Center in Japan are considered examples of postmodern architecture. They depart from the pure angular geometries of the

Bauhaus, the minimal steel and glass boxes of Mies van der Rohe, mixing aesthetic and historical elements, flirting with fragments, fantasy, and even kitsch. Gehry's wonderful Guggenheim is like a sandcastle washed over by successive waves of titanium.

2. In a recent encyclical, titled *Fides et Ratio*, Pope John Paul II actually used the word postmodernism to condemn extreme relativism in values and beliefs, acute irony and skepticism toward reason, and the denial of any possibility of truth, human or divine. That sense of postmodernism has stuck in certain circles, which would include the audiences of David Williamson's plays, such as *Heretic*.
3. In cultural studies, a highly politicised field, the term postmodernism is often dismissed in favor of post-colonialism. Why? Because postmodernism is deemed frivolous, historically feckless, being unpolitical, or worse, not politically correct. Postmodernism, you see, can go left or right, and this is unacceptable to ideologues.
4. In Pop culture, postmodernism – or as Yuppies insouciantly call it, PoMo – refers to a wide range of phenomena, from Andy Warhol to Madonna, from the colossal plaster Mona Lisa I saw advertising a *pachinko* parlor in Tokyo to the giant, cardboard figure of Michelangelo's David – pink Day-Glo glasses, canary shorts, a camera slung across bare, brawny shoulders – advertising ConTiki Travels in New Zealand.

Now, what do all these have in common? Well, relativism, eclecticism, play, parody, pastiche, hybrid and fragmentary styles, an ironic, anti-ideological stance, an ethos bordering on kitsch and camp. So, we have begun to build a vocabulary applying to postmodernism without defining it; we have begun to create a context, though no single feature suffices by itself to call a work or event postmodern. (More ambitious readers can consult Hans Bertens' *The Idea of the Postmodern*, the best and fairest introduction I know to the topic.) What's clear is that postmodernism reveals a desire to leave modernism behind, leave its pure, formal styles and hierarchic attitudes.

But now I must make a second move to clarify postmodernism. Where did the word postmodern come from? What is its history, so to speak?

It seems that an English salon painter called John Watkins Chapman used the term, back in the 1870's, in the sense that we now speak of Post-Impressionism. Fast forward to 1939: Arnold Toynbee employed the term, in a very different sense, to announce the end of the "modern" age as we have known it since the European Renaissance, and the advent of a global civilisation with a religious or spiritual orientation. (Toynbee, incidentally, is not intellectually fashionable now, but he strikes me as more prophetic than we allow.) Then, in

1945, the pre-eminent Australian art historian, Bernard Smith, took up the term postmodernism again, this time in still a different sense: he meant a movement in painting, beyond modernist abstraction, closer to Social Realism (in those far away days, Smith was a Marxist.) This brief account is highly selective; there are names and trends I've had to omit. But it does show how wildly diverse have been the meanings of postmodernism.

Now I want to speak of postmodernism in its current usage. In the late 1960s and early 1970s, Leslie Fiedler, Susan Sontag, and myself, among others, began to write about postmodernism as a distinct development in American culture, a search for fluid styles, open forms, mixed media, pluralist attitudes, crossings of every kind. That, I think, is still the general sense of postmodernism, despite some critical modifications in the phenomenon. Why do I make such a seemingly self-serving claim?

Consider the 1960s for a moment, all the openings and breaks that occurred in developed societies. Within ten or fifteen years, the United States, for instance, experienced an astonishing succession of liberation and counter-cultural movements: the Berkeley Free Speech, Vietnam Anti-War, Black Power, Chicano Power, Women's Lib, Gay Pride, Gray Panther, Psychedelic, and Ecological Movements, to mention but a few. Street theatre, happenings, rock music, aleatory composition (music regulated by chance operations), concrete poetry, the L=A=N=G=U=A=G=E group, pop art, and multi-media events spread, blurring the borders of high and popular culture, art and theory, text and metatext and paratext (I wrote Paracriticism in those days). Hippies and Yippies, Flower Children and Minute Men, Encounter Groups and Zen Monks crowded the landscape. Elitism and hierarchy were out, participation and anarchy, or at least pseudo-anarchy, were in. The forms of thought and art shifted from static to performative, from integrated to fragmented – or so it seemed. Not Heidegger but Derrida; not Matisse but Duchamp; not Schönberg but Cage; not Hemingway but Barthelme – and again, most visibly, not Gropius, Mies, or Le Corbusier, but Robert Venturi, Renzo Piano, and Philippe Starck in architecture, among countless others. (Note, however, that postmodernism in the various arts does not follow necessarily parallel paths.)

In this climate of cultural antics, epistemic doubt, moral slippage, and social “delegitimation” (this term is Jean-Francois Lyotard's), postmodernism grew. It grew and I think died as a creative impulse, though its specter still haunts Europe, America, Australia, Japan.... But that specter may now find a strange afterlife. Clicking “Postmodernism” in Google, a cybermaven may discover 92,000 links in .06 seconds.

It's time now to return to the central question, what went wrong with postmodernism.

Cultural and artistic movements tend to expend themselves. No genuinely creative impulse can maintain itself indefinitely in the same form. Postmodernism is no exception. It began to imitate itself. Its jokes became stale. Its obsession with irony, deconstruction, and fragmentation, became sterile. Its moral equivocations opened the door for resurgent fundamentalisms of every kind. Above all, for me at least, its resistance to the spiritual concerns of human kind left both mind and heart parched.

Obviously, we are broaching immense questions. We need to focus again on the ideas of truth and trust, so crucial to democratic societies. The postmodern crisis of confidence has spread from language – considered radically ambiguous and indeterminate – to art, to learning, to the world at large. Hence my interest in the twin ideas of truth and trust, which postmodernism has put in doubt.

Consider truth for a moment. Here is a single syllable, a single sound, but its meanings are legion. There is the truth of tradition, what your ancestors believed and you continue to believe. There is the truth of divine revelation, embedded in various sacred texts. There is the truth of metaphysical concepts, like Plato's Ideas or Hegel's World Spirit. There is the truth of empirical facts, of correspondence to sensible evidence, on which science relies. There is the truth of coherence, in a logical argument or closed system, like mathematics and music. There is the truth of power, what a tyrant declares, believe it or die. There is the truth of political or social or personal expediency: it's good for you or for the party to act as if such and such were true. There is the truth of a poetic intuition, as when William Butler Yeats says: "You can refute Hegel but not the Saint or the Song of Sixpence." And there is the truth of a profoundly held belief, whence it came no one really knows, but you are ready to die for it. Surely these various senses of truth overlap, but they are not identical.

Enter postmodernism, especially in the form of Derrida's Deconstruction and Foucault's Poststructuralism.

Servile interpreters of that philosophy, which reverts to Nietzsche, proclaim that all truth is relative, interested, ultimately unknowable. But it's one thing to question absolute or transcendent Truth (capital T); it's entirely another to pretend that all ideas of truth (small t) are null and void. In daily life, we distinguish well enough between truth and falsehood, from little white lies to darker deceptions. It is repugnant to argue that the decay of absolute Truth licenses ideological mendacity, or relativizes all statements, or proves truth to be just another form of self-interest. A "melancholy conclusion," Kafka said: it "turns lying into a universal principle".

William James understood the role of interest and belief in coloring our opinions, but his philosophical pragmatism did not deny the will to veracity (he was himself scrupulously truthful, as were the other great philosophical pragmatists, Emerson, Peirce, and Dewey). Such denial has corrupted postmodernism, which, in its vulgar forms, has undermined the possibilities of working truths. This said, however, I hasten to add that the *identification* of postmodernism with relativism, sophistry, or nihilism is at best reductive, a gross simplification, as we shall see in a moment.

How, then, recover truth? For many, if not all, in developed, democratic and secular societies, truth cannot be recovered by appeal to some dogma, revelation, sacred text, or transcendent principle. It can be recovered only through consensus and – where consensus fails in highly diverse, multicultural societies – through negotiations appealing to human trust. Now, that’s a fragile thing, human trust. Why?

First, because trust depends on reciprocity and involves an element of risk. As James put it, “Our faith is faith in someone else’s faith, and in the greatest matters this is most the case.” Break faith with someone – parent, child, friend, spouse, business partner – and find out how hard it is to rebuild that faith, regain that trust. In fact, you can regain it only, after a period of trustworthiness, if one of the parties takes some risk and finds the risk justified.

Second, trust is fragile because it depends, beyond reciprocity and risk, upon self-abnegation, sidelining one’s own interests and desires. Ask yourself: whom do I tend to trust? Yes, someone who has proven trustworthy over the years, whom my experience has shown good to trust. But in more immediate or spontaneous situations, whom do we tend to trust? I suggest it’s someone who, as we say, is not out for himself, someone who does not wish to manipulate or exploit us – someone, in short, who projects dispassion, lack of self-interest. This lack of self-interest, this measure of self-abnegation or self-suppression, this “negative capability” as John Keats might have said, works both ways: it enables a person to trust and enables me to trust that person. In this sense, it may be a spiritual quality, a gift of self-dispossession – but that’s another story.

We are finally, I think, in a position to suggest how truth and trust may be recovered after the so-called “deconstructions”, “demystifications”, and “decenterments” of postmodernism. Truth depends on trust, and trust on self-abnegation – or at least, on the willing suspension of one’s own interests and desires to meet the needs or claims of another, meet them part of the time, part of the way. This quality has become crucial in the hybrid, conflictual world in which we live.

Why has it become so? The answer leads to my concluding remarks.

In order to conclude, I need to introduce a new term, a new idea: *postmodernity*. For postmodernism, which applies to the experimental cultures of advanced, leisure societies, has now morphed into something far larger and more lethal, which I call postmodernity. I refer to the new, violent relations in the world between localism and globalism, fragments and wholes, margins and centers, group feelings and pervasive technologies – you have heard the arguments a thousand times under the rubric of Americanisation, Imperialism, Globalisation, Multinational Capitalism, pitted against all the forms of tribalism our world contains.

Everywhere, it seems, in Tashkent or Tokyo, someone is sitting, walking, eating, driving, and who knows what else, with a Walkman or computer or cellular phone plugged to a human organ. But that, as we have dearly learned, does not make the listener any less Uzbek or Japanese. The planet may have shrunk into a pinhead, as some technocrats claim, but this pin has the prick power of 11 September. Look everywhere – diasporas, immigrants, refugees, killing fields in the name of this cause or that identity – the evidence chills the blood, boggles the mind.

So, how has postmodernism prepared us to deal with this geopolitical condition, which I have called postmodernity? Well, it has helped us to see the world in pluralist terms, to accept its hybrid, impure, fragmentary character. And it has also done much to honor Difference, honor Otherness (as the jargon goes): that is, marginals and minorities, the disenfranchised, the afflicted across the earth. But it has also taught us suspicion, resentment, spite – a nearly mindless opposition to any kind of belief, authority, or hierarchy. And, as I have argued, it has undermined truth and trust by its extreme skepticism, compulsive relativism, and obsessive deconstruction. And so we are left with Pyrrhonism on one side and Dogmatism on the other.

Can Reason alone enable us to meet the geopolitical challenges of postmodernity? Can Power? I much doubt it. What, then, can? That is the question for the Philosopher Kings and Queens of our world, of which I am not one.

But I did suggest that truth and trust may put us on the right path. I did hint that self-abnegation, or at least dispassion in recognizing the needs of the other, may point us to shared planetary goals. And I even whispered that a spiritual attitude may ripen some day into a new civility without borders. This I know: without spirit, without a sense of the cosmic mystery and of life and death at their widest edge, existence reduces quickly to mere survival.

FUNCTION NIGHTS 2003



Photographer: David Karonidis



Photo – David Karonidis

Peter Cosgrove

In 1999, as Commander of the Deployable Joint Force Headquarters, General Peter Cosgrove assumed command of the International Forces in East Timor (INTERFET) until the force was withdrawn in February 2000. On his return to Australia, he was appointed Chief of Army and in July 2002 assumed the position of Chief of the Defence Force. In June 2000, Peter Cosgrove gave the Annual Sydney Institute dinner lecture to an audience of 800 and reflected on the success of Australia's contribution in East Timor with the INTERFET forces. Returning to address The Sydney Institute on Tuesday 10 June 2003, Peter Cosgrove discussed the many challenges that have faced the ADF in the three years following his return from East Timor in 2000.

GOOD PARTNER,

NEIGHBOUR AND ALLY: REFLECTIONS ON AUSTRALIAN DEFENCE

Peter Cosgrove

I would like to thank the governors of the Sydney Institute once again for the opportunity to address a distinguished gathering of its members, associates and their guests. The Institute is one of Australia's most important forums for the expression and dissemination of ideas. I am honoured to be able to offer some of mine on the nation's defence from a soldier's perspective.

I am the senior military officer responsible for advising the government on the ADF. I am also the person who commands the organisation which implements the government's will when it does decide to take military action. I also have a very strong moral obligation to the mums and dads of Australia. Through my decisions and orders, I have to expose their sons and daughters to the inevitable risks of military action while also giving the highest possible consideration to their well being. These are the differences between an academic strategic perspective and a soldier's perspective.

Three years ago I was privileged to deliver the Institute's Annual Dinner Lecture after commanding the International Force–East Timor. In February 2000, on the flight back from East Timor, I told a staff officer who accompanied me that the attention that had been focused on me would fade soon after my return to Australia. I looked forward to my posting as Land Commander–Australia and spending time with my family after a very busy 12 months.

Rather than the end of notoriety and the beginning of what I thought would be the culminating posting of my career, I was appointed as the Chief of the Army and then to my present position as the Chief of the Defence Force last year. My approach to these unexpected appointments has been the same simple formula, one that has stood me in good stead. I do my best and insist that people who are assigned to help me carry out the important duties of these appointments do the same. I owe a great deal to my staff and subordinate commanders and their staffs who give their time and talent so competently and enthusiastically. Though it is tempting to exult in promotion

and recognition, I have found in the past three years – as I did during the five-month campaign in East Timor – that both the weight of responsibility and the magnificent efforts of the men and women of the Australian Defence Organisation to be most humbling.

The period as Australian of the Year reinforced my deeply held belief that we should all be very proud of our nation and its people. We have a diverse, tolerant and free society that should be nurtured and grown as well as strongly defended against any threat.

Many of those threats require very significant and therefore very measured responses. Those of us serving in senior military leadership positions should be mindful of the legacies we play a part in passing on to our children. The decisions and actions that we take now in Defence terms will be felt for years down the track. It is akin to changing the course of a large ocean liner. The wheel can be turned quickly but the change in direction takes some time to happen. The Australian Defence Organisation is large and complex. It takes some time to get it to change direction, without capsizing or losing momentum.

Responses to security challenges

Since I spoke to the Institute three years ago, the Australian Defence Force has had to adjust its course in response to a number of unprecedented challenges to Australian security and an increase in the tempo of operations with traditional allies. After the campaign in East Timor, the ADF in general and the Army in particular had to reconstitute capabilities. At the same time the Army had to sustain a commitment of over a thousand troops to garrison the East Timorese border as part of what I have called a ‘good neighbour’ operation. We had to recruit, train, reinforce and re-equip.

Energising and enhancing the role of the Reserves in the nation’s defence is important. Recently, the government announced plans for some Army Reserve units to be assigned new responsibilities in Australia’s domestic defence against terrorism. This role will be built on solid foundations laid several years ago.

At the end of 2000, the government put stronger emphasis on an ability to operate in our region and working even more closely with our regional neighbours and international friends further afield to promote peace and stability in an increasingly uncertain world. The government’s Defence White Paper described a complex international security environment. In the parlance of strategists, there are many more “non-state actors”, such as networks of terrorists and transnational criminals, posing threats to national and international security.

Transnational crime

In the 1990s transnational crime had begun to manifest itself as a challenge for both domestic law enforcement agencies and national

defence forces. For Australia, transnational crime challenged border security and orderly immigration through the pitiless and tragic trade in human aspirations for a better life. The government deployed the ADF into the frontline of border protection. More recently, the ADF worked in partnership with border protection authorities to board a ship which had been involved in the attempted illegal importation of a huge quantity of drugs. While not underestimating the seriousness of the problems involved, military action against transnational crime is not a contest requiring substantial military muscle. While the government rightly expects the ADF to be prepared to take prompt, strong and smart military action whenever needed, operations against transnational criminals have to be carefully calibrated and synchronized in partnership with other governments and sometimes other foreign organisations. Timely presence and displays of ADF capability deter criminal and terrorist activities.

Our Navy maintains a presence on our northwestern maritime borders and responds to illegal fishing activities deep in the Southern Ocean around McDonald and Heard Islands. The safe conduct of the Sydney Olympics in 2000 was underpinned by displays of capability largely by the Army that were designed to deter hostile individuals and groups as well as increase public confidence. Our Air Force helped to provide a safe environment for the 2002 Commonwealth Heads of Government Meeting in addition to similar types of ADF capabilities used for the Sydney Olympics.

International terrorism

The attack on the homeland of the United States in New York and Washington on 11 September 2001 has changed the international security paradigm in an enduring way. International terrorist networks rejoiced in the level of destruction, the suicidal determination of the perpetrators and the symbolism of this attack deep into the heartland of American democracy, and economic and military power. By wounding America, international terrorism wounded us. They attacked democratic and humanitarian ideals that respect human life and the rights of people to live happily and safely, and to go about their business without fear.

The challenge for the ADF after 11 September 2001 was to respond to the Australian government's decision to join our regional and international allies in the international coalition against terrorism. We had to project military force to the waters of the Middle East and into the dangerous and troubled nation of Afghanistan in the company of traditional allies.

As the spectre of chemical and biological attack by terrorists increased and the term "Weapons of Mass Destruction" gained prominence, the government directed the ADF to raise the Special Operations Command which included a reinforced Incident Response

Regiment, first raised for the Sydney Olympics, to help civilian authorities cope with Chemical, Biological and Radiological Defence and established another potent counter-terrorist capability, this one on the East Coast of Australia to complement the excellent capability we have based on the West Coast.

For every Australian the shocking reality of terrorism hit home when 88 fellow Australians and many other nationals – mostly young people enjoying a night out – were killed and scores of others wounded in Bali last October. The atrocity in Bali once again renewed the close partnership between the ADF and our colleagues in other government agencies deployed from Australia to evacuate and treat victims, and subsequently to find and apprehend the perpetrators.

Australia as a good neighbour

In October 2002, the Indonesian and Australian Governments responded cooperatively to the shared national tragedies of having innocent Australian and Indonesian citizens and international visitors killed and injured by terrorists. This partnership-in-crisis was another “good neighbour” operation. In Australia, if a neighbour is in trouble, you jump the fence and help out. It is axiomatic that we get together and pitch in, in times of fire, drought and flood.

I would like to reiterate what I said to the Royal United Services Institute of New South Wales on 17 July 2000 about what being a good neighbour in the region means to me:

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 – or in light of recent events – to explode bombs to make their point. Good neighbours understand that ... it is in everyone’s interests to ensure that citizens, families, communities, nations and regions are able to prosper free from armed intimidation.

Australia as an ally

Since the attack in Bali and consolidated regional efforts against terrorism, Australia has once more sent its sons and daughters in uniform to the Middle East. The intervention into Iraq drew ADF contingents from Navy, Army and Air Force into a large tri-partite military campaign. Once again we found ourselves in the company of traditional allies whom we have fought alongside many times before. Though modest in size compared to American and British forces, the Australian military contingent made significant contributions to the campaign out of proportion to their numbers. With apologies to

Winston Churchill, never have so few gained the attention and respect of so many.

Our Navy contingent intercepted a shipment of mines bound for release in the Gulf and cleared port facilities for the arrival of humanitarian aid, our Army contingent attracted great praise for the way in which it dominated an area which historically had been used for missile launches against near-by countries. In the course of this operation they captured key installations, and discovered and neutralised other key Iraqi military capabilities. Our Air Force contingent performed magnificently in all departments – transport, maritime patrol and multi-role fighters.

The fighters in particular performed this first combat mission for 50 years in an exemplary, highly professional way. Our Air Force effort significantly bolstered the US-British air campaign.

When I addressed the Institute three years ago I lauded the performance of junior leaders and small teams and praised the ADF's investment in individual and collective training that produces them. That investment paid off again in Iraq as had been the case in Afghanistan. In both theatres of operation Australians were entrusted with sensitive missions. Australia may not have the financial resources to invest in vast quantities of precision guided munitions. However, our investment in high quality training of young Australians produces people who can be trusted to self-guide virtually unerringly to the desired target or mission outcome.

In amongst the reverberations of the “Shock and Awe” campaign let me sound a somewhat cautionary note: several speakers at a recent strategy conference in the United States concluded that the need for well trained Infantry and Special Forces has not diminished as the modern battlespace becomes more crowded with sophisticated technology and the means to deliver accurate and massive firepower. Precision-guided munitions alone will not annihilate well-concealed and determined opponents dispersed in complex terrain.

Well-trained individuals, junior leaders and small teams from Navy, Army and Air Force proved to be extremely useful for operations in the company of allies in Iraq and Afghanistan. They are also crucial for any future operations against terrorist and transnational criminal networks active in our neighbourhood.

Adapting to the new security environment

How should the ADF adapt to the new, more complex security environment? I am concerned about statements in the media that our strong stand with our regional and international allies against international terrorism after 11 September 2001 and since the attack in Bali as well as our interventions into Afghanistan and Iraq has increased Australia's vulnerability to terrorist attack. It's my job to advise the

Australian government on the ADF's part in the fight against terrorism, first domestically in partnership with other Australian security agencies, then regionally with our neighbours and also internationally with our allies. Australia has a tradition of doing the right thing in face of armed aggression against its interests, the interests of neighbours and allies and the broader interests of the international community when human rights are threatened and there has been wrongdoing that justifies military intervention. We are a nation that should take the fight up to terrorist and transnational criminal networks.

The prospect of robust and lethal responses makes us a harder target that will force terrorists and criminals to think twice before risking attacks or criminal activity on the Australian mainland or against Australian citizens and interests overseas. It is naive to expect regional and international allies to be good neighbours to us if we don't pull our weight in the defence of the neighbourhood against those who kill and maim innocent people to make their point.

The nation's defence is not enhanced by trying not to be noticed by terrorists or ignoring the call of our allies to assist putting pressure on terrorist and transnational criminal networks because we fear reprisal. The nation's defence against terrorism is greatly enhanced through creating a strong deterrent environment nationally and being able to operate in concert with other nations internationally. Terrorist networks depend on complacency, soft targets and lack of unified, decisive responses to plan for, and then take, violent action. Robust domestic and international arrangements for countering terrorism should first aim at nipping terrorist intentions in the bud before they become attacks. Military action will be less effective against terrorist networks if it is not based on timely and accurate intelligence.

Operating and cooperating with neighbours and allies means that nations with significant intelligence and surveillance resources, as well as cultural and ethnic insights into terrorist and transnational criminal networks, share information with us and we share information with them.

The new security paradigm does not leave our nation's security arrangements neatly divided between those responsible for domestic security and those of us in the ADF responsible for playing a part in national security against external armed attack. The threats to national security are more complex than these outdated demarcations.

The ADF has proven that it can be a good partner with other Australian security agencies in border protection, counter-terrorist operations and the fight against drug smugglers. The safe conduct of the Sydney Olympics and CHOGM, the response to the terrorist attack in Bali, the continuing seizure of illegal fishing vessels and the recent seizure of the ship which smuggled drugs demonstrate the necessity of

unified and well-coordinated national arrangements to deter terrorist and criminal activity.

Preservation of freedoms

Those who are committed to resisting terrorism and transnational crime share a vital task of vigilance to defend our shared democratic values and human rights.

This scrutiny and awareness of our global neighbourhood should not be seen as an effort to dominate or control by any one nation, or one group of nations. It is a global neighbourhood watch that is designed to allow people – notably our people – to get on with their lives in peace and prosperity. While creating arrangements for a more secure Australian society we should not infringe beyond a prudent minimum on the rights of Australians to enjoy freedoms that our mature democracy affords them; freedoms which have been secured, in part, by the sacrifices of the men and women of Australia's armed forces in the past. It would be self-defeating for all of us for those freedoms to be severely degraded in the name of counter-terrorism. If we are not careful and as restrained as prudently possible, terrorists have won a different sort of victory.

Every Australian should wake each morning free of fear and full of optimism. They should take for granted that their Defence organisation is working in partnership with domestic law enforcement authorities behind the scenes of our daily life deterring and, if necessary, protecting against those who would harm us and do harm in our region. There will be inconvenience. Australians and visitors to Australia will have to endure additional security measures to screen and regulate people and freight moving into and around our nation. Security agencies will monitor suspicious activities that come to the attention of domestic law enforcement agencies. Occasionally there will be a need for powerful responses against hostile individuals and groups.

For our part, the ADF stands ready when requested by government to back-up domestic security operations when it is deemed necessary and appropriate under current legislation.

Let us not make mistakes that our children will inherit. Our legacy to them should not be a world that is poisoned by terrorist or transnational criminal networks. The threat from global terrorist and transnational criminal networks will grow if we do not invest in effective cooperative arrangements and means to deter and to respond in a prompt, strong and smart way right now.

Management of alliances

We have entered a period where Australia will have to continue to manage its alliance arrangements carefully. This will ensure that our military capabilities are not overstretched to meet both our regional

responsibilities and our alliance commitments. We should look after unique Australian interests and offer fair and fearless advice to our allies and when it is in our national interests, help them as best we may. The Government has to balance Australia's domestic, regional and international security priorities. Our force projection into the Middle East should not create an impression either at home or abroad that Australia is able to be an invariable and omnipresent global military partner.

Balancing that, our force projection into the region for good neighbour operations should not create the impression of a myopic and shy Australia, unwilling to venture further afield in a necessary cause. Our use of the ADF for domestic purposes such as border protection, and assistance to other government agencies against transnational crime, including terrorism, should not create the impression that we have lost sight of the fundamental responsibility of a Defence Force: to deter and defeat armed threats to our sovereignty and interests beyond the capacity of our society's ordinary law and order agencies. Simultaneous preparedness for global, regional and homeland military force projection is expensive. It will take some time to create the depth of capabilities required to achieve this sustained level of versatility and stamina.

A part of our management of alliances is also ensuring that Australia's voice is heard when strategic decisions impacting on Australia are being made and military action is being considered. As I travel in the region and beyond, I am gratified to find that our opinions are sought and well respected by our allies. We are not expected to conform just because our contributions are small compared to more powerful allies. Lack of numbers does not mean lack of intellect, judgement or professionalism. Indeed, we enhance the effectiveness of allied headquarters around the world with our staff and we offer several specialist capabilities that are most useful to allies.

The ADF is both an instrument of national power in defence of the nation and its interests as well as an instrument to facilitate Australia's efforts to bring peace and stability to our region and beyond. Several of our neighbours are under a variety of internal economic, social and security pressures as they strive to create prosperous, democratic societies. International terrorist and transnational criminal networks increase and complicate these pressures. It is incumbent on Australia as a good neighbour to continue to facilitate a network of regional relationships and alliances to help alleviate pressure that can create conditions for terrorist groups and transnational criminals to recruit and to thrive.

Logistic speed and stamina

Innovations, such as Network Centric Warfare, aim to employ Information Age technology to achieve information dominance. By this I mean that we know more than an adversary and we know that we know more. When this occurs it is a moot point whether the adversary knows that we know more than him. Some theorists think it is good for him to appreciate his inferiority. Others think his ignorance is our further bliss.

Essentially, though, this knowledge edge is the pre-requisite to using force precisely, economically, minimally, discriminately and decisively. The manoeuvre of forces from a strategic distance was demonstrated in Iraq. The Iraqi armed forces were out smarted and out-manoeuvred in four weeks without the need for conventional battles that would have resulted in relatively massive casualties. However, even getting the smaller, more destructive force into the region (compared with that assembled in 1991/92) was an operation constrained by the need for strategic heavy lift of people and materiel and constrained by limitations to the speed, agility and stamina of logistics systems.

When I spoke to the Institute three years ago I emphasized the importance of logistics. The East Timor operation stretched ADF logistics to the limit. For Iraq and Afghanistan the ADF achieved some success with acquiring specialist items rapidly, contracting out our strategic movement and having forward operating bases in host nations. However, the ADF doesn't yet operate a single supply chain nor do we yet have an automated logistic management system that is also interoperable with the systems of our traditional allies. There is not yet an automated finger on the pulse of our resupply of forces serving overseas.

Our allies provided the basics, such as water, food, fuel and some types of ammunition and ordnance, in Iraq and Afghanistan. However, spare parts, mail and a host of other items unique to our inventory and way of operating had to be supplied by the ADF logistic system. The system was intensively managed manually in Afghanistan and Iraq. This type of management can be effective for smaller scale operations but will not keep up with the tempo of larger scale operations.

In three years since the lessons of East Timor were identified, an automated logistic management system is still a work in progress and an upgrade of the existing system has been delayed for various reasons. The Americans piloted a new logistic system in Iraq that closes the gap between what Network Centric Warfare and other evolving military technology promise and smart logistic management systems to fulfil that promise. We must study it, copy it, take from it or buy it if we are to exploit our logistic as well as our combat potential.

Conclusion

I would like to sum up, emphasising that the international security paradigm has changed forever. The ADF is strengthening domestic, regional and international relationships in order to be a good partner, neighbour and ally in the fight against terrorism, transnational crime and the possible spread of weapons of mass destruction.

Domestic, regional and international deterrence is the underpinning strategy to force international terrorists and transnational criminals to back off. That deterrence comes at a price, can involve violent responses and also causes some inconvenience. Australians deserve to enjoy the freedoms of their democracy. However, the threats to national and international security have to be fought with new capabilities and resources to give the ADF the depth to project military force nationally, regionally and internationally. The combination of deterrence and rapid carefully calibrated force projection should be enough to ensure a peaceful legacy for our children. Not to take action now to enhance our capabilities will run the risk of a poisoned inheritance. No Australian wants future generations to wake in fear of a terrorist attack that could involve the use of weapons of mass destruction.

I would like to conclude by thanking Gerard and Anne Henderson for inviting me here tonight and congratulating them and the Institute staff for the magnificent job they do facilitating informative activities for the benefit of members and associates as well as the Australian community.

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Photographer: David Karonidis



Photo – David Karonidis

Alison Broinowski

Alison Broinowski, a former Australian diplomat and currently a Visiting Fellow in the Faculty of Asian Studies at the ANU. She has published a number of books and articles about the relationship between Australia and Asia and recently completed a doctorate on this subject. Her best known book is *The Yellow Lady* (OUP) and her latest work is *About Face – Asian Accounts of Australia* (Scribe). Alison Broinowski addressed The Sydney Institute on Tuesday 17 June 2003, and presented her perspectives on Australia's image problems, as seen from Asia.

BALI AS BLOWBACK:

AUSTRALIA'S REPUTATION IN ASIAN COUNTRIES

Alison Broinowski

Almost immediately after the Islamist attacks on New York and Washington on 11 September 2001, many Americans from the President down asked: "Why do they hate us?" It's not surprising that there are now mountains of books proposing a wide range of answers. What *is* surprising is that after the Islamist attacks on Australians and others in Bali on 12 October 2002, no similar curiosity was expressed in Australia.

Why not? Perhaps it sits more easily with us to think Americans might be hated than to imagine that we might be hated for similar reasons. We seem to have trouble with the idea that some people might have reasons to hate us, purely as Australians. I'd like to consider what Bali should have told us about our reputation in Asian countries, whether it's fair, why it exists, its relevance to the war in Iraq, and what we might do about it.

Bali

On the night Bali happened, we all know where we were and what we thought. I was as shocked by the mass killings at Kuta as anyone, but I was not surprised by the hatred they revealed. From my research for *About Face*, I knew Australia was publicly unpopular in Indonesia, and elsewhere, and why. But I had learned not to expect any public discussion from our government about that. In 1996, I had proposed a study of Asian perceptions of Australia to the Department of Foreign Affairs and Trade, and had been given the official brush-off. So I had gone to ANU, where Professor Tony Milner and his colleagues encouraged me to work on it for six years. For half that time, I led a team of researchers in an examination of accounts of Australia in Chinese and Japanese in the collections of the National Library.

Bali, where 88 of the 202 dead were Australians, has for decades been synonymous with Australian tourism. Larger numbers of Australian tourists than of any other nationality are attracted by its exotic culture, as well as by the delights of surfing, sun baking, cheap

drinking, dancing, and drug-taking. Of course, they contribute to the local economy, but few of them are there long enough to consider the impact of their presence on land use, water supply, or local morality and culture. Behind the Balinese smiles, offence at their presence has been mounting for years, particularly among immigrant Islamists from other parts of Indonesia, like the accused bombers. They said they targeted Westerners in Bali, and were pleased they had died, sometimes mentioning Australians specifically.

After the bombing, although Balinese whose incomes depended on tourism begged their Australian “brothers” to return, an academic authority on Balinese culture in Denpasar said the bombing was a good thing that would cleanse Bali of the foreign evil, and she welcomed the prospect of Australians not returning for some time. On 12 November 2002, a taped voice, apparently that of Osama bin Laden, accused Australia of bringing the divinely ordered Bali attack upon itself by supporting the United States in East Timor and Afghanistan, and by its intention to do so in Iraq.

A few days earlier (16 October 2002), a syndicated column by a Malaysian writer had run in several papers in Southeast Asia. Asking “Why did the bombers pick on the Sari Club?” Rehman Rashid answered that it was identified with Australians: a filthy place, he wrote:

... reeking of beer and sweat; the air thick with smoke and jagged with Strine; packed out and heaving into the night at the scummy end of the Legian-Kuta strip where the carousing begins in the early evenings at the chi-chi Legian end of the strip, then cascades down the drag in seven waterfalls of deepening drunkenness to debouch onto Kuta Beach and sprawl snoring at the dawn, or sink into the strip's last sump, the Sari Club.

Rehman explained that the Indonesian owners charged locals high entry fees at the Sari Club, while foreigners got in free. He added: “It did not sit well with those locals that the Sari Club – the slimiest, scuzziest, sleaziest dive of them all – practiced such discrimination”. What his readers would be quick to recognise from this is that the Sari Club is synonymous with Australia, both of them places that, because they had a reputation for discriminating against Asians and insulting Muslim morality, represented low life that deserved to be destroyed.

I doubt that anyone at the time drew Rehman's story or others like it to the attention of Mr Howard or Mr Downer. Instead of admitting that we might be hated in the region for appearing to be white, Western, Christian, and hence the enemies of Islam, Mr Howard preferred to assure us that terrorism is an international, non-Muslim threat. Mr Downer even claimed that on his travels in the region he found Australia is “a much admired country” (Sydney Institute, 17 February 2003). Yet Gareth Evans, as Foreign Minister back in 1992,

admitted that Australia had what he called “something of an image problem”, and later, even as conservative a commentator as Professor Owen Harries observed that Australia’s standing and influence in the region had fallen to “close to nil” (4 March 2002). Mr Downer proposes Australia standing for a seat on the Security Council in 2006: he must be counting on a marked recovery in our popularity at the United Nations.

Now we are belatedly hearing that specific threats have been made against Australia by Islamist groups since before 2001. What Bali showed us, or should have showed us, is that pent-up hostility to the West, or to Australia, whether we deserve it or not, may be subtly expressed by presidents, pointedly by journalists, loudly by rented mobs, or calamitously by well-organised teams of terrorists.

Image problems

Both views can’t both be right: either we have an image problem or we haven’t; either we are highly regarded or we are not; either we care about it or we don’t. The present government appears to care less about Australia’s reputation, at least in Asian countries, than many of its predecessors. To be concerned with national image, or image promotion, is to be regarded in today’s Canberra as soft and ineffectual. It was always so to some extent, but today the hard men and women in government are explicitly urged to leave such niceties at the door. They promote not the national image but the national interest. What that might be is not discussed, but dictated. Where they promote it is primarily in Washington, and sometimes in London, but not much in Asia. More assiduously than for many years, they pick up the ideas and the language of Anglo-alliance neo-conservatives.

For the hard men and women, military means to achieve political and economic ends are justified. They intend in the name of “freedom” to impose democracy and forcibly liberate trade anywhere in the world. Our foreign policy is now a replica of Washington’s, ready made and pre-digested, and compliantly adopted in Australia word for word. We are in effect renewing the cultural cringe, this time to America. When Mr Howard tells the United States Congress that “Australia has no better friend anywhere in the world than Australia” and Secretary of State Powell calls Australia “our oldest and closest ally in the Pacific region”, Australia’s back is seen, once again, to have been turned on Asia.

In the early years of the Colombo Plan, Australia asserted its goodwill and support of our friends and neighbours, and was often urged by Indians, Filipinos, Thais and others to become part of Asia. But we always balked at non-alignment, and for some years resisted nationalist efforts to get rid of colonial powers, particularly in Indonesia and Vietnam. As Asian regionalism grew, along with prosperity, the

welcome for countries identified as Western, like Australia, became less warm. Australia's overtures in the early 1970s for an Asian Forum were rebuffed by Indonesia; our efforts to join ASEM in the 1990s were turned down by Malaysia; and we are excluded from the ASEAN plus three summits by a consensus of member countries. Indeed, regional inclusion or exclusion was dangled in front of us as a reward for compliant behaviour of one kind or another by individual Asian countries.

In China, for example, the *People's Daily* observed (13 March 2000) Australia lacked a foothold in both East and West. It displayed confusion, ambivalence, or contradiction, "like a bat that couldn't decide whether it was a bird". When Australia was out of favour with the PRC, it was advised by the Beijing paper to stay out of "Asian" (or Chinese) affairs, to adopt a lower profile, to respect the difference of 'Asia', and to mend its relations with China. A similar view had been delivered to Australians as early as mid-1997, when Japan's Foreign Ministry indirectly suggested that the level of respect for Australia in Japan had fallen as a result of Pauline Hanson's campaign, and a managing director of Mitsui asked obliquely in Canberra whether Australia was "Asia or Europe or something other". Dr Mahathir, in Malaysia, has said Australia will qualify for Asian membership only when 70 per cent of our population is Asian, or in 70 years time. He knows he will not live to see it.

Australia's other critics in the region often send similar messages. In India, Australia has for long had a reputation as a "dancing monkey", a stooge of the United States. We make it worse by persistently rejecting India as a member of APEC, and by retaining the British monarchy. Even in Asian countries whose militaries cooperate with the United States, Australia is often castigated for lacking independence, and for doing the bidding of the Americans in the region. This is scarcely surprising, because it's true. It implies that at the United States' bidding, Australia will ride roughshod over their carefully crafted agreements on non-intervention and foreign military bases.

In Thailand and Malaysia in 1999, reports of Mr Howard's "deputy sheriff" role were greeted with outrage, which grew when we appeared to be playing it in East Timor in 2000. Another eruption against Australia greeted the Prime Minister's announcement in December 2002 that we were prepared to make pre-emptive strikes against terrorists in neighbouring countries. Dr Mahathir responded by calling Australia arrogant, swollen-headed, with an overblown opinion of itself, and too big for its boots (*bongkak*). As the invasion of Iraq was about to begin, ASEAN Foreign Ministers were meeting in Sabah on 19 March 2003. The Malaysian foreign minister specifically criticised Australia's involvement, saying that although remote Iraq did not

threaten us, Australia thought it must do everything the United States did. Syed Hamid Albar speculated that Australians didn't like Muslim countries. Australia, already marginalised because of its subservience to the United States, can easily be made the region's pariah by accusations of racism and, in the current circumstances, of anti-Muslim bigotry.

Tentative proposals for United States military to be based in Australia are now being tried out on the Australian electorate, along with revelations about Al Qaeda's longstanding interest in attacking Australia. These ideas have been around for much longer than most people realise. Their implications are serious, particularly for exacerbating our image problem in the region, but the government is not openly discussing the details.

Should we care?

It is very hard for Australia to please everyone, and nearly impossible to please the leaders of Asian countries. When we do what we consider to be the right things during the East Asian economic collapse and the East Timor crisis, still we are criticised for offending Malaysian or Thai or Indonesian sensitivities in the way we do them. We are repeatedly advised to contribute to the region, but if we seek to join regional organisations, we are told we don't qualify, on grounds of race and culture, to be "one of them". For Australia to be critical of Asian countries is an insult; but when Asian countries criticise Australia, that's justified. We are said to be "saltwater colonialists" who have never struggled for our independence. Australia, a former British colony, an ally of the United States, with a majority white population, a history of racial discrimination against Indigenous Australians and Asians, and a record of protecting both labour and industry against Asian competition, presents the region with a fine target for stereotyping. Why? Because to place Australia outside the region strengthens the solidarity of those inside, and to criticise Australia deflects criticism that might otherwise be directed at them.

So Australia offers leaders of Asian countries a safety valve for domestic hostility and an easy can to kick: we can be criticised for interference and impertinence if we take a close interest in Asian affairs, and for ignorance and indifference if we don't. What's more, we make it easier for them by perennially targeting ourselves, publicly castigating our politicians' ineptitude, satirising their shortcomings, and agonising about our identity and role in Asia. When we are not competing with each other to sell raw materials and primary products cheaply in the same markets, we are promoting ourselves through anecdote, sports reporting, and tourist publicity, as a vast, underdeveloped, almost unpeopled island of hedonism, where life is a beach or a fenceless zoo.

Our self satire as Ockers goes down as badly in the region as our bragging about being a clever country or the strong man of Asia.

We can hardly be surprised when these images are played back by opinion leaders in the region in ways that serve their interests. A year or so ago, when Australia's economy was the only one doing reasonably well in the region, I heard a Japanese journalist, a former diplomat with a degree from Melbourne University, assert that American journalists were so ignorant they didn't understand the facts, British journalists were so arrogant they thought they knew all the facts, and Australians were too lazy even to find out the facts. With this little joke, he was projecting his superiority as an Asian, able to understand Asia in a way that no white journalist could, and, what's more, to write about it in English. Certainly, a Western journalist would be accused of racism for such a statement.

In Hong Kong, a radio journalist in the late 1990s listed the reasons for excluding Australia from Asia in similarly race-based terms:

- They [Australians] were very arrogant in the past towards Asians, so Asia cannot accept them.
- They are still white with white faces, not Oriental-looking. Basically, if you look at us, we're Oriental but if you look at them, they're Western, like the English and Americans. Despite their attempts, it would be extremely difficult. I was there for a week three years ago and my impression, from my journalistic instinct, is that the "becoming part of Asia" scheme won't work.

In my book, I point to these double standards about Australia and Australians. They can, it is true, be traced back to Australians' own behaviour, self-projection, and all our twentieth century dealings with the ten Asian countries I considered. But equally influential are the interests of opinion leaders in those societies, who manipulate these stereotypical perceptions in order to make Australia a scapegoat and keep their Australian interlocutors on the back foot. In the process, these representations can be turned around to "face" the other way. Whether Australia as a nation is acceptable or unacceptable, part of the region or not, often seems to depend less on our behaviour and more on opinion leaders' interests at any given time.

Iraq

In spite of the Islamist terror attacks on America on 11 September 2001 and on Australians on 12 October 2002, Australians have been slow to see a linkage between them and Australia's reputation in Asia. After the Bali bombing, we had an opportunity to back out of the coming war in Iraq, by arguing to Washington that our limited defence capacity should be used closer to home. But we didn't take it. The terrorists, it soon emerged, were Islamists who were proud to have

targeted Australians because, as two of them told police, “they behave despotically towards Muslims”, and because Australia had tried to separate East Timor from Indonesia as part of what they called an “international conspiracy by followers of the Cross” (*ABC Four Corners*, 10 February 2003). America and its allies, they said, were the real international terrorists, but Australians were not significantly different (*SMH*, 12 February 2003). More moderate Indonesians, trying to govern their country in difficult circumstances, warned Australia that it would be difficult to contain people with such beliefs.

Malaysia and the Philippines have clearly been unable to do so, as the terrorists’ trail reveals. If there is a clash of civilisations, it is in the struggle between moderate, progressive Islam and radical Islamism that seeks *jihad* and a worldwide caliphate. Australia is not out of range of these reverberations. There are active cells of *Jemaah Islamiah* in Australia, that are reported to have been visited eleven times by the movement’s “spiritual leader”, Abu Bakar Bashir, but the Australian authorities admit knowing little about them: what we have learned recently seems to come from the CIA. If all *kafir* (infidels) are targets in the Indonesian terrorists’ *jihad* against the West, Australian *kafir* must be the most convenient Westerners. Australia is a closer, easier target for Muslim hostility than the United States, and less capable of retaliation.

Clearly, this year would have been a good time to foster cooperation and consultation with the region, and a bad time to stir up hostility by needlessly attacking another Muslim country. The war against Iraq has made Australia even more isolated and exposed to punishment as a scapegoat for the United States than it was at Bali. Countries that particularly anticipated needing future American help with their own problems gave token support to the coalition in Iraq, though of the 33 claimed as supporters by the United States, many would not say so publicly.

Japan’s Prime Minister Koizumi made a statement of endorsement of the United States on the eve of the invasion; the Philippines declared itself part of the coalition of the willing; and South Korea’s President Roh called the war inevitable and said his government supported it. Singapore and Thailand did not oppose it. But no Asian country felt so threatened that it needed to go to war against Iraq. Indonesia denounced the 20 March 2003 invasion; China said it violated the United Nations charter and international principles; and Malaysia’s Deputy Prime Minister said the invasion was a black mark in history that would increase extremism, militancy, and anti-American feeling around the world (*SMH*, 21 March 2003: 5).

Malaysia’s Foreign Minister on 21 March 2003 suggested that Australia’s involvement indicated its dislike of Muslim countries. Although Australia was far from Iraq and was not threatened, he warned, its actions could inflame Islamic extremists and increase their

recruits (<www.malaysiakini.com.my>). By the end of March, record crowds were demonstrating against the war outside the United States Embassy in Jakarta and the Australian High Commission in Kuala Lumpur. Even Qatar's cable network *Al Jazeera*, widely viewed in Southeast Asia, weighed in, with its business editor describing the Australian government's position as 'weird' and telling its audience of 35 million Arabic-speakers that Iraq posed no threat to Australia's interests. "There is some sort of anger across the Arab region about this position for many reasons," reported the editor, Yousef Shrouf, just after Howard's 18 March 2003 commitment of troops to war.

Whether it is justified or not, overbearing behaviour by Australians stirs old memories in the region, where the invasion of Iraq gave opinion leaders another cue for their common chorus against Australia. It further enraged some of them that Mr Howard appeared not to be concerned about their opinions; and absence of comment from other neighbouring countries did not imply their dissent. Their view that we and the United States are all cowboys was reinforced when Colin Powell announced (21 September 2002) that "Australia is a sheriff in its own right. The fact that we are standing together at high noon, time after time over the last hundred years, side by side as partners, should speak to the value we place on our relationship with Australia". Those who are always quick to accuse us of arrogance and neo-colonial condescension towards them, observed that Australia was being rewarded for once again putting its relationship with the United States first. Paul Kelly warns Australia against letting the impression develop in Southeast Asia that we are "merely the regional agent for the US", but he admits that it is already too late to stop it.¹

The terrible events of 2001 in America and 2002 in Bali demonstrate what can happen to a country that becomes a scapegoat. We haven't yet been scapegoated for Iraq, but it is highly likely that we will be. Certainly, those Australians who don't know or care about how we are perceived in Asian countries have been brutally reminded by Bali that it matters.

What can be done?

The gridlock of prejudice can only be broken by making Australia more useful, interesting, and relevant to countries in the region. It may be that more and better public diplomacy will not change representations of Australia in the region as much as it changes the attitudes of those delivering it. If Australians are to be more relevant to the region, we must become more interested in its relevance to us. This is gradually occurring through thousands of individual efforts in thousands of different fields. But only if Australia as a nation becomes a committed, equal contributor to the region will it be valued for itself, less often

blamed for the failings of its neighbours, and less prominent as a target. Travel warnings, while necessary, disrupt this process, and by becoming semi-permanent, could harm not only all the region's economies, but a whole generation of young Australians.

Any image problem involves two basic issues: representation and reality. Influential people in Asian countries assert that Australians are unacceptable because they are racially different, and because their fundamental priorities are Western. Most Australians agree that we are Western, not Asian, but we compound the difference by insisting on our alliance with the United States as indispensable and culturally essential. I will conclude by examining these two basic propositions.

First, regional identity. Some Australians claim that having put racism behind us, all Australia has to do is get over its cultural difference and define itself in Asia.² On the contrary, as leaders in the region have said again and again, Australia is *not* "one of us". For them, race and culture are indispensable tests of acceptability, which are used to unite Asians and to marginalise and differentiate Australia, and which won't go away. As the only country in the East Asian hemisphere that claims to be multicultural rather than homogenous or multiracial, Australia will be denied regional membership for as long as it serves regional leaders' interests to maintain their racial/cultural barriers to our inclusion. All Australia can do, if we seek influence in the region, is gradually to define our own "third space" in it. To deal with our image problem, we must understand our place in the hierarchy, and build up a record of performance that may eventually convince leaders that it would be more useful to have Australia inside regional organisations than outside them.

Second, the US alliance. Even though six East Asian countries have defence arrangements with the United States, they do not involve cultural identification with the United States or virtually unquestioning compliance with Washington, as the ANZUS treaty has recently come to do for Australia. A country that claims to be independent should, as well as having its own head of state, create its own foreign and defence policies. It should take part in foreign military ventures only in response to requests from the United Nations or to direct threats to its territory, and should respectfully consult its neighbours. It is erroneous to claim that ANZUS obliged Australia automatically to go to war against Iraq, a trading partner with which we had no quarrel. Nor does ANZUS oblige Australia to fight against abstractions like "terrorism", "rogue states", or to eliminate the very weapons in the hands of "tyrants" that our ally possesses. If it did, then the defence alliance would endanger Australia more than protect it and we would be constantly at war, as some in the United States apparently plan to be. Australia's recent behaviour as a culturally cringing, subservient ally of an imperious United States not only undermines our national interests and further

damages our reputation in the Asian region, but makes all of us targets, wherever we are. For once, Dr Mahathir was right: Australia has made itself less acceptable than ever in Asia, where help when Australia needs it will be less and less forthcoming.³ Those who thought that Australia's image problem in its own region was a soft issue should think again, quickly.

Endnotes

1. Paul Kelly, "What is ANZUS for?", *The Diplomat*, June/July 2003: 26–30.
2. F. R. Dalrymple, *Continental Drift: Australia's Search for a Regional Identity*, Ashgate, Aldershot, UK, 2002. R. J. Woolcott, *The Hot Seat, Reflections on Diplomacy from Stalin's Death to the Bali Bombings*, Sydney: HarperCollins 2003.
3. The *Weekend Australian*, 23–24 November 2002, p. 17; *The Australian*, 3 December 2002, p. 1.

FUNCTION NIGHTS 2003



Photographer: David Karonidis



Photo – David Karonidis

Edmund Campion

The sexual abuse of minors is said to have begun the real decline of the Catholic Church in the United States and has seriously undermined the Church's authority throughout the Western world. In an age marked by extremes of secularism and fundamentalism, where can the church play its part? Father Edmund Campion, whose *Lines of My Life* (Penguin) has just been published, addressed The Sydney Institute on Tuesday, 24 June 2003 to reflect on the problem of clerical celibacy, its historical background and the part it has played in the character of the Catholic Church over centuries.

CLERICAL CELIBACY

- THE CATHOLIC PROBLEM

Edmund Campion

Historians tell tales about dead people. Predicting the future is not our job; we leave that to others, whose confident predictions will be tested in the wash dish of time.

I will give you an example. The eighteenth century Irish teacher, Brian Merryman, wrote a teasing prophecy in a well loved poem, *The Midnight Court*. His poem concerns a marriageable girl who cannot get a husband because of social conditions in eighteenth century Ireland. So she appeals to the Queen of Fairyland; and hauls before her fairy court one of the confirmed bachelors who have disappointed her. In her address to the court, she complains of the priests who cannot marry, although she does admit that many are the priests who have given comfort to a lonely girl. Back and forth the action goes in the fairy court; until the Queen of the Fairies rises and gives her verdict, in favour of the unwed women of Ireland and against the confirmed bachelors. In passing, the Queen of the Fairies comments on tonight's topic, clerical celibacy. Here is what she says:

In the matter of priests a change is due,
And I think I may say it's coming, too.
Any day now it may be revealed
That the cardinals have it signed and sealed,
And we'll hear no more of the ban on marriage
Before the priests go entirely savage.

That prediction of an imminent end to mandatory clerical celibacy was written in 1781.

In recent centuries, when a man was ordained to the mainstream priesthood of the Roman Catholic Church, he put his hands into the hands of the bishop, as in a feudal oath of vassalage, and promised to obey him. His promise, already anticipated when he became a deacon, had two main consequences: he was committed to a daily prayer life and he debarred himself from marrying. Of the two, the commitment

to prayer was obviously the more important: one recalls the poem by Vincent Buckley:

THREE UNACCEPTABLE THINGS

A dirty dentist

A timid bookie

A prayerless priest.

Prayer was central to the life of a priest; but the commitment never to marry, celibacy, was also a significant part of his public image: when anyone thought of a priest one of the first things to come to mind was his unmarried state. As lay persons were, priests were bound to chastity by the Commandments – “Thou shalt not commit adultery”; “Thou shalt not covet thy neighbour’s wife” – but celibacy took them a step further.

(I am not here considering members of religious orders, who take vows to God, including a vow of chastity. Thus a vowed religious is in a double bind: the binding by the Commandments and the binding by a vow to God. My focus here is on the mainstream, or diocesan, or secular clergy. Their celibacy results from a promise to the church, not from a vow to God. Self-evidently there is no necessary nexus between the vows of monks or nuns and the priesthood. The vows of religious men and women are valuable beacons to our world, warnings against the dangers of acquisitiveness, self regard and self will.)

* * * * *

In our earliest centuries, one role model dominated the imaginations of Christians: the martyr. It is bad history to suggest that, for our first three centuries, Christians suffered constant persecution at the hands of the Roman Empire. Although persecutions were temporary, occasional and not legislated for, they nevertheless were sharp reminders to the Christians that they were in many eyes suspect citizens, the Aborigines and Torres Strait Islanders of their day. That is why anyone who suffered for the name of Christ – the word martyr means “a witness” – was honoured in the church communities: their stories were told, the records of their trial preserved and, if they were executed, their remains were revered and the people liked to be buried near them. Bishop Ignatius of Antioch’s *Letter to the Romans*, a martyr’s manual, became favourite reading a century after Christ, almost on a par with Sacred Scripture. In North Africa, those who had suffered for Christ, but had not died, were so highly esteemed that they were treated as an alternative clergy, with priestly powers of remitting sins. So when persecution broke out, a wave of enthusiasm for martyrdom could sweep the community. Thus Origen, one of the pioneers of literary criticism, was so eager for martyrdom as a young man that his mother had to hide his trousers, to stop him running into the street and offering himself to his persecutors.

The victory of Constantine, at the beginning of the fourth century, put an end to state persecution and hence to martyrdom. The martyr remained as a potential role model for any Christian – the first historian of the seminary at Manly wrote that the college would not have achieved its destiny until it could add a martyr’s crown to its coat of arms – but now other ways of Christian witness printed themselves on people’s imaginations.

Some decades before Constantine, religious men and women in North Africa had begun turning their backs on the cities and questing into the unknown in search of a purer Christian lifestyle. In the absence of martyrs, the monk would now become the dominant role model for Christians. Monasticism, once the idea travelled to Europe taking on many different shapes, became the central Christian ideal through all the Middle Ages – until Martin Luther and then the evangelicals brought forward the family as an admirable type of Christian living. No wonder monastic asceticism was often proposed as a spirituality for the clergy. The parish clergy were to be cut-down monks... in theory at least.

Around the year 1865, a useful word was coined as a weapon in the battle of ideas for Italian identity. The word was “clericalism”. Like all new words, it grew, changed its shape and took on other profiles. It came to mean the culture underpinning the privileged status of bishops and priests. Later, the word would encapsulate that view of church life which emphasised its institutional and patriarchal structures that privileged the clergy over the laity, especially men over women.

As is often the case, the reality of clericalism existed long before an apt word was found for it. Indeed, from one point of view the whole history of church life may be told as a story of the aggrandisement of the clergy and the diminution of the laity. On this view, the spectacular growth in numbers of Christian church membership in the earliest centuries is a most significant happening; for it transformed what had been a face-to-face Jewish sodality, where everyone shared in running the community, into a mass movement, lower in its expectations and, willy-nilly, reserving more and more power to the leadership group.

In their mental culture, there is little difference between Archbishop Stephen Laugdon of Canterbury, who said at the beginning of the thirteenth century, “Because you are lay people, it is your business to believe that your prelates are men who do all things discreetly and wisely,” and Archbishop James Quinn of Brisbane, who said in the middle of the nineteenth century, “I am a sacred person; I have been ordained and received the Holy Ghost; anyone attacking my character commits a most gross and sacrilegious act.”

Yet if the reality of clericalism had been there for a very long time, one should not assume that there has been no development in the story. For its development is germane to our present topic.

* * * * *

This story starts with the Eucharist, the central religious rite of the Christian community, then and now. Our earliest records, as in the *Didache* or in Justin's account of Sunday Mass in Rome about the year 150, reveal it as a communitarian exercise. The liturgical officers of the community, however, had taken on leadership functions. What had begun as a distinction of roles within a single offering community was to become, with time, a chasmic division between officers (clergy) and spectators (laity). Rich special vestments, divisive architecture – iconostasis, rood screens, choir stalls, and eventually Communion rails – an inaudible Canon, the change from baker's bread to unleavened Communion hosts, the replacement of the big bread platters by a little plate, the denial of the chalice, even intinction, to the laity, and the injunction to kneel, not stand, to receive Communion... each element in the history of the Mass drew it away from its communitarian beginnings and handed it over as a preserve of the priests. A day would come when the laity, silent in their distant pews, would be represented at the altar by a little boy in a costume. By then, only consecrated hands could touch the sacred vessels or the sacramental elements.

* * * * *

These changes evidenced in the Mass could be seen outside the churches too. Constantine gave the clergy a special place in society: tax exemptions, free public transport, land and building grants, dispensations from civil and military service, and enhanced social ranking. The medieval order of things was under way.

You can see the same process of special treatment for the clergy in the Anglo-Saxon kingdoms from the seventh century, after Augustine arrived in Canterbury. In court, a bishop ranked as a king: his word had to be accepted without an oath. Church property and the clergy themselves were given special protection in law. Tithes and other clerical charges, such as burial fees and Peter's Pence, were enforced by law. In these and other ways the status of the clergy as a separate class of Christians was enhanced.

The effect on the mentality of the clergy was inevitable: they came to feel and act as a special class of Christians, bonded together by self-interest. In a word: clericalism. There is a lapidary expression of this clericalist mentality in the opening sentence of the Laws of the Northumbrian Priests at the beginning of the eleventh century: "If anyone offer wrong to any priest, all of his colleagues are to be zealous

about obtaining compensation with the help of the bishop; in all court matters they are to be, as it is written, of one heart and soul”.

Within decades, they would have their very own courts, the only courts where clergy could be tried for any crime whatsoever. Archbishop Thomas Beckett’s dispute with King Henry II, mid-twelfth century, would oblige the pope to enforce the same right to their own courts for the clergy throughout Western Christendom.

Another way to explore the development of clericalism is to look at the prohibitions which marked off the clergy from the laity. This is a long story, one which I must summarise. Church law forbade clerics from practising surgery, from engaging in trade or in the money market, from hunting and hawking, from going to war and from taking part in forensic ordeals where blood would be spilt. Clerics must keep out of pubs and eschew the company of actors, jesters and minstrels. They should avoid sing-songs. If they were, perforce, taking a meal in a tavern, they should make sure that they were not drawn into a drinking school, where they might have to shout their round – this could lead, in the knowing words of the Fourth Lateran Council, to “exile of the mind”. If, by chance, a man started to tell dirty jokes or to sing lewd songs, they must not laugh. They had to keep their hair tonsured and must not use conditioners. Unlike Benedictines or Franciscans, the men in the parishes, secular clergy, didn’t dress up; but they were commanded to wear drab clothes and unfashionable footwear.

In these and many other ways the clergy were marked out from their fellow Christians as a separate and distinct class.

One thing in particular singled the clergy out from other Christians: they should not marry. In the history of clericalism the celibacy of the priests is an important chapter, perhaps the most important. It has been extensively studied, if principally from the books of canon law. So we know what councils and popes and bishops commanded; but too often we don’t know what actually happened. Most of this history is simply lost. Especially is this true if we are trying to explore the lives of the lower clergy, the priests in the parishes. No one wrote about them, least of all the monks, who were the chroniclers of the Middle Ages. There is a famous (but questionable) quotation from an early twelfth century funny man, Gerald of Wales, who wrote of parish priests’ “houses and hovels... filled with bossy mistresses, creaking cradles, newborn babies and squawking brats”. In truth, it is hard to recover the facts about clerical marriage in the Dark Ages. Stray references indicate that they were certainly there: the frequent condemnation of such marriages, for instance; or the praise by reformers of those who

opposed them; or the polemics against their supporters; or references to “priestesses” (*sacerdotissae*) which refer, not to ordained women but to priests’ wives.

One of the Laws of the Northumbrian Priests, mentioned earlier, takes an enquirer into the ambiguities of the time: “If a priest leaves a woman and takes another, let him be anathema.” Notice three things about this:

- it recognises the actual existence of clerical marriage;
- it acknowledges there is something remiss about the practice;
- and it tries to limit the practice.

The original Anglo-Saxon text of the law reveals its meaning; for it speaks not of a “legal spouse” (*wife*) but of a “woman” (*cwenan*) whom the priest “takes” (*nime*) rather than “weds” (*wifige*).

Already, however, change was in train: the priests’ wives were under similar threat. In 1066, William of Normandy had invaded England with papal approval – you can see the papal banner on his ship in the Bayeux Tapestry. The pope wanted the Norman bishops, who came in with William, to enforce his reform agenda, a major plank of which was clerical celibacy. There’s irony here: for the Norman upper clergy were much-married, “among the most uxorious in Europe” according to their historian, who lists the dozen or so Norman upper clergy known to be married, including archbishops and bishops. Some clerical families were famous, handing on sees and prebends and benefices from father to son, or nephew.

No surprise, then, that reform was a slowcoach. The first Norman Archbishop of Canterbury, Lanfranc, allowed his clergy to keep their wives. His successor, Anselm of Bec, took a tougher line, without total success. After him, church councils went on condemning the existence of clergy wives and demanding that their husbands be punished. The Anglo-Saxon Chronicle, however, affords us a window onto this lost time. In 1129 there was a national council held at London. The Chronicle records:

It was all about the wives of archdeacons and priests. They had to give them up before 30 November or they would lose their church and home. Archbishop William of Canterbury and all the diocesan bishops in England gave orders that it should be so. Then the king gave them all permission to go home and they left. But their orders came to nothing: they all kept their wives as they had done before, by permission of the king.

So – a breathing space for the *sacerdotissae* and their husbands. They were still around in the next century, when King John got into a fight with the church. One of his tactics was to lock up the *sacerdotissae*, leaving their consorts the ambiguous choice of abandoning them or paying a ransom for them.

Slowcoach or not, however, reform was getting there. You may have noticed that I spoke just now of “consorts”, not their “husbands”.

By then, priests could not be “husbands”. For church law had been extended to make clerical marriage invalid, or impossible. Like it or not, you could not marry a priest, any more than you can marry a tree or a rabbit today; and he could not marry you: in law his ordination made it impossible for him to contract a valid marriage. An ordained man was non-marriageable. The German poem which had a young woman rejecting her clerical boyfriend’s advances – “I don’t want to be your whore; I want to be your wife.” – must have spoken for many disappointments.

The decree of the Second Lateran Council, in 1139, which thus made clerical marriage an impossibility – now invalid as well as illicit – is a line in the sand. From now on, if you wanted to advance your career in the church you had better not attempt marriage. We are still on that slowcoach; but increasingly as you look out the coach window, you notice fewer and fewer ladies on the arms of upper clergy. What’s happening down in the parishes is still anyone’s guess: our coach doesn’t travel through the parishes.

What made this happen? I mentioned the new conciliar teaching, which was set as law. This is a century of heightened respect for the law, when all the popes were lawyers (and none of them a saint); a century when the scientific study of law becomes central to every ambitious cleric’s culture. It is the beginning, too, of higher education, which will flower in the medieval universities – education brings respect for the law. As well, these are monastic years: in this century the monastic population of England increased tenfold – a pointer to medieval public opinion, surely – and the cathedral chapters, once playgrounds of great clergy families, became monasticised.

In this new world full of monks, the *sacredotissae* had had their day.

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I am inclined to think the biggest single influence for change came from the theologians of the Eucharist. In the life of the church thought affects action. If you look at the theologians, you will observe them travelling along a path which arrives, in 1215, at the definition of transubstantiation by the Fourth Lateran Council. Now all Christians were obliged to hold that the body of Jesus Christ “born” at Mass is the same body as the one born in Palestine. That changed things. Especially it brought an increase in external reverence before such a Presence. Since earliest times, the Canon of the Mass had been recited “loud and clear”; now up-to-date liturgists, in tune with the latest thinking, dropped their voices at the Canon. (The silent Canon remained the norm until just the other day.) Once, chalices of glass had sufficed; now chalices of precious metal became mandatory. The denial of the chalice to the laity was another reverential development: the

Precious Blood must not be spilt. Novel feasts, notably Corpus Christi, came into being, in the train of this new teaching.

The insistence that the body on the altar was the same body borne by the Virgin Mary impacted on the celibacy question. Just as Mary was a virgin, so too the priest should be, not only chaste, but also unmarried. Once a communal offering, with the priest as the representative of the offering community, the Mass had become more transcendental, with the priest being a conduit of God's Eucharistic gift. It was felt that such a conduit of sacredness should himself be sacred – remote and separate from the quotidian experiences of other Christians. It was felt that he should be unmarried, celibate.

Did it work? I have mentioned the ladyless upper clergy. What of the men in the parishes? If you read the synodal decrees and canons of the English church, you cannot fail to notice that references to clerical concubinage became less frequent by the fourteenth century. Yes, one may say it worked.

The Reformation of the sixteenth century reversed the direction of the liturgy and also the lifestyles of the clergy. In reaction, the Catholic Counter Reformation set its face against such reversals. Its liturgy became even more transcendental, with an exponential growth in devotion to the Real Presence. Commitment to celibacy became heroic among the clergy. Anxious to assert themselves against the glamorosi of religious orders, secular priests started to call themselves "Father" and to wear only black. These nineteenth century developments were the final signifiers in the long history of clericalism.

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Did any of this cause the clerical pedophilia which recent years have revealed? I don't know. Those who, like myself, want to see the priesthood opened to women and to married men, may be inclined to link mandatory celibacy to the shame and pain of pedophilia. I would caution that when it comes to pedophilia, sexual abuse of minors, we are all on a steep learning curve, similar to the learning curve about Aboriginal rights that many have been on for the past 20 or 30 years. Yes, we had to learn that pedophilia is a crime as well as a sin. Yes, we had to learn that its victims could be scarred for life. Yes, we had to learn to show true contrition for corporate misdeeds, to compensate and care for the victims, rather than protect our bank balances and buildings and "good name", to sack the pedophiles and not give them seventy times seven chances to seek out new victims, to recognise that sexual abuse is about the corruptions of power and its unaccountability, as much as it is about sex.

Recent studies, such as Muriel Porter's *Sex, Power and the Clergy* (Melbourne 2003), the *Boston Globe's* book *Betrayal* (Boston 2002), the *Report of the Board of Inquiry into the Handling of Complaints of Sexual*

Abuse in the Anglican Church, Diocese of Brisbane (Brisbane 2003), as well as newspaper and magazine articles (especially *The New York Times*, 12 January 2003 and *The New Yorker*, 9 June 2003) have provided painful lessons for church people.

Is there a link between clerical celibacy and clerical pedophilia? Yes, there is – if you examine celibacy as the flowering of historical clericalism.

When the Catholic church faced the challenges of the Reformation, it knew it must do something about its men in the parishes. So it invented seminaries. The Tridentine seminary took boys at a young age and formed them as celibate clerics to man the parishes. The fictions of J.F. Powers, Canon Sheehan and Gerald O'Donovan take you inside the unique presbytery culture of parishes in a past age, a culture the seminaries were there to effect and foster. (It was risible for James Wood to suggest, in the *New York Review of Books*, that he himself knew all about the presbytery world of J.F. Powers because he had often stayed in Anglican rectories.)

How did they become the men they were? Tom Keneally's novels about the Manly seminary and especially Judge Christopher Geraghty's recent memoir *The Priest Factory* offer irresistible versions of the local Tridentine seminary. I must not steal their thunder. What seems clear is that the priests chosen to run the seminary afforded inadequate models of mature personalities. If you wanted to be fully grown-up, you had to march against their example, not in their footsteps. The organising principle of the Tridentine seminary was infantilism, it was an exercise in infantilism. "The seminary system was designed to keep us in short pants forever" – to quote that hero of the Sydney priesthood, Father Ted Kennedy.

Not everybody succumbed... by no means. What recent experience has taught us, however, is that some infantile personalities, when they at last got out of the seminary and into the parishes and could relax, began to discover their sexuality. They went on their journeys of personal discovery as emotional teenagers – whatever their calendar years might be. These men had never grown up, they had been snap-frozen in the seminary. So celibacy is only part of the story. To understand more, you must go beyond it, to the seminary and its processes of clericalisation that formed the celibate clergy.

Once upon a time, the Pope was a great Prince. His principality stretched across the middle of Italy, reaching deep into the north and south. His armies kept other princes at bay; his civil service, carabinieri, and prisons kept the populace in its place. It had been like that for

centuries and people assumed it would stay like that forever. They could not imagine the papacy without the papal states. Then, less than 150 years ago, there were no papal states; they were done away with. Now, we find it hard to imagine our pope with armies and prisons and the other structures of a civil state. Preserving the status quo is a matter of the imagination, not of doctrine or theological rhetoric.

Come to think of it, much of what we consider to be immutable, even divinely ordained, is in reality only a matter of the imagination. If we cannot imagine them to be different, they will never be ordered differently. Sometimes it requires a lively imagination, to stay on your feet. Yet another part of our brain tells us that change is the sign of life. “Truth is the daughter of time,” John Henry Newman said. “In a higher world it is otherwise, but here below to live is to change and to be perfect is to have changed often.”

FUNCTION NIGHTS 2003



Photographer: David Karonidis

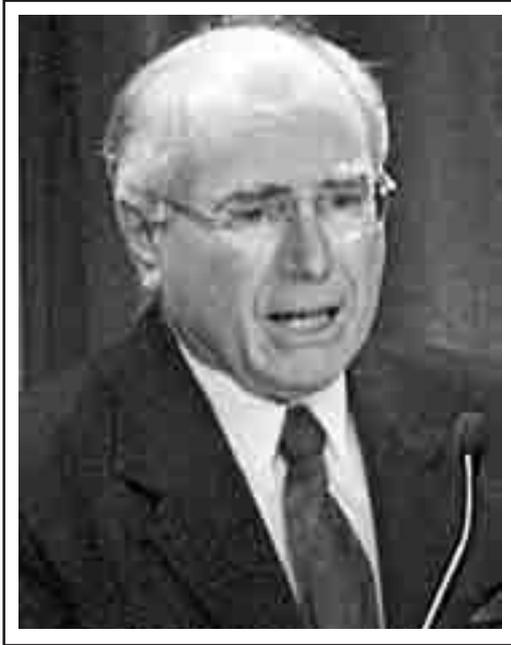


Photo – David Karonidis

John Howard

On 1 July 2003, Prime Minister John Howard chose The Sydney Institute as his platform to give a major address on foreign policy. He told his audience that “the most fundamental challenge facing Australia ... is how to protect our citizens and our society from a shadowy enemy, who is closed to negotiation, who has no fixed base and no transparent political structure.” In this context, the Prime Minister warned that isolation would not deliver security and prosperity, arguing that it was more essential than ever not only to engage in our region, but also the broader world community.

AUSTRALIAN

FOREIGN POLICY

John Howard

It is trite but nonetheless necessary to say that Australia's foreign policy must always serve our national interest. It does not exist in a vacuum. It must be constantly crafted and adjusted to promote the values, the security and the prosperity of the Australian people. Our foreign policy should be pragmatic but it should also tell the world what we stand for and what we oppose.

Australia's foreign policy must be a mixture of bilateralism, multi-lateralism and action in concert with other nations or groups of nations. Australia was a foundation member of the United Nations. There have been times – East Timor was a case in point – when the United Nations has acted promptly and effectively and in a way that served Australia's national interest and the interests of the region.

By contrast the United Nations Security Council completely failed to meet the world's need over Iraq. That responsibility fell to the coalition of the willing, which included Australia. American leadership on Iraq has made the Middle East as well as the world a safer place.

When I spoke to the Menzies Research Centre in August 2001, the focus of my address was the challenges presented by globalisation and the changing security environment. I said then that the end of the cold war had fundamentally altered the global strategic environment with regional tensions and uncertainty replacing a world that had essentially been balanced between two competing super powers.

The next month, the terrible events of 11 September would demonstrate how uncertain the environment had become with the emergence of a new global terrorist threat. A sense of vulnerability rocked even the most powerful of nations.

Today the most fundamental challenge facing Australia and the world at large – especially those like us who value openness, who value freedom – is how to protect our citizens and our society from a shadowy enemy, who is closed to negotiation, who has no fixed base and no transparent political structure.

The explosion in communication, in travel, in access to information that we call globalisation has allowed us to open up the nations of the world to each other in ways never before imagined. It has stimulated a never-ending race for international competitiveness. This is a challenge, but of the best kind because the rewards are increased prosperity, not just for Australia, but potentially for all nations, even the poorest.

But globalisation has also created opportunities for those who seek to destroy and debase our way of life – the global terrorists and the transnational criminals who capitalise on human misery, trading in people, drugs and weapons. Their capacity for mobility allows them to find safe haven wherever governance is weak, wherever despotic regimes seek to co-opt their hatred or profit from their trade.

Too often we have seen rogue and failed states become the base from which terrorists and transnational criminals organise their operations, train their recruits and manage their finances. If we want to be secure, we need to work with other nations to ensure collective stability. And sometimes we will be called upon to take action.

The Australian Foreign Minister, Alexander Downer, co-hosted a meeting of the Foreign Ministers of the Pacific Island Forum in Sydney yesterday, to discuss how the region can help the Solomon Islands from sliding into chaos – help it regain the rule of law. The Solomons are looking to their friends and allies for support – they know that if their state fails the road back to normalcy will be harder, more costly, not just financially but on the lives and wellbeing of its people. We know that a failed state in our region, on our doorstep, will jeopardise our own security. The best thing we can do is to take remedial action and take it now.

What this means in terms of our long standing policy in relation to the Pacific is a theme I will take up later. But I want to say at the outset, how pleased we are that our Pacific Island Forum colleagues have indicated their preparedness to work together to respond to the Solomons' request for assistance. To make common cause for the peace and security of the Pacific, to build coalitions for action, is one of the most effective ways governments can counter the destructive forces of global terrorism and transnational crime.

In this “age of terrorism” it is essential in our national interest that we further build and strengthen Australia's links with all the major centres of global power and influence. Achieving this will be greatly aided by the unique intersection of history, geography and culture occupied by Australia and of which I have spoken in the past.

Asia

The security and prosperity of Asia will always be a crucial determinant of Australia's security and prosperity. The nations of Asia have the

most direct influence on our strategic environment. They are our largest export markets and the source of much of our investment and imports. And they matter to us because without mutual support and cooperation none of us will be able to address the real and current threat posed to the region by terrorists and rogue states.

The government will always give maximum attention to keeping these relationships vibrant and strong. This month, I visit Japan, Korea and the Philippines to hold talks with their respective leaders on regional trade and economic issues. Counter terrorism responses and North Korea's nuclear policies will be high on our agenda. I hope too that soon I will have the opportunity to meet the new leaders of China.

Response to terrorism

The focus on national and international security in all our affairs has not only increased but will be with us indefinitely. The tragedy of Bali, the war against Iraq, the continued fight against international terrorism, all remind us that we live in a different world.

In the age of terrorism, retreat and isolation will not deliver security and prosperity. It is more essential than ever not only to engage our region but also the broader world community. Our economic prosperity depends on opening ourselves up to the world, seeking where possible to integrate markets and forge new relationships. Moreover, it is part of our make-up, our national character, to look outwards. Australians have always sought adventure overseas – sought literally to broaden their horizons through travel – and we have a proud tradition of welcoming those who travel to our own shore.

Beginning with the Colombo Plan, the large number of foreign students who have come to study at our schools and universities not only provided valuable export earnings but have fostered the development of strong people-to-people links. Such personal relationships provide the foundation for enduring bilateral relations well into the future. We must constantly balance Australia's response to the new security environment with the imperative to seek continued economic liberalisation and openness. Maintaining this balance will be a key challenge for every dimension of Australia's foreign policy.

We will of course continue to participate with our friends and allies in the war against terrorism because it would be wrong and dangerous to do otherwise. Changing our policy, hoping to buy immunity from future attacks, fundamentally ignores the motivation which drives these terrorists. Australia is a target for their blind hatred not because of what we have done, but because of what we believe in and because of who we are.

Since 11 September 2001, the government has significantly increased Australia's collective capacity to protect our nation against terrorist attacks. We have ensured that our defence forces have the

necessary capabilities to respond effectively and quickly to the changing international security environment. And we are building a strong focus on counter-terrorism into our bilateral and regional relationships. And even though we are not a major power, we are able to wield increasing influence. Australia now enjoys unparalleled world respect in recognition of our sustained economic strength; our enviable social stability and our willingness to, where appropriate, take a stand.

Iraq & WMD

We joined a coalition with the United States and Great Britain to deal once and for all with the defiant regime of Saddam Hussein. This was not an easy decision. Committing the men and women of our defence force to combat overseas is the most serious decision a government can ever make. But we were determined that Iraq would fulfill its obligations to the UN Security Council – even if this meant the use of force.

Iraq's weapons of mass destruction programmes and its belligerent and aggressive attacks on its neighbours and its own ethnic minorities have been of concern to Australia for more than a decade. We have a proud history of working to combat the spread of these weapons. The so-called Australia Group plays a pivotal and widely recognised part in international efforts to prevent the proliferation of chemical and biological weapons.

And it is timely to recall that the group was established in 1985 as an Australian initiative to try to prevent Iraq from acquiring the means for producing chemical weapons through commercial trade.

Australia supported the US-led coalition which drove Saddam from Kuwait in 1991 and we have had an almost continuous military presence in the Gulf since 1990 to enforce UN sanctions against Iraq. We know that Saddam Hussein had a WMD capability and we waited for 12 years for him to demonstrate to the UN that he had destroyed it. In November 2002 the UN Security Council found him in material breach of his obligations – the vote was unanimous. What followed was a dispute on the best way to resolve the issue, whether by direct military intervention or the continuation of sanctions and weapons inspectors. There was no dispute as to whether Iraq had WMD capabilities. In Australia both the government and the Labor Opposition agreed that Iraq was in material breach of its UN obligations and that it possessed WMD.

As Saddam Hussein had expelled UN inspectors in 1998, recent information about his WMD capability was largely available via intelligence. The assessment made by our intelligence agencies, mostly based on information they received by virtue of our close intelligence arrangements with the US and the UK, was that Iraq had a WMD capability and that there was no evidence that Saddam had given up what the former head of UNSCOM called his addiction to WMD. The

evidence, in fact, indicated that the regime was doing everything in its power to hide Iraq's WMD capability.

This assessment was reflected in the government's public statements. The suggestion that the government requested Australia's intelligence agencies to massage or overstate the evidence is wrong.

The almost daily discovery of mass graves is a horrifying testament to the human rights nightmare under Saddam Hussein's regime. It has reinforced the immense moral and humanitarian dividend which has flowed from his removal. It is estimated that some 300,000 bodies have been uncovered in the 150 mass grave sites found so far.

Israeli-Palestinian conflict

The collapse of Saddam Hussein's regime has opened up an opportunity to achieve a settlement between the Israeli and Palestinian people. His demise has removed a potential threat to Israel and allowed for appropriate pressure to be applied to both parties to bring them to the negotiating table.

History is the enemy of optimism in the Middle East, but despite the continued violence, I am still hopeful. President Bush made it clear to me when we met in Texas that he will do everything he can to bring about a peace settlement. The world should not underestimate the sheer determination of this President to bring peace to the Middle East. To hear Ariel Sharon acknowledge that something must be done about the illegal Jewish settlements, to hear Mahmoud Abbas acknowledge the centuries of suffering of the Jewish people, and now to see serious discussion of a cease-fire by groups like Hamas – all of that gives me hope.

Peace in the Middle East is important not just for the peoples of that region but for the long-term stability and security of the world. A settlement between Israelis and Palestinians will further strengthen the international front against terrorism. It will address a sense of injustice which has fuelled anti Western sentiment and provided a rallying point for those who seek to recruit people to the terrorist cause.

It will enable the people of Israel to enjoy an undeniable right – to live in peace behind secure and defensible borders.

Iraq and relations with Asia – Indonesia

We understand and respect the fact that some of the nations in our region disagreed with our policy on Iraq. Clearly we had differences with our close friend and neighbour Indonesia. But our differences were understood. I made sure that our position was clearly communicated to President Megawati when I visited Indonesia in February. Most importantly, the President acknowledged that our actions in Iraq in no way represented an attack on Islam.

We were both determined, as were our governments, that those differences should not be allowed to contaminate the broader elements of the relationship. We need to be able to cooperate more closely than ever before if we are to counter the threat posed to our own region by Al Q'aida linked terrorist organisations, like Jemaah Islamiyah.

A united, prosperous and stable Indonesia is good for Australia and good for the region. Indonesia's creation of a robust and functioning democratic system is crucial to achieving these goals. Terrorism and Islamic extremism pose significant threats to Indonesia's transition to democracy and to its fragile economy.

The government is committed to working with Indonesia to deal with terrorism, offering cooperation and assistance with capacity-building. But we would also urge Indonesia to press ahead with the domestic economic reforms that are the essential foundations for sustainable long-term growth and a prosperous society.

I again thank the Indonesian government and its police force for the way they have responded to the 12 October 2002 terrorist attack in Bali. It is a great comfort to this nation that these vicious criminals are being brought to justice and forced to confront the consequences of their actions.

But not just Indonesia. As important as Indonesia is, too often some commentators seek to view our relationship with Asia through an exclusively Indonesian prism. Asia like the rest of the world is trying to come to terms with the threats posed by terrorism and rogue states, but the nature of the threat and the best way of responding varies – there is no uniform “Asian approach” to these or any other issues.

There are many nations in our region that, like Australia, considered Saddam Hussein's continued defiance of UN Security Council resolutions posed a threat to international security. Nations like Japan, the Philippines, Singapore and South Korea all supported the actions of the American led coalition.

It is disingenuous to claim that our participation in the US led coalition in Iraq will seriously impede our relations with Asia, as though there was a commonality of view on this issue across the whole geographic region.

The US alliance

Australia's enduring links with the United States are crucial to this nation's future. America will grow more, not less, important to Australia as the years go by. Our principled support for the US led action in Iraq made a deep impression and will not be readily forgotten by the United States. Our relationship has never been stronger or closer.

The US is the unrivalled global power – both in terms of its military capacity, its economy and its cultural reach. It matters and it

matters to everybody. We are lucky our relationship with the US is not only historic, but built on shared values – the values that underpin liberal democracies. Although we are distinctive societies our shared values create a commonality of interest and approach that allow the relationship to be open and transparent.

An alliance is about mutual obligation. It is about shared interests. It demands neither subservience nor dominance. It can and does accommodate differences of view and at times differences of interest. Because the relationship between the United States and Australia is built on respect, understanding and trust we are in a strong position to advocate Australia's interests.

The ANZUS alliance, strengthened by 50 years of cooperation, is fundamental to our national security. Its commitment to consult and act against a common threat is a tangible protection of enormous value to the defence of Australia. Without it, and the access to the intelligence and technology provided under the alliance, the taxpayers of this country would have had to make a considerably greater investment in defence and intelligence.

ANZUS is an important sign of the US's strategic commitment to the region. It combines with the other security alliances and arrangements the US has forged throughout Asia, with Japan, Korea, the Philippines and Thailand, to form a strategic framework that helps keep the whole region stable. Australia too has an extensive network of bilateral defence relationships in South East Asia, North Asia and the South Pacific that complement US activities in the region.

All these arrangements will be vital in responding to the security challenges which confront our region.

US FTA

This year we have the opportunity to achieve a milestone for Australia's economic prosperity – a Free Trade Agreement with the United States. This is the most significant bilateral trade negotiation Australia has ever undertaken. The US economy is a global powerhouse, not just because of its size – which is phenomenal, but because it is dynamic and innovative. As Stephen Roach, the chief economist at Morgan Stanley, has noted, over the seven year period ending in 2001, the US economy accounted for fully 63 per cent of the cumulative increase in world GDP. By way of comparison the European Union – a region of comparable size to the United States – accounted for only 8 per cent of the increase in world GDP over the same period.

An FTA with the United States has the potential to return billions of dollars to our economy. Moreover, a comprehensive FTA will demonstrate the resolve of both Australia and the United States to liberalise our economic relations. Concrete commitments to liberalisation, especially those made by an economy of the size and importance

of the United States, should help to build momentum for global negotiations at the World Trade Organisation and to set benchmarks for outcomes for the Doha round of trade negotiations.

President Bush and I discussed the FTA at length during my recent visit to the United States. I was delighted that the President has given the FTA a priority – stating publicly that the two negotiating teams should re-double their efforts and try to complete an agreement before the end of this year.

This is an ambitious timetable, but it is achievable. If we succeed, it will be because the outcome of the FTA negotiations is in Australia's national interest. We will only accept an agreement if it delivers real long-term benefits to our economy. Clearly progress in agriculture is essential if we are to reach agreement.

Nor will the government compromise those objectives fundamental to Australia's health care, education, consumer protection or cultural identity. We will, however, be looking to use the FTA to encourage our businesses to undertake those structural reforms which will make us better able to compete, not just in the world's largest and most dynamic economy, but globally.

The Pacific – Solomon Islands

As I indicated earlier, we are forging new arrangements to meet the challenges posed by the potential failure of nation states in the Pacific. A number of our friends in the Pacific are experiencing economic collapse, corruption and lawlessness to a degree which threatens their very sovereignty.

Development assistance has an important role to play in restoring stability to the South Pacific. But aid can only ever be a part of the solution. And we must use our aid program to encourage and strengthen the framework for good governance in these nations. They must achieve higher standards of governance. The future of their peoples depends upon their willingness and their ability to do so.

Last month, I held discussions with Sir Allan Kemakeza, the Prime Minister of the Solomon Islands, about the ways in which Australia might assist his nation. This was on our part a recognition of Australia's responsibilities in the Pacific, a response to a humanitarian disaster in the making, and a way of ensuring Australia's own security. Prime Minister Kemakeza has asked us to help the Solomons and we have agreed. Subject to a formal and legally proper request from the Solomon Island government Australia stands ready to provide the co-operative assistance they require. We will do so in concert with New Zealand and the other nations of the Pacific Island Forum.

Such a coalition of interest and effort will be well placed to provide the necessary assistance, especially the substantial policing, law and justice and economic resources required. But we must also ensure

that the environment is stable and secure enough to implement reform – without security the Solomons cannot begin the task of rebuilding.

Restoring security to the Solomon Islands is essentially a policing task. But any policing assistance must be provided with adequate protection and support. In finalising the shape of an Australian contribution we must ensure the safety and security of all those who are involved. This is likely to involve a substantial number of defence personnel and the precise mix of police and military personnel will be determined by the expert advice of the Chief of the Australian Defence Forces and the Commissioner of the Australian Federal Police.

The Solomon Islands is a sovereign country. Any action will be in response to a properly issued legal request from the government of the Solomon Islands, thereby ensuring that our assistance fully complies with the requirements of international law. We recognise that such an action represents a very significant change in the way we address our regional responsibilities and relationships. But our friends and neighbours in the Pacific are looking to us for leadership and we will not fail them. And the rest of the world, understandably, sees this as an area where Australia has particular responsibilities.

DPRK

Further from home, but no less important in terms of the potential impact on Australian interests, is the challenge of North Korea. A security crisis on the Korean Peninsula would send shock-waves through a region which is the destination for some 40 per cent of our exports, and it would hit hard all of our top four trading partners – Japan, the United States, China and South Korea.

North Korea's recent admissions that it has a nuclear weapons program, and the concern that it would transfer nuclear weapons, underscore the seriousness of this security challenge.

The leaders of North Korea are facing a fateful choice. They can continue the tentative steps they have made towards constructive engagement with the rest of the world, towards a peaceful solution on a Korean Peninsula free of nuclear weapons, and towards a brighter future for its people. Or they can choose the perilous path of confrontation and nuclear blackmail, sustaining their impoverished state through trafficking drugs and weapons, and further deepening their isolation from the rest of the world.

A number of countries, including Australia, have an interest in ensuring that North Korea makes the right choice. China, in particular, will have an important role to play in this process and it is encouraging that China has sought to make a constructive contribution to finding a peaceful solution. All the nations of the region remain committed, despite the obstacles that need to be overcome, to seeking a peaceful outcome that will enhance their common security.

North Asia

Our interests in North Asia are economic as well as strategic. While the United States is now Australia's biggest two-way trading partner for goods and services, Japan is still our largest merchandise-trading partner. It has been our largest export market for some time and is likely to remain so for the foreseeable future.

Our bilateral relationship with Japan generates substantial benefits to Australia but we are not complacent. The government is constantly looking for ways to strengthen our ties. We are advocating a trade and economic framework to support better market facilitation, and through setting strategic objectives, further stimulating the economic relationship. We are seeking a similar bilateral agreement with China.

The agreement between the North-West Shelf Consortium and the Chinese province of Guangdong last year was a major milestone in Australia's economic relations with China. That agreement was achieved through a unique, in Australian's experience, partnership between the federal government, the government of Western Australia and the consortium itself. The agreement is not only significant commercially, bringing in 25 billion dollars over the next 25 years, but it also has great symbolic value.

It further demolishes the mantra that Australia's relationship with the United States precludes us from developing close ties with our Asian neighbours. It is clear that as well as the quality and price of the product, the Chinese also appreciate that Australia is a valuable and reliable economic partner. For long-term contracts stretching across generations, Australia's stability, in part derived from our security alliance with the United States, is a huge asset.

Conclusion

The potential benefits of globalisation are immense but we must also recognise that globalisation also offers a global platform for more destructive forces. To harvest the benefits of globalisation and to protect ourselves from the reach of global terrorism we must maintain a strong network of partnerships and friendships in our region and beyond. Bilateral relationships built on mutual interests and which allow for the development of strong personal and community links will become more, not less important.

Taken together these relationships will enhance Australia's capacity to respond to the changing security environment and encourage us to expand those trading links which, combined with a commitment to on-going domestic reform, underwrite Australia's economic future. Each relationship will be different and will have its own sensitivities and focus. But we need to be able to ensure that we

have the flexibility to join and build coalitions of mutual interest to address the security challenges facing our region and the world at large.

The government cannot guarantee that Australia will not be subject to terrorist attacks. We cannot guarantee the safety of Australians who choose to live or travel abroad. But what we can guarantee is that we will do everything in our power, in concert with our friends and our allies, to root out and destroy those who threaten our security. What I can guarantee is that this nation will continue to take resolute action if and when our national interest dictates.



Hugh White



Alan Dupont

Photo – David Karonidis

Dr Hugh White was the principal author of the Defence White Paper issued in 2000. This very much followed the strategy outlined in the 1987 White Paper *The Defence of Australia* (the principal author of which was Dr Paul Dibb). Australia's defence priorities were usually presented as involving a series of concentric circles centred on Darwin. Dr Alan Dupont has publicly queried the Defence of Australia doctrine describing the Dibb plan "as a surprisingly one dimensional view of strategy" in the "post modern era of Osama bin Laden". Hugh White and Alan Dupont spoke for The Sydney Institute on Tuesday 8 July 2003 to debate their different views.

AUSTRALIAN

DEFENCE – AFTER THE DEFENCE REPORT

Hugh White

Over the past year or so there has been a rare public debate about the strategic concepts and ideas that underpin the decisions Australia makes about the kinds of capabilities we need in our defence force.

The debate has been characterized as one between traditionalists and reformists. My friend and colleague on this platform, Dr Alan Dupont from the Australian National University, is prominent amongst the reformists. Somewhat reluctantly, I find myself numbered among the traditionalists. I do not accept that label, and indeed I tend to think that the debate – at least in the form it has generally been conducted – is somewhat misconceived. But there are nonetheless some serious issues at stake. Though the terms of the debate often seem a little theoretical, the government needs – at least in its own mind – clear answers to the questions that have been raised, as a basis for major decisions about force structure and defence spending. Many of these questions have been left unresolved by the government's *Defence Update 2003*, which was released by Senator Hill in March 2003.

That is important, because there is a sense of urgency – almost of looming crisis – about Defence at the moment. The government's long term Defence investment program, the Defence Capability Plan, is increasing in cost and falling behind its schedule, and the affordability of the current force is under serious pressure. So big decisions need to be made this year, and it will be hard for the government to make them without a robust consensus on the fundamental issues which are now up for debate. I am grateful to Gerard for an opportunity to appear with Alan to address them.

Traditionalists and reformers

Let me sketch the main issues in this debate in a simplified form. In broad terms, the traditionalists believe:

- Our strategic interests and security responsibilities are primarily concentrated in our own region, which should be the main focus of our defence efforts. Operations further afield, such as contribu-

tions to coalition operations in the Middle East, can be undertaken by contingents drawn from the forces we have developed for core tasks.

- Australia's forces need to be self-reliant, with the ability to operate independently of US forces, especially in our own region.
- There remains a small but still significant risk of conventional war, and it remains the principal role of our defence forces to prepare for such an eventuality – including an attack on Australia itself. Non-conventional operations against non-state adversaries are less significant in determining the capabilities we need in the ADF.
- Because our regional security environment is overwhelmingly maritime, the key to our force structure is our high technology air and naval capabilities.

The reformists differ from the traditionalists on each of these points. We might summarise the reformers' position like this:

- In an age of global threats, geography is irrelevant to Australia's security, so the idea that we should focus our defence capabilities and operations in our closer region should be abandoned.
- Recent experience shows that we are most likely to deploy our forces for operations with the US, and closer integration of our forces with American forces is a higher priority than the ability for independent operations.
- Non-military security tasks unrelated to conventional conflict, and operations against non-state actors in peace-keeping and peace-enforcement situations, are now the central tasks of defence forces. These tasks should therefore be the focus of our defence planning, not conventional wars – and especially not the unlikely contingency of an attack on Australia.
- Our key capability priority should therefore be the kinds of land forces most suited to coalition operations with the US and non-conventional tasks like peacekeeping, and less should be spent on air and naval forces.

In fact, few if any serious participants in the debate take either of these positions absolutely. Though they often portray the opposing positions as highly polarised, most of the experts when pressed will locate themselves somewhere in between. The debate therefore can most properly be seen as striking a series of balances between legitimately competing factors. In what follows I will offer my observations about how a balance can best be struck on each of the four points at issue between the reformers and the traditionalists. But first I will briefly touch on a couple of what one might call methodological issues.

Thinking about the future.

Strategic planning is not a precise business. Very rarely can we predict the kind of war we are going to fight. AJP Taylor once said that every

country plans to fight the wrong war; success goes to those whose guesses are least far from the mark. We have so little chance of correctly predicting the precise circumstances in which we will need to use our forces in the future that it is a mistake even to try. Instead we should plan on the expectation that we will be surprised by the future, just as we have been surprised in the past. In shaping our defence force we need to acknowledge that we do not know with any certainty what it is going to be used for.

It takes some mental discipline to sustain this state of open-mindedness about the future. We like to pretend that the future is clearer than it is. This tendency is I think amplified by events like 11 September. Owen Harries cautiously attributes to John Anderson the phrase “the parochialism of the present”. It captures perfectly the pervasive idea that events occurring to us today have significance beyond their time; that they will shape the entire era through which we and our children are going to live. It is very tempting to see whatever is happening to us now as having transcendent significance. But usually it isn’t so. Of course, some events do resonate through history. I think the fall of the Berlin Wall was one such event; I’m sure the economic growth of China over the past twenty years is another. Whether 11 September falls into this category is still unknown. But we must be very careful about assuming that since 11 September the shape of our future security environment is clear. It is no clearer now than it was before that date, and we were all surprised then.

The need for defence planners to remain open-minded about the future is even clearer when we recall the timeframes they have to work with. It typically takes our system ten years even to *make* a major defence investment decision. It takes another ten years to bring a new capability into service. Once in service it should last thirty years, and perhaps more. So we are talking about a 50 year cycle. Next time someone tells you that in “today’s” new security environment we need more of this or less of that, ask them how sure they are that this judgment will last for 50 years.

So what should we rely on instead? In my experience, the only way to manage the massive uncertainty of the future is to build our plans on a few simple principles that have a good chance of being right whatever the future holds. And if in doubt, be pessimistic. I gather that Warren Buffet has based his career as the world’s most successful investor on a book he bought from the University of Nebraska bookstore at the age of 19. I doubt it was just luck that led Buffet to the right book. Rather it was his consistent adherence to a few simple principles which are to a certain extent future-proof. In the tech boom, for example, he spurned the “parochialism of the present” that believed the laws of economics had been changed. Instead he retains a deep respect for enduring fundamentals, and keeps his eye on the long term. He sets a good

example for strategic policymakers. Here then are four Buffetesque fundamentals of Australian defence planning.

Geography

Fundamental number one: geography does matter. We live at a time in which attention is properly focused on globalised threats – terrorism, WMD, state failure. Clearly Australia has key security interests in the management of these threats, and they require our engagement at the global level. This is not new. Australia has always acknowledged the importance of global issues to its security. In the two world wars of the twentieth century, our security depended on Britain's global empire; in the Cold War, on the global balance between East and West.

But Australia's vulnerability to threats, the intensity of our interests, our influence on outcomes, and our responsibility to others, including allies, do all vary with distance. The Bali bombing brought terrorism home to Australians because it happened in our backyard. State failure in the Solomon Islands is a more immediate issue for Australia than state failure on Liberia because it is closer. Throughout the two years of the war on terror, Australia has always had more soldiers on the ground in East Timor than in Afghanistan or in Iraq. A war on the Korean Peninsula would make larger demands on Australia than a war in the Middle East because Korea is in our region.

No one could deny that Australia has important strategic interests beyond our region, and that we will often need to deploy forces as part of global coalitions to protect those interests. But as a long-term rule, it is a fair bet that the biggest, most urgent, most important, most demanding tasks we will place on our defence forces will be closer to home – and the closer to home the problem is, the more important it will be that Australia's forces can respond effectively.

So the reformers are right; we need to pay attention to global trends and issues. But the traditionalists are right that when it comes to planning our forces, the region takes priority.

Self reliance

Fundamental number two: self reliance matters. Clearly the US is a uniquely strong and reliable ally. We will often find ourselves operating alongside US forces. Our forces should be as interoperable with American counterparts as possible. But it is also important for the ADF to be able to operate without them – especially within our immediate neighborhood. Even today's America, with an unprecedented global reach and a president not shy of intervention, cannot be expected to lead every operation in every part of the world. Indeed as long as America remains so deeply committed in Iraq, it will be shy of new undertakings. And the Bush Administration will last only until 2008 –

or next year. Who knows what will follow. Would a second President Clinton be as active an ally as the second President Bush?

So the reformers are right; interoperability with the US is important. But the traditionalists are right that Australia needs to maintain forces that can defend our own interests independently, and lead local coalitions to address regional problems, not just contribute niche capabilities to US-led operations.

Conventional wars

Fundamental number three: conventional wars still matter. Obviously there are a lot of security problems around these days other than the threat of conventional war. The list is long and includes terrorism, a wide range of transnational crimes, and even health problems. These are not new challenges. From the slave trade in the nineteenth century to communist insurgencies in the twentieth, Western defence forces, including our own, have always had a role in addressing non-state threats. The ADF today clearly has a role in helping respond to current non-state security challenges, and it is important that the ADF is capable of carrying out these roles. But before we re-configure the ADF away from the forces needed to fight conventional wars toward one optimized for non-state security tasks, we need to register two cautions.

First, military forces – however they are configured – are not usually the most effective or efficient way to address non-military security problems. There is no military solution to terrorism, for example; and at most the military is a relatively minor supporting player in the national counter-terrorism effort. The key efforts lie with intelligence agencies, police forces, immigration and customs services. And where they are used to fight non military security threats, armed forces are often very inefficient. If you want to improve coastal surveillance, do not spend more money on warships for the Navy, spend it on purpose designed surveillance and interception systems optimized for the job.

Second, while there are a lot of non-conventional security threats, conventional wars have not gone away. This is particularly true in the Asia Pacific. Europe may well have succeeded in the historic task of building a community of states in which the role of armed force in international affairs has almost disappeared. This is not the case in Asia and there is little prospect of it occurring. Against this backdrop – and within a 30 –50 year time frame, I think it would be premature to say that the era of conventional wars has passed. One only has to think back to Iraq in March this year, or think ahead to the possibility of war on the Korean peninsula, to see that.

So the reformers are right: there are important non-conventional security challenges that our defence forces need to help us meet. But

the traditionalist are right that the primary focus of our forces should stay on the task of fighting and winning conventional wars.

Air and maritime capability

Fundamental number four: Strategically, Australia is a maritime nation, and our long-term security depends on our ability to fight and win at sea. Clearly Australia's army is a critical strategic asset. Highly deployable land forces able to operate effectively anywhere in our immediate neighbourhood are central to our maritime strategy. In this regard, the government was right in the 2000 White Paper to shift the focus of our army from operations on Australia's soil to operations overseas. Clearly the Army is working hard at present. It carries the brunt of lower level operational deployments. I think we need more high-readiness, highly-deployable light land forces – perhaps another two battalions.

But equally we need to recognise the limitations of land forces in Australia's strategic circumstances. Even if we doubled its size, ours would still be the smallest serious army in Asia. Without economically-debilitating mass mobilisation we lack the capacity to sustain land forces that have real independent strategic weight in our region, let alone beyond. By contrast, the government's plans for Australia's air and naval forces, if they can be delivered, will sustain Australia's position as the most substantial maritime power south of China and east of India.

These forces are central to our ability to defend our continent, and I still think governments should keep that responsibility in mind. But they also provide excellent options for Australian contributions to coalition operations further afield. They give Australia a bigger impact, and they put less lives at risk.

So the reformers are right: we do need more investment in high-readiness land forces. But the traditionalists are right to say that our long-term priority should remain with the air and naval forces which give us real strategic weight.

The real revolution

So on all these issues, both the reformers and the traditionalists have some truth on their side. If forced to choose, I side with the traditionalists. But in the end I do not think this debate is where the real issues lie. There are real problems in Australia's Defence, and they demand tough decisions. Once the debate between reformers and traditionalists has been settled on, or set aside, much tougher questions await the government. They have to do with money, and how it is spent.

In 2000, the government committed itself to a 3 per cent per annum real increase in Defence spending over the whole of the current decade. So far it has met that commitment. But later this year Defence

will probably tell government that it can afford neither to support our current forces, nor deliver planned new capability, without additional money. This will create a significant problem. I would guess that the government is willing to spend more on Defence if the money is really needed and will be well spent. But ministers will find it very hard to justify more money if there is not a lot of confidence that this extra money will turn into capability. So the government will face an unenviable choice between cutting capability, and putting more money into Defence without much confidence that this will translate into more capability. They will most likely decide that Defence needs to be subjected to another round of reforms.

Thus, the real problem is not that we cannot decide what we need, but rather that we cannot deliver what we have decided upon. We do need a revolution in Defence, but it's not in the genteel world of strategic policy. It's in the hands-on world of Defence management – and in that area I'm very much a reformer, not a traditionalist.

RECALIBRATING

AUSTRALIAN DEFENCE

Alan Dupont

I am delighted to have this opportunity to address The Sydney Institute on Australia's defence strategy. As the tragedies of the Bali bombing and the World Trade Centre in New York attest we are on the cusp of a new, more dangerous and unpredictable era in global affairs which in my view has profound implications for our defence and national security policy as well as the size, shape and core tasks of the Australian Defence Force.

As this year's Defence Review makes clear, Australia's strategic environment has changed dramatically since the 2000 Defence White Paper. In contrast to its antecedents, the government's latest review emphasises the globalised nature of today's security threats and gives greater prominence to combating terrorism, the proliferation of weapons of mass destruction and the spill-over effects of regional instability.

The problem is that the outdated 2000 White Paper, which still provides the key strategic guidance for the ADF's structure and capabilities, is seriously out of kilter with the latest government threat assessments. Indeed, since becoming Defence Minister, Senator Robert Hill has questioned the underlying assumptions of the previous orthodoxy and, by implication, some of the key judgements of the 2000 White Paper. In my view he is right to do so because our strategy is firmly rooted in the past having remained essentially unchanged since the Dibb Review almost 20 years ago.

Its central premise, encapsulated in the Defence of Australia (DOA) doctrine, is that protecting Australia against conventional military attack from a hostile state should determine the structure and capability of the Australian Defence Force (ADF). Traditionalists argue that "forces structured for the defence of Australia and its approaches can meet all the tasks asked of it by the government" despite the unprecedented tempo and range of non-DOA activities and the repeated overseas deployment of the ADF.¹

Given the dramatically different strategic circumstances we now face, I think this position is no longer tenable. There is a serious mismatch between strategy, force structure and the emerging threats to Australia's security. What Australia needs is a strategy for the future, not the past, and a transformed ADF structured to manage the very different security challenges of the twenty-first century. The ADF must be able to cope with a broader spectrum of threats than in the past and be prepared to go to the crisis rather than have the crisis come to us.

As a crucial first step, we must rethink a defence strategy that has four major failings. It is based on a misplaced geographical determinism that ignores the diverse and globalised nature of modern conflict; it has shaped the ADF for the wrong wars; it gives insufficient weight to the transnational threats which confront us; and it fails to recognise that modern defence forces must win the peace as well as the war.

Geographical determinism

For nearly three decades, defence policy makers have assumed that proximity ought to determine strategic import. Traditionalists insist that geostrategic imperatives should shape strategy as well as force structure, an idea that finds visual expression in Professor Paul Dibb's map of Australia and its radiating concentric circles.

This is a surprisingly narrow and one dimensional view of strategy that has more in keeping with the pre-modern world of Halford Mackinder than the post-modern era of Osama bin Laden.² In an age of globalisation and transnational threats geography matters far less than it once did because of the compression of space and time. As the world has become painfully aware, state and non-state adversaries can strike from great distances in conventional as well as unconventional ways.

The great conceptual weakness of the Defence of Australia doctrine and its associated maritime strategy is that it is based on a notion of threat that takes little account of the declining strategic relevance of geography and the proliferation of non-military, non-state challenges to security. The flaw in the maritime strategy is that the so-called sea-air gap to the north of Australia is not a gap at all. It is an archipelago occupied by numerous islands of varying importance, size and population where any conceivable military operation would require the effective use of land forces including the means to transport and sustain them.

For traditionalists who pride themselves on their understanding of the strategic importance of geography this is an inexcusable misappreciation. To assume that an enemy could be deterred or subdued primarily by air and naval power ignores the lessons of history in general, and Australian history in particular.

In committing so much of the defence budget to expensive ships and aircraft the "gatekeepers of strategic doctrine" have pursued a

misguided policy that has severely weakened our capacity to deal with a range of problems in our own backyard, not to mention further afield.³ The reality is that we did East Timor on a wing and a prayer.

What wars will we fight?

A second, fundamental failing is that the ADF is structured for the wrong wars. DOA assumes that the most dangerous threat to Australia is a conventional military attack on Australian soil from a hostile, well-armed state. Interestingly, DOA advocates do not suggest that this is the most probable military contingency. On the contrary, they concede that a direct military attack is unlikely, or even “highly unlikely”, but that since a military attack would be a serious event, with potentially grave ramifications for Australia’s security, prudent decision-makers must consider outcomes as well as probability.

This curious inversion of strategic logic contradicts the first principle of risk management which is that the consequences of an action must be carefully weighed against the probability of its occurrence. To argue that a highly unlikely event should command the lion’s share of an organisation’s resources or be the principal focus of its attention would not get past first base in the political or corporate world. It is certainly not the basis for a sensible defence strategy.

So who is going to attack Australia? Traditionalists tend to dance around this question without actually answering it. The alleged “arc of crisis” to Australia’s north has been a convenient peg to hang arguments for increased military spending or to endorse a strategic posture that bears little or no relationship to the region’s underlying problems which are overwhelmingly economic, social and environmental rather than military.

Often such notional threats are devoid of any plausible political context. A prime example is the assertion that a major power could lodge in the archipelago to our north and threaten Australia militarily from bases established there. I have yet to hear a convincing explanation as to how this might occur without precipitating a major regional conflagration and drawing a countervailing US response.

Are we to believe that Indonesia and China might threaten Australia with conventional military force in the next decade or so? Our own intelligence analysts think not. So why is the ADF structured for such improbable contingencies?

Weak states, like Indonesia, do not have the resources to mount invasions or cut trade routes. They pose security problems of an altogether different kind in the form of internal instability and the proliferation of low intensity conflicts that could spill over and draw in Australians as peace makers and peace keepers. They also provide fertile soil for terrorist and criminal activities that may necessitate an

ADF response, but of a far different kind to that envisaged by the architects of our defence strategy.

A Chinese attack on Australia is even more implausible. Assuming that China wanted to threaten Australia militarily, the People's Liberation Army could neither deploy substantial forces to the archipelago nor sustain them for any length of time for at least a decade and probably more.

None of this is to argue that Australia faces no military threats, only that those customarily posited are short on analysis and long on hypothesis. There is a worrying disjuncture between the gatekeeper's fixation with war between states and the rise in intrastate conflict.

What kind of wars will the ADF have to fight? It is commonly assumed that the ADF will be pitted against the armed forces of another state, organised, equipped and trained to fight conventional wars. But such wars are increasingly unlikely. Iraq is the exception not the rule.

More than a decade ago the Israeli military historian, Martin Van Creveld, forecast that conventional military wars between the regular, armed forces of sovereign states would decline in frequency and duration while low intensity conflicts within states conducted by warlords, criminals, insurgents, militias, terrorists and paramilitary groups would intensify. He surmised that such conflicts were most likely to occur in the developing world. These predictions have been dramatically borne out since Van Creveld audaciously challenged the Clausewitzian universe.

The ADF has repeatedly been deployed on international peace keeping and peace enforcement missions that bear little resemblance to the kinds of tasks anticipated, or deemed worthy of serious consideration, by a generation of Australian defence planners. The diversity and frequency of the ADF's operations will almost certainly increase as the war against terrorism gains momentum.

One does not have to see the attack of 11 September 2001 as a transformational event to acknowledge that the new age of terrorism has major implications for Australia's defence and national security. The reasons are threefold.

First, 11 September and its aftermath demonstrated the global reach of Al Q'aida and its capacity to forge transnational, strategic alliances with like-minded groups far from the organisation's home base in Afghanistan. Second, terrorists have lowered the threshold for the use of weapons of mass destruction because they are far more likely to use them to achieve their aims. Third, terrorists and criminals fight asymmetrically, using surprise, deception, detailed planning, networking and the selected use of advanced technology as well as cruder instruments of violence to combat the superior firepower at the disposal of the states they seek to undermine.

These are the classical techniques of guerrilla warfare adapted to the urban jungles of first and third world states. However, the prospect of the ADF having to engage in urban warfare barely rates a mention in the White Paper although it is now exercising the collective minds of the best strategists in the US and Europe.

Asymmetric wars will not only be fought by terrorists and criminals. Other armed groups, who inhabit the lower reaches of the threat spectrum, will fight hybrid forms of warfare where modern, conventional weapons systems may be of limited use. Somalia is perhaps the pre-eminent example of a conflict in which overwhelming US firepower was blunted by a canny war lord's effective use of urban warfare and superior local knowledge to force a humiliating withdrawal. This was a salutary lesson in the limitations of modern warfare.

Dealing with messy third world conflicts involving peace keeping and nation building tasks is the real challenge ahead. Our commitment to Somalia was very much in this vein as was East Timor, where the ADF was confronted by a rag tag band of anti-independence militia supported by elements of the Indonesian armed forces. But East Timor was not in the script of any white paper nor did it fit the preconceptions of our maritime strategy.

East Timor showed up far more serious flaws in our force structure and strategy. Our Army lacked critical mass and the ability to sustain itself, our soldiers were deficient in basic equipment, and our navy and air force struggled to transport and resupply them.

These deficiencies were directly attributable to an inflexible and dysfunctional strategy that privileges high-end warfare and pays insufficient attention to the force structure implications of intervening in internal conflicts, within our region and beyond.

Core tasks – what should the ADF do?

A third element of the current debate concerns the ADF's core tasks. Or, put another way, what exactly do we want our armed forces to do? Traditionalists believe that the ADF's principal task is to fight and win a conventional war.

I argue that the central purpose of the military is not just the application of lethal force. This is old thinking. Modern defence forces have to win the peace as well as prepare for war. The two are not the same. Winning the peace means that military personnel at all levels must be able to master the cultural, economic and political dimensions of a conflict and be discriminating in their use of lethal force. Peace operations are a pertinent example. But the choice is not between structuring for war or peace keeping, as some falsely assume. The defence forces of the twenty-first century must be structured for both.

In East Timor, the ADF has to handle a wide range of peace keeping tasks, such as monitoring cross border movements, that require

sound political judgement and sensitivity to local culture as well as the capacity to switch to combat mode when the need arises. Complex peace operations are now, by any objective measure, a major ADF activity as East Timor, Bougainville and the Solomon Islands commitment reminds us.⁴ Yet the architects of strategic policy doggedly refuse to accept that they represent a core task for the ADF or that they should shape, in any way, the capabilities of the force.

Traditionalists also seem to have great difficulty in accepting the legitimacy of the human security, border protection and constabulary tasks that have been levied on the ADF in recent years and which now account for much of its operational activity. They contend that structuring the ADF for transnational threats would effectively “downgrade” the Force, shift the regional balance and weaken Australia’s security.

Such thinking reveals a worrying inability to comprehend the way in which defence forces around the world are being transformed by the new strategic agenda. Transnational issues like terrorism, organised crime, illegal fishing and people smuggling have moved along the threat continuum towards the customary concerns of the military.

What does transformation mean?

The key lesson to be drawn from this analysis is that the ADF is not optimally configured or trained for today’s threats, let alone those of tomorrow. While others restructure for the conflicts of the future we, for the most part, remain wedded to strategic concepts that are long past their use-by date. It is axiomatic that the ADF should be able to defend Australia against military attack. But DOA is too narrowly conceived and disconnected from the security challenges of the contemporary world to provide the necessary strategic guidance for an ADF in urgent need of transformation.

It would be a mistake to characterise this call for strategic renewal as merely the latest incarnation of the long-standing debate between proponents of forward defence and continental defence. These tired old shibboleths reflect the linear thinking of a by-gone era and shed little light on the essential defence and security problems for Australia in the twenty-first century. Deploying force beyond our immediate neighbourhood is perfectly consistent with the defence of Australia’s vital interests and should not be construed as fighting someone else’s war.

We have been slow to recognise that the ADF must be capable of combating the irregular, low intensity conflicts that now predominate and to counter post-modern, hybrid threats which require a different repertoire of military skills to those of the Cold War. A force designed for state-on-state conflict will struggle to manage the multifarious security challenges posed by neo-nationalist guerrilla movements, terrorists, new age mercenaries, pirates, people smugglers and global crime syndicates.

Transformation is not a prescription for radical change. Nor does it mandate increased defence spending. Significant transformation can be achieved through a modest reordering of priorities and adjustments to existing programs within the existing budgetary framework. As US Secretary of State Donald Rumsfeld observes, it can be achieved by new ways of arranging, connecting, and using existing capabilities. It is worth recalling that the Blitzkrieg unleashed on Europe in 1939 to such devastating effect was accomplished by only a 13 per cent transformed German Army.

Transformation means that the ADF must acquire more high-value, niche capabilities and additional land forces equipped for a wide range of contingencies across the threat spectrum that can be despatched rapidly, with adequate protection, sustainment and command and control. The ADF must be trained and configured for multi-faceted tasks. And while advanced technology is essential to the knowledge edge it must be usable and appropriate, for the new wars as well as the old. Unfortunately, some of our existing systems fail this crucial test.

Before concluding I want to correct some recent mis-characterisations of the defence debate. Let us be clear that this is not an argument between regionalists and acolytes of a so called “expeditionary school” who want to structure the ADF for distant conflicts. Rather, it is a contest between the inertia of traditionalist who see no need to change our strategy and force structure and the vision of reformers who seek a modest transformation of both.

It is pure sophistry for traditionalists to portray themselves as regionalists. The whole thrust of the Defence of Australia doctrine was to develop a force specifically designed to protect Australian territory from a conventional military attack, not to advance and defend Australia’s regional interests. The deficiencies so manifest in our East Timor deployment are ample evidence of this reality and give the lie to the proposition that traditionalists are misunderstood regionalists.

Miscasting reformers as supporters of an expensive, expeditionary force structured for high intensity warfare in distant theatres is similarly disingenuous. I am not aware of any service chief or senior defence official who seriously advocates such a force and wants to structure for armoured warfare on the Korean peninsula – or anywhere else for that matter.

Sometimes traditionalists resort to knocking down and picking apart two straw men a tactic whose exposure is long overdue. The first of these is what I call the straw man of strategic relativism. It has been argued, for example, that the transformation of the UK defence force has no relevance for Australia because the UK operates in a benign security environment whereas Australia lives in a hostile neighbourhood. I think the British might dispute this assessment.

War in Europe might be unthinkable but it is certainly very thinkable in Africa, the Balkans and the Middle East which are as close to the UK, and as strategically relevant to London, as Southeast Asia is to Australia. And the British have a few things to worry about at home, as well, including illegal migration, terrorism and the possibility of a regression to violence in Northern Ireland.

It would be a mistake, therefore, to regard Australia's security challenges as unique or dramatically different from those of our allies. In fact the opposite is the case. When it comes to peace operations, forming coalitions of the willing and the war against terrorism we are all in this together. Australia can learn much from British reforms as well as those of our other friends and allies.

The second straw man wears a big dollar sign. When their other arguments fail, the default position of traditionalists is to argue that we can't change our force structure because it will be too expensive. Let me quote Paul Dibb here:

Remember that the defence budget is finite: we need a tough-minded planning framework to decide what gets funded and what does not. Developing an expeditionary force would be hugely costly.⁵

I agree wholeheartedly with these sentiments, but the point is that no one else is talking about a costly expeditionary force. A transformed ADF may actually save money by reducing spending on capabilities that lack versatility or are prohibitively expensive to maintain and run. Transformation makes sound budgetary as well as strategic sense.

In conclusion, the task ahead for our defence planners is to ensure that the ADF is better structured and prepared for the emerging threats to Australia's security. At the moment we have a defence force which is in transition – from one primarily configured for the defence of continental Australia to a more versatile force that is capable of limited deployment beyond Australia's immediate neighbourhood.

To characterise our current posture as a global strategy ignores the steady reorientation of the government's defence and foreign policies back towards Asia and the Pacific. Australia has been a significant player in multilateral efforts to establish a maritime interdiction force designed to constrain North Korea's illicit trade in nuclear materials, missile technology and drugs. And Australia played the lead role in putting together a stabilisation force for the troubled Solomon Islands under the new policy of co-operative intervention.

So the choice is not between globalism and regionalism. We need to incorporate elements of both in our overarching policy as well as making adequate provision for homeland defence. The real issue is the mismatch between strategy and capability. We still do not have a road map that spells out clearly what kind of ADF the government wants and how it intends to transform the current force within the existing budget.

Despite recent increases, the defence budget is in a parlous state with this year's shortfall expected to be close to \$1 billion. The looming budget crisis will soon become a capability crisis if nothing is done. So Defence Minister Robert Hill is going to have to make some tough choices, and soon. If he wants to transform the ADF, he has to either trade-off existing capabilities or convince his cabinet colleagues to endorse a further increase in the defence budget.

The new ADF must be different from the old in five important respects. First, it has to fight as a joint force capable of operating with friends and allies, rather than as disconnected air, land and maritime elements. Second, each unit will have to operate within an increasingly integrated network, linked by sophisticated sensors, common communication protocols and command and control systems.

Third, the ADF must be able to deploy more quickly, over greater distances and sustain itself in the field for longer periods of time. Fourth, it has to punch above its weight to compensate for its small size. This means that our ships, aircraft and land forces need more combat power in the form of state of the art guns, bombs and missiles. Finally, the Army ought to be hardened and expanded so that it can meet all the tasks expected of it in the new era of transnational threats and asymmetric challenges to regional stability.

Endnotes

1. Paul Dibb, "Tinker with defence policy and risk attack", *The Australian*, 30 October 2001, p.13.
2. In 1904, Halford Mackinder delivered a seminal paper to the Royal Geographic Society in London arguing that European civilisation had been shaped by the struggle to repel a succession of Asiatic invasions. His conceptualisation of a pivot area, comprising central Asia, adjacent to an "inner crescent" of nations accessible by sea power privileged geography as the determining factor in world politics. But like other geographical determinists he neglected to make allowances for technological advances and the power of ideology.
3. The term "gatekeepers of strategic doctrine" was used by the Chief of Army, Lieutenant General Peter Leahy, in his address "Future Wars-Futuristic Forces" to the Land Warfare Conference, Brisbane, 23 October 2002.
4. Complex peace operations is a term that denotes any combination of peace keeping, peace enforcement or peace building activities aimed at preventing or minimising conflict and promoting stability, especially in weak or failed states. It refers to operations governed by Chapters VI (pacific), VII (using all necessary means) and VIII (regional arrangements) of the United Nation's Charter as well as those typified by Australia's intervention in The Solomon Islands.
5. Paul Dibb, *Does Asia Matter To Australia's Defence Policy?* The Australian National University's National Institute for Asia and the Pacific Public Lecture, Parliament House, Canberra, 23 October 2002.

FUNCTION NIGHTS 2003



Photographer: David Karonidis



Photo – David Karonidis

Ticky Fullerton

Ticky Fullerton has been a reporter at the ABC for the past eight years. Currently a reporter with ABC's *Four Corners*, she has also been the national political and business reporter for *Lateline* and presenter for *Landline*, the ABC's national rural program. In 2001, she published her book, *Watershed*, on the huge environmental, social and political challenges Australia faces over water. To further explore the issue of water and its challenges for Australia in the twenty-first century, Ticky Fullerton addressed The Sydney Institute on Monday 14 July 2003.

WATER: AUSTRALIA'S

CHALLENGE

Ticky Fullerton

Thank you Gerard and Anne, first for putting water on the Institute's "to do" list this year, and also for giving the floor over, not to a politician, nor a scientist, industry group, a green, or a bureaucrat, but to me: a communicator, with a questionable accent. If we are to meet the challenges in water policy, communication must have top priority. It's interesting that of the above list, with the exception of the greens, communication on water has let each stakeholder down badly.

There are many stakeholders in water and this evening I'd like to walk at least a few paces in everyone's shoes and ask what kind of water future do we really want?

About three years ago, I was at a party chatting to a well-known chief executive about the book I wanted to write on water. His immediate reaction was, "Oh God no, don't become one of those bitter aging women at the ABC for whom every career change demands a fall in salary!" Within a year that same CEO was asking me to lunch, seeking the best investment opportunities that were around him to dive into water. The point is – water is no longer an issue exclusive to the greens. You only have to check how often water makes it into the *Financial Review* these days.

Today, you can buy and sell water like any other commodity from a mobile phone in the cities. The traders I've spoken to recently talk about average trades of over \$1,000 a megalitre – that's just under two Olympic swimming pools full (popular press take note). Within five years, one told me, prices could be up to \$5,000 a megalitre. This guy talks about a water investment giving a three per cent higher return than property. It's more like CBD property, he explains, because there's a limit to the resource. Indeed, it's back to first year economics of supply and demand. Bizarrely perhaps, these traders see themselves as environmental warriors, driving up the cost of water and making it more precious.

This year, Australia's first public pure play on water was announced. National Water Bank wants to raise \$28 million to buy

New South Wales water licences. There are other reports of a new bank, backed by ANZ, starting a business to lend money secured purely by water, not land. Major banks have been in Canberra to lobby those in the department of Prime Minister and Cabinet for billions of dollars in new infrastructure bonds – perhaps to finance our crumbling dams and pipe up the miles of leaky channels that distribute water around the country. Certainly, businessman Richard Pratt has for some time thought this a worthy idea. Maybe these banks are wondering what to do with chunks of their trading floors when Telstra is sold off and the Treasurer cuts government debt by tens of billions.

And then there are the private companies sitting on hundreds of millions of dollars and still buying. Not household names, but new water barons, as they've been labelled. They're highly successful businesses that power Australian agriculture and the export market.

You might wonder at where the big funds sit on water – the Challengers, Axas and AMPs – many have been in and out of property for years. Yet they are being much more cautious. Why? I venture it's because no one in this country can tell you what a water right really is. Think about that. Even for a layperson, this surely would seem a fundamental problem. When a water user buys 1,000 megalitres of water, it doesn't mean he'll receive a megalitre of water. And there's a good chance that what he thought he was buying, in the next few months could be worth a lot less. More about that a little later.

My address tonight is not about urban water, although I must stress that our urban oases have their own mighty challenges. In Melbourne, storm water from roofs and roads washes 34,000 tonnes of dog shit into Port Phillip Bay every year – precious storm water we should be saving. And if Sydney is ever “tired and complacent”, it's in its water works. I could talk of the mischief making of Backyard Blitz and Groundforce which transform perfectly good quarter acre blocks with a Hills hoist into concrete patios and gravel that absorb no water; or our phobias about using effluent when, in London, water passes through an average of seven people before it gets to you. What on earth do we think people in Adelaide drink, but diluted effluent from up river? An average 40 per cent of Adelaide's water comes from the bottom of the Murray.

The bigger picture on water lies well beyond the city, with the meandering river systems of the bush. The facts are that around 70 per cent of water used in Australia is for irrigation. And those “irate” irrigators fuel an industry that on a value add basis, one government website tells us, is almost \$96 billion. In my view, water is the most urgent domestic issue we face – far more so than Telstra, or even Medicare. And when I asked the Prime Minister about this earlier in the year, he told me that fixing up water was his top priority. A core promise, one hopes.

The reality is that water is a political, social, environmental and economic nightmare. And it's all of our own doing. Those who can't see beyond a row between red necks and greenies should understand just who is driving our water crisis. There is a very ugly missing link in water debates: the consumer – every one of us.

Consider these production figures: 1 tablespoon of sugar needs 32 litres of water; 1 slice white bread – 50 litres; 30 grams white rice – 114 litres; 1 hamburger – 2,800 litres; and 230g steak – 5,600 litres.

Someone should be yelling “Earth to aspirational voter! Stop and think.” We're not paying for anything we do to the river. Policy people talk about externalities, the damage we're doing to the river system, sometimes many kilometres from where the abuse occurs. The word “externalities” has about as much emotional punch as that other euphemism, “collateral damage”. So far, the most obvious task in policymaking has been largely ignored: making the public aware so they begin to care.

I'm often asked why the nation's water debate comes down to one river system? It is because no river works harder than the Murray Darling, from Toowoomba in Queensland to Adelaide in South Australia. The northern source provides water for the mixed crops of the rich Lockyer valley, and the water runs on through the vast cotton growing regions of the Balonne and Darling rivers. In the east, the Murray and Murrumbidgee begin around the Snowy Mountains and run west to join the system through the rice growing areas of the Riverina, and our top dairy production in Northern Victoria. At a tiny town called Wentworth, the Darling and the Murray meet and power on through the rapidly expanding horticulture and viticulture, which reaches across into the Riverland and down to Adelaide. What is left contributes to the saline beauty of the Coorong lakes at the river mouth.

I for one cannot face another boring lecture on salinity. So here's a short sharp reality check. We've had a drought, yes. And as every farmer I've spoken to would tell ABARE in Canberra, it's not over. But this time, the river is telling us, it is a natural drought superimposed on a man made drought. Around 3,500 pumps, dams and sluices check the Murray Darling system. Many make very effective Piscean contraceptives – the Murray cod is now officially an endangered species. The river no longer expresses the droughts and flooding rains Dorothea McKellar once observed. Three and four hundred year old river gums are dying. We've lowered the salt levels in the river by huge interception pumps. But can technology really keep the river healthy? And even if it can, is this the way we should be thinking?

Almost everyone accepts water needs to go back into the river. The question is, how much water and who should bear the pain? Already, there are winners and losers. There are people lobbying

furiously in Canberra as I speak. There is enormous fear and loathing in river country about what will happen to water and for good reason – water users have been burnt before.

I mentioned the current nightmare as being one of our own doing: I should start with Federation, because if ever there were a reason to abolish the states, it is water! In 1900, the focus was on navigation, the action on top of the river. South Australia was terrified that the eastern states would gain control, so the Commonwealth took charge of navigation. Yet at that time, no one cared about the water itself. The result? Each state gained control of its own share in the river's water.

By mid last century the big dam era, including the awesome Snowy Scheme, opened up the inland to development. Water departments spent years handing out licenses like fete lamingtons. Irrigation changed the face of Australian agriculture; the encouragement given to farmers is something they believe has been quickly forgotten and has stirred an understandable anger in many in river communities.

We should talk numbers, because without a quantitative insight, it's impossible to grasp the nation's dilemma. A waters licence typically gives you a right to 972 megs a year in perpetuity, that's about 450 Olympic swimming pools of water, for just a few dollars delivery. In the post war years, while farmers on dry land walked off the small soldier settler blocks, their fortunate mates who did have water stayed on. Land that could run just a few sheep became a very good business and water, a God given right.

Author and historian Tim Flannery explained the problem the other day on ABC's *Four Corners*:

One of the great problems we're faced with in terms of managing the river properly is that the Snowy Mountains Scheme set up a system for distributing almost free water that really addicted farmers to cheap water and it's very much like a heroin addiction, once you've actually invested all the infrastructure, you need to grow your crops at that certain water price. It's very hard to withdraw, very hard to pull out because you've invested so much.

There's no denying that with all this development, irrigators use a huge amount of water. Contrary to popular belief, it's not just rice growers who flood their paddocks. Few city folk know this, but one of the biggest users of water is the livestock industry. Pastures are literally flooded to grow grass, to grow beef cattle, sheep and dairy. Fed from the river, paddocks which have been painstakingly lazed use little more than gravity to water the property. If you fly over the river system in spring, you'll see vast acres of it.

By the early 1990s, the bureaucrats pushing development had a change of heart of "Road to Damascus" proportions. They realised they had a problem. The one party they had forgotten in all their allocating? The river. There are many farmers who talk of a betrayal of trust by water departments, which have morphed from developers to

prevention officers. The exception perhaps is Queensland where the water department has split in two and there's now a clear development arm in Sun Water.

With the mid 1990s came water reform. And it is at this point that the music stopped for irrigators. The Murray Darling Cap was imposed across the Basin, putting an absolute limit on the amount of water that could be sucked out of the system at 80 per cent of river flow. It's arguably the one significant constructive action that the states, through the Council of Australian Governments, or COAG, have achieved. Even then, one recalcitrant, Queensland, refused to sign up. A latecomer to irrigation, Queensland argued that it should be able to develop further. The State takes just six per cent of water used, compared to 56 per cent taken by New South Wales. Unfortunately for Queensland, though, the river is already over-allocated. (Interestingly, the Darling River system, which is an unregulated river, free of most dams, enjoys floods and droughts. But despite this, the Darling is said to contribute up to 15 per cent of the lower Murray System, a figure that should be noted by those who argue that the Darling should be quarantined from future cutbacks.)

It's been said: "Fix New South Wales and you fix Australia's water problem". In New South Wales, 120 per cent of river flow is allocated. How is that possible? How is water still left in the river? The reason is that in New South Wales, irrigators were encouraged to develop even more than in other states. The water worked harder. In addition to the usual licences where allocations almost guaranteed delivery of the face value of the water entitlement, there was other extra water poured out in wetter years. Not every year, mind you; but these off-allocation licenses were bought up by farmers, who then spent money developing their land even further. Compare this with Victoria where water security is far greater. Here, extra water in wetter years is pooled and can be bought (sales water), but there are no formal licenses.

The tragedy for irrigators is well expressed by a small farmer, Robert Caldwell who lives on the Lachlan in New South Wales. In one of many letters to Canberra, he writes:

Dear Sir,

I own a modest sized irrigation farm, which has been made unworkable by national competition policy, full cost recovery and water reforms. My water allocation in the good years has been halved without compensation. This halves my ability to generate income and reduce the value of my farm by 30 per cent. In dry years, the reliability of the remaining half of my water allocation [off-allocation licenses] has fallen from one year in 50 to now 20 years in 50 of zero allocation. I feel betrayed by the Federal National Party.

So far there's been little or no compensation for people like Robert. "Adjustment" funding (governments dislike the word compensation) was clearly contemplated, as part of the reforms. To push through the

changes, the federal government bribed the states. Figures vary, but of the billions handed to the states for adjustment, it seems that almost all of it disappeared into state general coffers. What a failure by those writing the fine print.

I've talked about how the Cap put a limit on extractions from the river system. The other major leg of reform would change how water was treated forever. The idea was to let *market forces* take over. Water could be traded: economic rationing rather than more government rationing.

The idea itself is simple. If water is separated from the land, it can be traded like any other commodity. You can sell your right to take water from the river to someone else. As the price of water rises, only those who use it more efficiently will be able to afford it. Water will move from flood irrigation, to the high value use of sprinklers and drip filter irrigation. As one reformer put it, water will flow uphill to money. And as an added bonus, trading would help the environment... in theory at least.

So far, trading has occurred only on sections of the river. The classic example is a sale from Victoria, down the river to grape country in South Australia where high tech drip filter systems deliver water under the ground. The grape grower I spoke to last month reckoned that the flood irrigated pasture water he's bought from Victoria to fatten cattle was producing less than \$5 a mega litre. His grapes were producing \$2,000 a mega litre. That is a staggering comparison, isn't it?

There are a few problems with the theory. The most obvious – we can't all grow grapes. And while the argument that the buying power is with grape growers and not pastoralists is true, it works less well for another thirsty crop, rice. Murray Irrigation's chief, George Warne will tell you that his 3,400 growers use almost as much water as the whole of South Australia. But they grow the best rice in the world and have other much lower input costs like labour. Murray Irrigation hasn't yet lost any water in net terms, even though it's a strong trader.

The Achilles heel for rice growers and many dairy farmers is that they share the water channels that deliver water, and the costs of delivering that water. If some of them start to sell, and the risk is that this infrastructure will become stranded because, financially, it will be almost impossible to maintain by those that continue to need the delivery system.

Trading is a system designed to create losers as well as winners, and especially in the drought. At grass roots level, there's plenty of anecdotal evidence already that banks are putting pressure on small farmers to sell their water. As one farmer said to me, he could sell his water by midday but it might take a couple of years to sell his property. Banks themselves have been wrong-footed over water. All their security

has been tied up in land. Indeed, there have been a couple of classic stories where the farmer was in debt, sold out his water licences and shoved off! On the other hand, it is reasonable to ask, where have the banks been in almost ten years of reform? Surely they should have seen this coming?

One dairy farmer I spoke to reckoned he'd take advantage of the trading system. What I've been talking about so far is buying and selling *permanent* licences. There's also an *annual* trade in water, so that anyone who has a licence can sell his allocation of water for that year. The farmer decided this year he was going to sell 90 per cent of his permanent licences to pay down debt in a drought year, and manage his risk. In a couple of years, when the drought is over, he plans to go into the market and buy back his permanent licences. In the meantime he can buy in an annual allocation of water for his cows. So this farmer sold his licences for something over \$1,000 a megalitre. He's banking on prices coming down. But that's not what those who spend their days trading water believe. Traders I've spoken to think water prices will soar to between \$2,000 and \$5,000 a meg within five years. I've got a sad feeling the traders are right – Selling water licences right now sounds very much like bowing out of the Sydney property market for a couple of years – unthinkable. Water licences rose in value in 2002 by an average 40 per cent.

Ask a water trader today how much he's buying and how much he's selling and the trend is clear. These guys are buying. This is why the more conservative concerns of Senator Bill Heffernan may have some merit. Not so much his fear about foreign ownership of water, but could it be possible for water hoarders to pile up licences, corner the market and name their price in terms of water charged that year? The government response is, well it's all about how you set up the system. Yet so far, there's little detail on how water cartels could be stopped.

Deputy Prime Minister John Anderson has been put in charge of fixing up water by the PM. It's a Herculean task for the man whose constituency depends on water and irrigators should be relieved that the job wasn't passed to the Minister for the Environment.

John Anderson is a strong supporter of trading to increase water efficiency and productivity and he wants to take trading national – making water work harder. I think he's right. But again, there will be winners and losers. Already, the contrast is dramatic driving through Mildura or Swan Hill where it's hip and happening due to horticulture and grapes, and then on to a dairy town like Kerang, which has lost nine per cent of its permanent water already. The dairy industry itself has world's best practice happening in the milking shed, but the same cannot be said for much of its irrigation. As a result, the Kerang community has been literally sold down the river. Water sales directly

affect the town – both because the council rates from the farms are lower, but also the buying power and employing power of farmers is much reduced.

There's something else that has gone wrong with trading. And it's a disgrace. I told you there was an over-allocation of licences. Water departments handed licences out, but they never believed that all of the licences would actually be used. Water licences that weren't used were called sleepers and those partially used were dozers.

What happened when water trading began was utterly predictable: When the Cap on the river system was imposed, demand exceeded supply, the water price went up and those sleeper licences suddenly had value. Huge numbers of them have been either activated, or sold.

The opportunity was there for state governments to buy out these licences for a nominal fee, but they turned a blind eye. Instead, the people who have paid for the oversight are the existing farmers. Because of the Cap on the whole river system, more water can't be taken from the river. So irrigators have been cut back and again, with no compensation. The worst thing for irrigators is that this is not just a historical problem: there are still sleeper licences on rivers all over the Basin, perhaps up to 16 per cent of total river flow. If states were unwilling to buy out licences before, one can only imagine they would scoff at doing so at today's prices.

So where does the environment come out in the trading market? Trading certainly has green backers – Professor Peter Cullen (a former Prime Minister's Environmentalist of the Year) says he thinks it's possible to double irrigation and halve water use. That's a huge goal. But as to the environment, trading has had little positive impact to date. Tim Fisher from the Australian Conservation Foundation – the guardian of the river Murray, says trading hasn't helped and in some cases it's harmed the river. That seems odd given that trading is supposed to move water to more efficient uses – drip filter irrigation that actually waters the plant and not the soil.

Trading hasn't helped, at least partly, because much of the saved water is being used to expand into more irrigation. From a productivity point of view it's fantastic, but the water is not returning to the river. Secondly, there is confusion over what environmental flow – a healthy river – really means. Many thought trading was going to be a great win for the river because water would travel further before it was sucked out, in many cases all the way to South Australia. Yet if we're trying to return the river to a more natural state, the floods (as a southern river) come in winter and the dry in summer. Grapes need that water in summer time, completely the wrong time of year for the river.

What some farmers and irrigators say about environmental flow is not repeatable. In a bizarre way, because the green mantra seems to have taken over mainstream debate, it is the irrigators who talk about

balance and a need for a healthy *working* river. They'll ask you what you mean by environmental flow and it is a good question. Does it mean water in the river all the time for gondola holidays and water skiing, or does it really mean a return of the river to droughts and flooding rains? Certainly South Australia wouldn't want that... it has an industry which thrives on a full river.

What makes things worse is that scientists have great difficulty being specific about environmental flow. The best estimates are that somewhere between 30 per cent and 60 per cent is needed for a river flow to be healthy. Imagine how that goes down with irrigators, many of whom can measure the impact they have on their land down to the last bucket. And here I should declare an involvement with the Cooperative Research Centre for Irrigation Futures. This and other research projects need absolute priority and financial support, both public and private. The truth is that science is behind the times when it should be underpinning our policymaking.

The great hope among farmers is not cut backs to their allocations, but in a better use of the water that's already removed: in other words, savings. Right now, Melbourne businessman Richard Pratt is one of the most popular men in Griffith. Mr Pratt has been privately lobbying the Prime Minister for months now. In Griffith, he's putting in millions of dollars (and to the envy of others, has managed to get governments to match that funding) into research to pipe up the open channels that deliver water and into alternative crops for the largely rice growing Griffith. In twelve months time we'll have a look at the results.

In the meantime, other savings efforts have yet to show much fruit. As one farmer said to me, if savings were that easy, don't you think we'd have solved the problems ourselves? The biggest shock comes from work only recently published by CSIRO's top economist Professor Mike Young. His depressing conclusion: that the repair work to date, far from helping river flow, has actually hindered it. Trees planted, some of the 40 billion that Peter Garrett has called for, take water out of the river. And most controversially, Mike Young says that when a farmer changes his flood irrigation to drip and grows oranges, he actually takes water from the river. Why? Because, as Mike Young will tell you, rivers are integrated systems. Most Australians think of rivers as narrow channels, conduits, and when they get sick, as drains. In fact, water works as an interconnected system of rivers, groundwater and the watershed that we're busy damming.

When a farmer flood irrigates near the river, some of that water seeps back to the river itself. If he changes the irrigation system to drip, none of that water goes back to the river because he will want to use the saved water to expand. Because if you're a farmer and putting up your own capital (even if it is underwritten by Richard Pratt), then you want the benefits of that water saving. Even if Mike Young's numbers are

half right – we're all going to have to work much harder to achieve a healthy river.

We're now in a situation where governments have realised that the Murray Darling Cap restrictions are not enough. Last year, the Commission in charge of the Murray Darling Basin announced it was looking at more cutbacks. Right now, we're told that the river has only 20 per cent of its natural flow. The Commission is looking at three different amounts that might be clawed back from water users for the river. The highest of these is 1,500 gigs, equivalent to about *ten* per cent of river flow. Don Blackmore, who runs the Commission, has been the bunny with the job of explaining the so-called "Living Murray" proposal at irrigator meetings up and down the Murray. Not an easy job, because neither state, nor federal governments have decided what the compensation might be.

At the heart of the problem is the issue I touched on at the beginning of this talk. Irrigators argue their water rights are defined, enshrined in legislation. But the succession of cutbacks in water allocations make a mockery of this. Governments have yet to redefine what a water right really is. In late June this year, New South Wales delayed its new water legislation, outlining the all-important water sharing plans. But as each state develops new laws to adapt to the trading regime, they continue to have different definitions of water security, and tenure of water rights. Today, there are over twenty different types of water being traded. In reality there are exchange rates to deal with some of these interstate problems. However, for any solution to the problem of equity in water (and inevitable compensation) we need, once and for all, to understand what the right to water means.

There's now a battle for the Prime Minister's ear and the recent history of lobbying makes a fascinating tale. It began with an extraordinary picture that made the front page of a tabloid paper – a little girl who'd never seen rain, let alone flooding rain. The next day, Farmhand, the huge drought appeal was launched. The appeal raised over \$24 million for farmers and involved major media and business heavyweights including Kerry Packer, Richard Pratt, Bob Mansfield, John Singleton, Ray Martin and Alan Jones. Yet it was the radio king who's radical ideas went too far, even for his own Farmhand colleagues. The Alan Jones rhetoric was all about drought proofing Australia, turning northern rivers around and in many ways returning to the ideas of the 1950s.

It was this talk that enraged a group of very different heavyweights, mainly scientists: people like Professor Tim Flannery, CSIRO's Dr John Williams, and Professors Mike Young and Peter Cullen. Backed by money from a rather private millionaire president of the Worldwide Fund for Nature, Robert Purves, they met for dinner late last year. From then on, they were known as the Wentworth Group – not, I

should add, after the famous little town where the Darling meets the mighty Murray, but after the Sydney hotel where they dined.

The Wentworth Group took a handful of journalists with them to help get their message out. After dinner, one of the journalists reportedly remarked, "This is all very interesting – but what are you going to do about it?" Accordingly, the group retired into a huddle and returned shortly afterwards with five key points. Among them, more water for the river and defining a water right.

Wentworth has put flesh on the bones of its original blueprint and recently released a radical solution for governments to consider ahead of the COAG meeting on 29 August. The plan is to use the markets, but to introduce a new player who will work for the river itself. Government would create a trust to buy up water that would then stay in the river as environmental flow. Done well, the trust could benefit from the different demands of irrigator and river. The plan would be for the trust to buy water to flood the river during wet years – and obtain water relatively cheaply from irrigators. When a drought was on and the river would be naturally dry, the trust might even be able to sell water to irrigators. Peter Cullen talks about buying water at around \$700 a megalitre for the trust. When some irrigators are claiming up to \$3,500 a megalitre compensation that sounds cheap.

Wentworth's other idea may be less popular with existing water users. The old set volume of water under a licence would go. Instead, water rights would be flexible, depending river health. Farmers would have a "share" in the whole system where the environment comes first, not last. Shortly, Farmhand is expected to be releasing its thinking on property rights and a joint communiqué from the Australian Conservation Foundation and National Farmers Federation is also pushing for clarity on water rights.

The challenges remain: what kind of river do we want? What is a "healthy working river"? How can the science help us be clearer about environmental flow needs? Whatever the outcome, creating savings in the system will help but such savings are unlikely to solve the Murray Darling crisis. The alternate strategies of taking water off irrigators by force (Living Murray), or buying water through a trust, or indeed a combination, all require money.

Deputy Prime Minister John Anderson recently poured cold water on an environmental levy but, equally, he is adamant that irrigators are to be treated fairly. Raising the price of fresh food in supermarkets to reflect more closely the real environmental costs is even less likely. After all, the government wasn't even prepared to venture applying a GST to food! Admittedly, Europe's tax base for environmental subsidies is extensive, and we are in any case locked into some food prices because of our export commitments. Yet look across at what Europe is up to: a massive program to transfer production subsidies to

environmental subsidies. We should be careful we don't find ourselves left behind with our somewhat troglodyte thinking on food production. One way or another, it's the consumer's expectations that need to be managed. Governments have done it with the Timor Tax, the gun buyback, and even the GST. Public money is needed to help solve the water problem.

Much is expected from the COAG meeting. Many people I've spoken to in top water circles are optimistic that the slow water wheels within COAG may at last start to gather some traction. This is partly thanks to one of the worst droughts in history, but also changes in state politics, which have put premiers or deputy premiers with direct portfolio management of water. We cannot have more "COAG-ulation".

Perhaps I could end on a lighter note – with a forecast:

The year is 2020. John Howard is Prime Minister. Despite the cries that Adelaide's water would be undrinkable two days in five, you can drink the water in Adelaide seven days in seven. There are now 150 desalination plants up and down the river. A licence to use water in Moree, which cost \$24 in 1970s and by 2003 cost \$1.4 million is now worth \$1.2 billion. The going jail term for water theft is five years. The richest man in Australia now owns 1,000 gigs of water and 27 per cent of Fairfax. The Man from Snowy River's name is mud. Farmers are now irrigating intensively all down the Snowy to Orbost.

Everyone pays an environmental levy of one per cent. Government has bought back another 20 per cent of river flow. And the Murray Darling is in about the same condition as it was in 2003, which government boasts is an amazing achievement.

FUNCTION NIGHTS 2003



Photographer: David Karonidis



Photo – David Karonidis

Peter Costello

As Australia's Treasurer since 1996, The Hon Peter Costello rarely gets an opportunity to speak outside his portfolio. But in an address to the Sydney Institute on Wednesday 16 July 2003, Peter Costello spoke on the topic of social capital. In a speech that attracted widespread media attention, the Treasurer pointed to the importance in a tolerant community of diversity of opinion and the social capital freely given by citizens in voluntary endeavours. In the Treasurer's view, engagement in voluntary groups produces not only a direct outcome for the cause but also produces "by-products ... like friendship, belonging, tolerance and trust – and forms the basis for relationships which can be extended to other worthwhile causes".

BUILDING SOCIAL

CAPITAL

Peter Costello

The pollsters and the professional advisers will tell you that it is dangerous to become reflective about political life. If you reflect on things you are liable to say what you think. The political participant should resist the urge to become a commentator. The privilege of being a commentator is reserved for others, mostly journalists, who have the luxury of being able to step outside the action. The active participant is part of the action.

But last month I was doing a press conference, on a rather memorable day, and I became reflective. At the end of the press conference I said this: I want to see Australia be everything it can possibly be. I want to see it prosperous and strong and secure and tolerant and I want to be able to see it fulfil all of those objectives and I want to make a contribution to that.”

As I was speaking, I was thinking about the kind of country I would like Australia to be. I was thinking about a prosperous country with high living standards supporting high standards of health care and education, high standards of transport and communication, and disposable income. I was thinking about a strong country respected in the region and the world which was secure against outside threat and able to protect its citizens and allow them to enjoy this high standard of living. But I didn't want to leave just a picture of a country that was obsessed with material prosperity. I wanted to leave the thought that we should aim to be rich in values as well. So I talked of being a country that was tolerant.

To be frank I did not think at the time that talking about a tolerant country would prove controversial. But judging from the mail I received it certainly did. The word tolerant produced a big reaction. It turned out to be a verbal bunker buster. Most people who wrote to me supported the idea of a tolerant country, but not all. Some of them wrote to me to tell me why. One correspondent from Paradise in South Australia wrote as follows:

You are reported as favouring a more tolerant Australia. More tolerant than the Howard Government presumably, although if a Costello Government was more tolerant than the current one, the mind boggles (sic).

A correspondent from Cronulla in New South Wales wrote as follows:

...I am alarmed at your so-called tolerance stand on certain subjects as reported recently by various news media sources and which seems to indicate your failure to understand the opinion of the silent majority in the electorate.

Another from Coburg North in Victoria wrote as follows:

Please note that if your personal policy is to pander to and show leniency to the illegal Muslim immigrants who are queue jumpers and sworn enemies of all Christians, my family and I most certainly will not vote Liberal...

There was another category of person who wrote to me to tell me that if I wanted a tolerant country I had better support particular policies of one kind or another. For some it was reconciliation. For others it was a republic. Although I have supported both, in different ways, I was not thinking of these things. Obviously a tolerant society can exist under either a Monarchy or a Republic, and intolerant ones have existed at various times under both of these constitutional arrangements.

Some people wrote to tell me that a tolerant country would not support military action in Iraq. I most certainly did not have in mind that we should be more tolerant towards Saddam Hussein. Saddam could have practised a little more tolerance to critics of his regime – rather than cutting their tongues out – and a little more tolerance to ethnic minorities like the Kurds – rather than attacking them with chemical weapons. The downfall of Saddam has saved tens of thousands of people from arbitrary arrest, torture and execution.

A tolerant country will allow dissenting views, it will allow ethnic minorities to live in peace and security. The downfall of Saddam Hussein and the Baathist regime in Iraq is a major step for the better for Iraq and the world. A tolerant society is one that respects differences and allows people to pursue their different aims and ambitions within an overall framework of order. How do you promote such a society? Where does the notion of trust and tolerance come from?

Think of Paul Bremer with the overall responsibility of re-building Iraq. This is a country that has no modern experience of tolerance of Sunni for Shia or Sunni for Kurd, no modern experience of competing political ideas, no modern experience of the ballot box. It is expecting a lot to think that these things will organically emerge with the removal of the Dictator. The fact that the Dictator could emerge in the first place, tells you that these values were not strongly and widely rooted.

Iraq is a country with a wonderful economic base. Its oil reserves are the second or third largest in the world – between 8 and 11 per cent of the world's total. It has fertile arable land. It has good sea ports with access to world markets. It has some highly trained and sophisticated

scientists. It has a lot of human capital. Properly managed, Iraq would be a very rich country. We know the outline of what a good economic policy would look like in Iraq. There would be a system of private property rights, Government revenue would be invested in crucial civil infrastructure, there would be an independent monetary authority etc. But how would you go about implementing this?

You could turn to various models that have proved successful in other countries but these will not work unless the economic institutions can take root and engender public confidence and trust in Iraqi society. A prosperous economy takes root best in a society that has institutions and relationships that promote confidence and trust.

A totalitarian state aims to control every aspect of a society. It controls the judiciary and the police force and everything else so that outside the state there is no centre for opposition or dissent. There is nothing to organise resistance around. There are no opposition political parties, no independent service clubs, no independent newspapers – nothing outside government direction. And a totalitarian society deliberately breaks down trust between citizens. In a totalitarian society you can never really state a view to a neighbour because the neighbour might be an informant. At home you can never really sound off in front of the children because they might relay your comments, unintentionally, to a teacher at school who is also part of the state apparatus. You trust no-one. And the totalitarian state likes it that way because where there is no trust between citizens, there is no basis for dissent or opposition. The only certainty is the state and its apparatus. And that certainty is that dissent will be punished.

If you were re-building a country from the ground up after the fall of a totalitarian state you would have to start re-building trust amongst citizens. You would need to build a culture of tolerance between citizen and citizen which would allow expression and association within the context of trust. You would need to build trust between citizens and institutions.

And this can take enormous effort. This is part of the problem in Eastern Europe. When communism ended, East European countries mostly endorsed liberal market capitalism, but they had little of the independent social institutions and framework to sustain it. Some countries had more than others and have made a better transition. These countries had institutions that stood outside the totalitarian state. In a country like Poland there was the Church and Solidarity which were institutions outside the state that retained public trust. These associations and relations outside the state were sometimes referred to as civil society.

A country that has the experience of voluntary associations is likely to have a higher level of trust between citizens which can be used to build confidence in public institutions. But in other countries where

there was no legal framework for private property, no contract, no institutions outside party control, the transition to a market economy is a mammoth undertaking.

I well remember in December 1999, when we were coming up to the implementation of the GST, I had the chance to discuss with Russia's Finance Minister the Russian experience of VAT. I asked him whether it was true that Russian tax collectors were being armed with assault rifles. This was only partly true, he told me. "The rifles are only for the purpose of self-defence."

If you want to run a successful modern liberal economy then trust and tolerance between citizens gives you a long head start. Trust facilitates compliance. Trust enhances efficiency. It reduces transaction costs – you do not have to ascertain and negotiate the bribe on each transaction. Trust in the legal system and the enforceability of contract underpins the willingness to invest. Trust and tolerance, are sometimes described as social capital. In an IMF paper on Second Generation Reform, Francis Fukuyama argued: "Social capital is important to the efficient functioning of modern economies and is the sine qua non of stable liberal democracy."¹

Individuals and society

In 1987 Margaret Thatcher famously declared: "...there is no such thing as society." "There are individual men and women, and there are families." This is an extremely individualistic view of the world. And she received a lot of criticism over this statement.

At the other end of the spectrum are the collective views of the world usually held by politicians of the left who want to submerge individuals into groups of one kind or another. One clear giveaway is the tendency to put the word "community" after everything. Joan Kirner was a classic example of this. She was forever talking about the "Victorian community", the "artistic community", the "ethnic community", the "Greek community", the "business community" etc., etc. In this view of the world there are no longer individuals who are artists or Greeks or businessmen. There are a series of groups into which individuals are divided and treated together. It is assumed that they have a uniformity of opinion because they share a particular characteristic even though they might never have met, have no desire to do so, and have very different perspectives.

In reality, individuals have varying connections of varying intensity with others. In the first place there is the family, then maybe the street, the neighbourhood or a town. They might have a religious association through a church they attend and their relationships might extend to involvement in a voluntary association, a sporting club, or a political organisation. These are the networks and associations that give rise to trust between people.

Robert Putnam in his book *Bowling Alone* has tried to measure the rundown of engagement in voluntary organisations in America over the last third of the twentieth century. Although I have not seen a similar attempt to measure this in Australia, all the anecdotal evidence to me from the churches, the political parties, the Scouts, the local sporting clubs suggest that membership is in decline and in that sense social capital is running down. Next week the Productivity Commission will release a research paper on social capital which will review the work that has been done in Australia.

Putnam quotes a slogan used by a volunteer Fire Department to publicise its annual fundraising effort: "Come to our breakfast, we'll come to your fire." Of course we know that the volunteer bushfire brigade will come to our fire whether we come to their breakfast or not. But we also know that if nobody comes to their fundraiser, or if nobody comes to join their brigade, there will not be anyone available to come to our fire. Engagement in these voluntary groups produces a direct outcome, for the bushfire brigade – a group that can attend to a fire. But it also produces by-products. By-products like friendship, belonging, tolerance and trust – and forms the basis for relationships which can be extended to other worthwhile causes.

Last week, I attended a major fundraiser for medical research and as I walked around the tables to talk to various people, it was obvious that one table organiser had invited his friends from the Rotary Club, and one had invited his contacts from the Synagogue and one had invited his associates from the Liberal Party. When each of these organisations have their own events there will be a table gathered by each of the other groups including a table of medical researchers. Engagement is reciprocated, it sponsors further engagement. And in these groups where people have a common interest, and a name, they build trust and tolerance.

Does it matter if this culture of engagement is running down? I think it does. I think the public laments the fact that engagement is running down. But we should be careful here. The majority of the public is not so worried about the issue that it makes them want to change their behaviour and reverse the trend of declining participation. If people were really worried they would presumably start flocking back into all those associations now struggling for membership. But there is a tendency to think fondly of a time when people in a neighbourhood knew each other better and seemed to be closer.

Although television could well be one of the main causes of disengagement it is replete with shows that depict people living together in close neighbourhoods. The Australian TV series *Neighbours* is one such show. The American series *Friends* is another. The American TV show *Cheers* was about a bar "where everyone knows your name and they're always glad you came". People laughed and joked and took an interest

in each other. There are not too many television shows about people who sit at home and just watch television shows. Even if people don't actually engage that much with their neighbours, they apparently like watching others who do.

I should mention here that not all social groupings are positive ones. The Mafia is a very close social network – in fact calling itself a society, an honoured society. It generates a high degree of trust amongst its members. It uses these associations for anti-social activities such as extortion, racketeering and the like.

Some social networks also inspire enormous trust between insiders on the grounds of a common intolerance to outsiders – paramilitary organisations in Northern Ireland work on this principle. Urban gangs are another example. These organisations develop social capital amongst themselves which they then direct in a destructive way against others. It is the combination of internal trust and external tolerance that produces positive benefits for the wider society

Recognising the importance of the non-government sector and the positive values arising from it, what are the lessons for policy? The first thing is the very important maxim for government, any government, on any issue: "Do no harm."

These social networks are neither established by, nor controlled by government. They are voluntary. That is their strength. So while the government cannot establish these associations and should not force engagement it should be careful to do no harm. Secondly if government has a choice between delivering services in a way that enhances engagement and one that does not, then, all other things being equal it should prefer the former. Thirdly government should be alert to deal with any threats that arise to the voluntary sector.

I am a great believer in parent control of schools. The main reason for such a policy is that the parents, on behalf of their children, really are concerned about standards and outcomes in schooling. In my view involving parents is likely to lead to higher standards. The parents who meet to elect a council, which meets to appoint a principal who is responsible for the staff, form a community around the school which supports it and takes responsibility for it. They have an interest in the outcome. But in the process, the school becomes a focal point not just for the children but also for parents. It builds relationships not just amongst the children but amongst the parents too.

Suppose the government decided that it would offer a grant to each school of the precise amount it raised by way of the school fete, on the condition that the school did away with this as an annual fundraising activity. That way the school would be no better and no worse off in a financial sense. The parents could save the time they spend planning and conducting the fete. Would the school be just as well off? No. Although it would lose no money it would lose all those

voluntary hours of common purpose and commitment. It would lose the association the parents have made with each other and the teachers which is just as valuable as the funds that are being raised

It is the activity, as well as the result, that brings the value. This is the benefit of mutual obligation. Take a work for the dole project. In return for income support a person engages in a work project. The project produces, hopefully, some valuable infrastructure. But the person who has engaged in the activity has more than just income support. They have the experience of meaningful work, social contact, and hopefully have developed their work skills. This is why reliance on welfare can damage communities: A person who receives income support without engaging in the social activity of work misses all the side benefits of that activity, and the positive benefits of self-reliance. This is why we should be heightening mutual obligation for people of working age.

On the principle of do no harm, a government should be careful not to usurp the voluntary sector. It should not take away those things which people can and want to do for themselves. But where it can support the voluntary sector, without smothering it, it should do so. And it must be alert to threats to the voluntary sector. One such threat is the public liability crisis.

We would all agree that an innocent person injured through no fault of their own is entitled to compensation. But if the cost of insuring against the compensation threatens the viability of the local sporting club or the pony club or the scouts then it will threaten an important dimension of our society. It will undermine social capital. This is why it is necessary to limit pay-outs and heighten the protection against liability for the voluntary sector. It is defending a very important part of our social infrastructure.

In the 2001 Bolte Lecture, I suggested that we could revive the non-government organisations of Australia by spending one hour a week in a volunteer activity.

Again I was surprised that some people were critical of the suggestion. I did not stipulate that it should be charity work, although that is a particularly important area of voluntary activity. I suggested one hour a week at the Rotary, the Lions group, the Church, the Synagogue, the sporting club, the neighbourhood watch, the school or the RSL, the Scouts, the book group, the political meeting or at a neighbour's house.

The idea was just to heighten engagement. It was not being critical of anybody. Some people suggested this was a deep plot to withdraw government funds from the voluntary sector by increasing unpaid participation. Some people were of the view that if there is a problem the government should fix it. But if we expect government to solve all our problems even in this voluntary sphere of life we are a long way from the solution.

The view I am putting is that there are non-monetary things that add to the wealth of a society. Civic engagement and the values which it promotes like trust and tolerance are some of those things. You can call them social capital if that is conceptually easier. It might help with the idea of building them up, running them down, adding to our wealth, or detracting from it. But a society which has these things should be careful not to let them run down. Once they are gone it takes a lot of effort to get them back again.

Endnote

1. International Monetary Fund publication "Social Capital & Civil Society" October 1999. See also Francis Fukuyama Trust: *The Social Virtues and Creation of Prosperity*

FUNCTION NIGHTS 2003



Photographer: David Karonidis



Tony Smith



Jacinta Collins

Photo – David Karonidis

We're all better off materially in 2003 Australia – but most agree that the gap between rich and poor is growing. On Tuesday 22 July 2003, Senator Jacinta Collins, shadow minister for children and youth, and Tony Smith MP, Liberal Member for Casey, addressed The Sydney Institute in a seminar discussing the problems of inequality in Australia. Recognising Australia's economy was doing well by world standards, Tony Smith argued that government does best for disadvantaged groups by creating a climate and context which offers opportunity. Jacinta Collins, on the other hand, reflected on the 24 per cent of Australian working families who are classified as working poor.

EQUALITY AND

INEQUALITY – TWO VIEWS

Tony Smith

A decade ago, when the Australian economy entered one of its worst recessions which saw household incomes collapse, a multitude of jobs disappear, and record business bankruptcies, there was a great deal of debate on the subject generally. The focus was on equality between those who had jobs and those who had lost them; between those who were still able to pay their mortgages, and those that no longer could; between those who were still in business, and those who no longer were.

Ten years on, Australia has emerged as one of the strongest economies in the world. Unemployment is nearly half what it was a decade ago, home loan interest rates are around a third of their peak level in the early 1990s, and real wages have undergone sustained and stable growth. Again there is a renewed commentary about inequality. On this occasion, the debate takes place in a different climate, and has a different context. The focus today is on the relative increase in income levels rather than the absolute decrease.

What this demonstrates is that debate about equality is not necessarily related to economic performance or actual living standards. It seems to occur in any economic climate, and that is the key to some of the problems with much of the debate in Australia today. When we are told inequality is increasing, it implies in code, a number of other developments. We are led to believe, some people are going backwards while others are moving ahead, that economic growth and success must somehow have been bad, rather than good for us, that government must have sat by and done nothing.

None of this is true, but people could be excused for believing some of it, because so much of the detailed commentary on inequality – while often considered and balanced in itself – is often then misrepresented and manipulated by others intent on painting a pessimistic picture.

Obviously any discussions on inequality can take a number of directions. Tonight, I want to take the opportunity to address some of the regularly spouted misconceptions and misrepresentations about

relative inequality, in an attempt to provide a more balanced picture of what it means and what it doesn't. I want to then devote some time to addressing what I believe should be the real focus in any equality debate – that of opportunity – rather than outcome, and what role government and business can play in maximizing this.

There have been a multitude of papers and publications analysing relative inequality. Many of those who have done detailed work in this area, such as Ann Harding, have spoken here at the Sydney Institute in the past¹. Much of the analysis shows that over the last 25 years or so – in pure statistical terms – there has been a widening of inequality – as measured by income differentials. In the past few years there appears to have been relatively little change. The time frame is important – because some critics in the political arena would have us all believe that income inequality began with the election of the Howard Government in 1996, before which all Australians earned precisely the same income across all professions.

Back then of course many of the very same politicians who today preach loudest about inequality, were either silent or shouting just as loudly in the opposite direction. That is, some of those who decry inequality today, denied it a problem a decade ago.

Economic analysis on inequality is of course not straightforward. The findings rely on combining data from a number of sources, which always involves a lag of a few years. Those interpreting the academic analysis and the statistics also tend to assume that the labour market is static – and no one shifts between or through income groups – which while true in some instances – is certainly not true in many others. All of this is a perfect cocktail of ingredients for misrepresentation or misdiagnosis.

As I indicated earlier, one of the main misrepresentations readily peddled is that an increase in the measurement of inequality must mean that if the rich are getting richer, the poor must necessarily be getting poorer. That somehow if someone is experiencing an income growth, someone else must be experiencing a corresponding income decline; that someone, or groups of people, can only improve at the direct and equal cost to another group.

Such an approach reveals an out-dated assumption that an economy is static in size, and that gains in one area must necessarily come at losses in another area. The fact is the claims are simply not true – the latest thorough analysis shows that while high-income earners have improved their position, they have not done so at the expense of anyone.

In fact, the latest evidence available from the ABS – released at the end of May² actually shows that low, middle and high-income groups have each experienced income growth in recent years. No group has gone backwards. Far from one group progressing while another

regresses – all are gaining – the difference of course is in the rate of growth – and because those rates of income growth differ – the measure of statistical inequality is said to have increased. Yes, it is the case that low income earners have not moved as fast as middle and higher income earners – but the point shouldn't be lost that they have moved in the right direction – up – which is in contrast to past periods such as the 1980s.

This also highlights an important point, which is so often overlooked. Changes in the measure of inequality can occur for various reasons. Statistically, inequality will increase if a low-income group experiences a decline in income while higher income groups remain static or increase. It can also increase if all income groups decline – but the lowest income group declines to a greater degree. It can remain unchanged if every income group increases or decreases by the same proportion. At the other extreme it is possible to have an improvement in income equality, which actually involves a decline in the position of low-income earners, provided high-income earners experience a slightly more pronounced decline. On the strict measure, you would have a situation where the poor were worse off but equality had increased.

If this were to occur – the headline could be either “Poor Worse Off” or “Equality Improves”. Both would be accurate – but the latter would also be misleading. Today, we are largely confronted with the opposite situation. The headline is often “Inequality Increases”, but rarely “All Income Groups Gaining”.

This tells us what we all intuitively know – statistics can be used to create a false impression. When you consider that a so-called increase in inequality can alternatively indicate that some income groups are worse off, no income groups are worse off, or all income groups are better off, you start to see why an isolated obsession with the measure can be a bit off the mark. Surely the focus should more be on further improving the position of low-income earners. That is, focus more on the absolute, rather than the relative position.

So while measures of income inequality can be important, it is vital to recognise what they do and don't measure. What they do measure is an income group's outcome compared to other income groups – not an income group's outcome compared to its past level. They do not measure improvements in the day to day livelihood of Australians – something that is actually far more relevant and important to those being measured than it seems it is to some of those writing about them.

This false diagnosis is quite counterproductive on a number of levels. At a policy level, misrepresentation, or exaggeration today, can lead to inadequate or inappropriate policy responses tomorrow.

At a community level, if we are told things are worse than they are, we risk creating divisions, which need not exist, and have never existed

in our country. Critically, we risk sending the irresponsible message to younger people that their future is limited, when, in fact, it is brighter than any previous generation. As even Clive Hamilton, hardly a raging right-winger, has conceded – in real terms Australians are at least three times better off than their parents were after the Second World War.³

And at a political level, irrespective of who is in office, if people are told that inequality is entirely the fault of the government, then the public will start to assume that government can therefore easily and quickly fix things, which ignores reality and risks breeding greater cynicism.

At this point, it is appropriate to briefly address the role of government in reducing inequality. While some claim governments do not do enough to deal with inequality, or imply that they should do more, there is often little recognition of what government actually does on a range of levels. At its most obvious and macro level, a progressive tax system, combined with a significant transfer system ensure an extensive degree of rebalancing and redistribution.

In a recent publication, the National Centre for Social and Economic Modelling (NATSEM)⁴ estimated that the net impact of Commonwealth taxes and outlays dramatically reduce national income inequality, with the gini co-efficient – that being the mystical measure of income inequality – more than halving when the definition of income is expanded from equivalent private income to equivalent final income.

The report went on to point out that this halving in the measure of income inequality occurred precisely because social security transfers were so well targeted towards those households with low private income and because the income tax system is progressive⁴.

This demonstrates that government does play a major and direct role. But it is a role which can only go so far in terms of intervention. Some argue that government should intervene to a much greater extent, but they often fail to mention that this would require massive tax and expenditure increases.

In my view whilst governments' role in this area is tangible, it is also necessarily limited. Government intervention can and does soften the effects of income inequality, and establish a base level of fairness, but government's role is not to try and achieve an equality of outcome, where irrespective of effort, endeavour and risk, every individual achieves the same income.

In Australia we have always sought to have a proper balance between government intervention and private sector incentive. Our safety net arrangements are strong and important. Our government has extended support for families with children dramatically because we believe government has a major role to play in assisting families. At the same time we have recognised that government cannot intervene to an

extent that damages and limits the very economy, that provides people with employment, income and livelihoods.

It is often said that we are not as generous as some European countries, but more generous than the Americans. I agree with this. I believe this shows that we have got the balance about right. The American system is too harsh on the poor, and the resulting social dislocation that does occur costs that society in other ways. To a certain extent they probably pay for their lower welfare budget in other areas – such as their law and order budgets. At the other extreme, many of the European nations intervene to such an extent that they stifle incentive and the wealth creating capacity of their economy to the detriment of all income groups, including (particularly) those who do not have jobs.

The really fundamental role of government into the future is not to try and tax high-income earners at a higher rate to attempt to achieve an equality of outcome, but to continue to pursue and implement policies that drive and maximize equality of opportunity for all in our society to improve their actual position. Our egalitarian society, in which we pride ourselves, was built on the notion of a “fair go” – and the equal opportunity to have the same chance as everyone else – not the same guaranteed result as everyone else.

As such, the focus must be on how best to expand opportunities. This will involve a number of priorities. At a fundamental level, keeping the economy strong and successful is critical to providing expanding opportunities in the labour market, and the capacity to fund important programs across a range of policy areas. While it is obvious – it is also rarely considered. One of the great dangers that arises from a focus on equality of outcome is that economic policy becomes about *redistributing* what we have today, rather than ensuring that we have more tomorrow.

If instead we focus on growth, and on creating the conditions for a more prosperous economy – the nature of our progressive tax system will guarantee a growing base of resources from which to look after the vulnerable. Even if income growth is not equal amongst income levels, the average economic welfare for all income levels of our community will be greater. This requires an ongoing commitment to reform to avoid economic stagnation. It is the reforms already undertaken in the recent past that have put Australia in its strong position today. If we don't continue them, we won't maintain that strong position and improve tomorrow.

For all Australians to have the best equality of opportunity to participate to their fullest extent in the emerging economy requires that policies must prepare our workforce for their needs in the future. That is why we have pursued policies to try and ensure a base level of literacy for young students, why we have expanded training, apprenticeships

and are seeking to expand university places – so that we can maximize the options and the access. It is why our government has focussed on lifetime learning and training, because the flexibility required in the current and future labour market requires not only a broad set of skills, but also constant updating to keep pace with progress and advances which are occurring at an increasingly faster rate. More and more people will change jobs, and more importantly, even if they don't, their jobs, will change dramatically in any event.

One key challenge for all levels of government into the future will be to ensure that it also keeps pace with changing demands. Whilst I believe government has largely met the challenge to date, in the future it will get harder not easier. With a global economy changing at an ever-increasing pace, our public service structure and the policy programs it delivers must be nimble enough to meet this faster pace. Because it was not purpose built for this challenge, it will require constant reform and modernisation to deliver optimal outcomes.

And the business community must also play a greater role. I believe in some areas it could and needs to do better in the future. I want to mention just a couple of these.

There has been much talk recently about the level of executive salaries – and no discussion on inequality would be complete without reference to this subject. It is an issue that catapults itself into our newspapers and on to our television screens whenever a large corporation awards a massive pay rise or payout, to a new, existing or retiring CEO – in any industry – except for some reason – the media industry. But I mention this just as an aside.

I don't intend to repeat all the criticisms – which you have all heard – and will hear again. However, it is clear that some of the more indefensible actions and the associated coverage does drive community division and the attitude and impression that all is not fair. In my view, what grates against the Australian bedrock belief in egalitarianism is not so much the salaries themselves, but whether they're deserved.

I think this is an important point to keep in mind in the debate. We don't want to create a culture that discourages reward and effort. Many of the people earning high incomes have moved their way through all levels of income – and their pay reflects the demand for their skills and expertise. We have always admired those who have struggled hard and succeeded. When I was growing up, I remember family and friends speaking warmly of post war immigrants who had moved to our neighbourhood with nothing and succeeded incredibly. And whenever anyone mentioned the fact that some of these families had become quite wealthy, the retort was always a chorus of good on them; they worked for it, they deserve it.

And that's the key – as a rule Australians don't mind rewarding success, it's rewarding failure they have a problem with – and rightly so.

It is the high executive salaries that are not deserved that are what people find offensive. If a CEO does a bad job and gets moved on with a huge payout – the public contrast it with their own experience. They know that if they don't do a good job they will lose it without a bonus on the way out. In the public's mind there is a double standard. The salaries and bonuses seem to reward both success and failure.

If CEOs seriously – rather than just incidentally – reduced their pay when company performance was down, and raised it when it was up, they would be proving that they were earning what they deserved. Company boards should also consider more innovative methods in rewarding executives when they engage CEO's into the future.

Over 45 year olds are a group of people that deserve particular attention. The Old Economy was characterised by life-long commitments to single firms. In the New Economy, these workers have found that they are the quickest to be retrenched during firm restructures, that they become unemployed for longer than younger age-groups, and that they are less likely to be employed than younger people. As competition and new technologies continually drive firms to more efficient structures, there is a danger that the over-45s will fall further behind unless there is a more reasoned and far-sighted approach.

Strong economic growth and better policy programs, such as the "Australians Working Together" project, has seen mature age unemployment halved, compared with ten years ago. But government can only do so much.

Business too must do its part. This involves looking beyond stereotypes and recognising both the skills, which individual older workers have, and the potential for learning new skills through on the job training. Indeed the ACCI in its recent report on mature age employment⁵ recognises the opportunity cost of business not taking advantage of this pool of talent.

I believe many businesses, particularly larger ones, which have undergone significant restructuring, have in the past adopted a short-sighted attitude to the value of experienced older workers. Instead of recognising their extensive experience in dealing with people and solving problems, and working under pressure, too much focus has been placed on their immediate value in a more technological world. Many businesses only considered the time and cost of closing their skills gap, without considering their other attributes. They haven't been given an equality of opportunity.

Now many firms are finding that their workforces are not properly balanced towards their customer's needs, and are beginning to rehire older workers. Some of the banks in particular are doing this. This is to be welcomed, but more importantly, business needs to take a broader view that recognises that no matter what age a worker is or what environment they are working in today, it will be different tomorrow,

and will require new skills. All employees of all ages will require ongoing training.

In any event, as the Intergenerational Report shows, business had better adapt, because with an ageing population, our economy cannot continue to shed itself of older workers. It is inevitable that a change of attitude will occur, but those firms that change their thinking and approach early, will reap the rewards.

Ongoing training and lifetime learning is not just something for government. It is also something for business, not just because both have responsibilities to society, which they do, but also because it will benefit both the businesses and their employees. And as well as being something for business it is also something for each individual worker, who will need to accept and embrace the fact that lifetime learning and training are now part and parcel of maximizing their own equality of opportunity. After all we should never forget – that while government's role is to help people live their lives, it is not to live their lives for them.

But that is probably a topic for another evening here at the Sydney Institute.

Endnotes

1. See *The Sydney Papers*, Winter 2001
2. Australian Bureau of Statistics, Australian Economic Indicators June 2003, released on 30 May 2003, pp 12-13.
3. Hamilton, Clive – “Admit it: the left has lost its way”, *The Age* May 2002
4. “The Distributional Impact of Selected Commonwealth Outlays and Taxes”, NATSEM, March 2002
5. Australian Chamber of Commerce and Industry, “Mature Age Employment Changing Culture”, May 2003.

EQUALITY AND

INEQUALITY – TWO VIEWS

Jacinta Collins

From any perspective, when considering equality and inequality there are three simple facts.

1. Most adult Australians are employed and most think that employment is important.
2. Most Australians live in families and most think those families are important.
3. Most Australians want secure, fair, reasonable and safe conditions of employment so that they may provide a standard of living for their family that enables them to live decently and with dignity.

Political parties that ignore these facts do so at their peril.

When I, today, consider the Labor view of equality and inequality it is important to consider where Labor comes from. Further, it is important to consider what and whom Labor stands for. The Australian Labor Party is a genuine Labor Party. It is one of only a few in the world to which trade unions directly affiliate thus distinguishing it from other social democratic parties. This is not something to be embarrassed about.

Australian Labor was a movement inspired by the need for fair and reasonable industrial and social wages, conditions and programs to improve the living standards and effect social participation amongst Australian workers and their families. In many respects Australian Labor, throughout its history, has made many gains towards this objective. Australian Labor achieved the eight-hour day, equal pay for work of equal value, superannuation, maternity and paternity leave, annual leave and the minimum wage. It instigated Medicare, childcare assistance, housing assistance, education allowances and fairer family assistance. Most of these initiatives are now taken for granted as essential contributions to workers' lives.

But unquestionably they are initiatives that protected and supported the working people of which Labor was born. And unquestionably they have influenced greater equality amongst Australia's working families.

A report conducted by Ann Harding, NATSEM, commissioned by the Smith Family and released in November 2001, “Financial Disadvantage in Australia – 1990 to 2000”, established that for the year 2000 the poverty line for a couple and two children was \$416 per week, after the payment of tax and before the meeting of any housing costs.

The report showed that: In the year 2000, 2,432,000 or 13 per cent of all Australians were living in poverty compared to 11.7 per cent in 1990. This figure comprised 1,688,000 adults and 743,000 children representing 12.3 per cent of adults and 14.9 per cent children. In respect of children NATSEM figures show that overall poverty declined from a peak of 18.2 per cent in 1981–82 to 13.3 per cent in 1995 but then began to climb again with the figure in 2000 being 14.9 per cent

Throughout the 1990s there was a steady growth in adult poverty from 10.4 per cent in 1990 to 12.2 per cent in 2000. The NATSEM report showed that after taking housing costs into account the largest single group of people living in poverty are those in working poor families. These are families where the level of income is low. 24 out of every 100 poor families were classified as working poor.

A 1996 Smith Family report, “The Working Poor Dilemma”, shows families earning less than \$40,000 per annum spend most of their income on housing, health and transport. They are only about \$20 per week (2.5 per cent of all earned income) better off than if they were on the dole. By contrast, a family on welfare may have access to public housing, rent assistance, health care cards and transport concessions, leaving more disposable cash. In return for participating in the workforce these families are sometimes no better off than those on social security.

The NATSEM data suggests that a much larger proportion of working families with children are living on incomes that are just above (less than 10 per cent higher than) the relevant Henderson poverty line. For example, 12 per cent of single wage earning couples with children have incomes below this slightly higher level, suggesting that a more substantial proportion of families are at risk of poverty. Henderson regarded those with incomes of less than 20 per cent above the H.P.L. as “poor”.

The statistics show that over the last decade the incidence of poverty has significantly increased, particularly amongst working families. Working poor families represent almost one quarter of all poor families. The conservative agenda has transformed the nature of work and the consequences have been considerable. It could be considered that the changes that have taken place in the area of work have plunged many individuals and families into serious economic difficulty. There has been a decline in full time employment and the rise of non-traditional and more precarious employment practices.

Casual employment, as a percentage of paid employment in Australia, has more than doubled. Permanency has increasingly been replaced by employment insecurity.

This has had serious consequences for working families because it means that in many instances the prime income earner does not have a full time job. Notably, those most vulnerable to the growth in insecure employment are people entering the work force for the first time (mainly young people) and those re-entering the workforce after full-time parenting (mainly married women).

Further, the distribution of work in Australia is unequal. Increasingly, many Australian households could be described as “job rich” meaning that more than one person in a household is employed and many could be described as “job poor”, where no one in a household is employed.

According to the FACS 2000 Annual Report, in June 1999 there were 441,700 children who had no parent in paid employment. This represents about 17 per cent of all families with children. Those who do have full time jobs and requirements to “do extra hours” complain at the lack of time they have to interact with their partner and children. Poverty is more than an economic phenomenon; it also has a social element. Lack of time to participate in normal family activity should be seen as an indication of social and psychological poverty.

A two tiered labour market, polarised between high and low wage earners, has also emerged. This is precipitating increased social inequality and division. Evidently, much inequality is the result of poor workplace practice. If we are to improve the level of equality in Australia then the Workplace Relations Act should be amended to encourage full time, permanent employment. Limitations should be placed upon the working of excessive hours. All workers, including young workers, should be entitled to a living wage.

However, influencing equality is not only about ensuring a fair and decent industrial wage. It is also about providing a fair and decent social wage. It is about providing for social capital and the common good. The Labor view is that providing for social capital and the common good influences equality. Liberals of the economic rationalist tradition will have an ideology set that is inconsistent with providing social capital. Indeed, a late American academic, Christopher Lasch, argued that economic rationalist policies destroy the family wage and the family structure and undermine the structures on which social capital depends. If there is a Liberal Party tradition supporting the provision of social capital, as Greg Barnes has argued, it relates to the small “l” belief in the role of government pursuing progressive social policy that will enhance equality.

Last week the Federal Treasurer Peter Costello used The Sydney Institute to put his view of social capital. In considering his position

political commentators have forgotten the Peter Costello of the Dollar Sweets case who presided over the demise of the small ‘I’ tradition in Victoria. Peter Costello is a wolf in sheep’s clothing. His failed attempt here at The Sydney Institute to reinvent himself, or to differentiate himself from John Howard, is not because he lacks fortitude, rigour or spine but because they are ultimately of the same ideology. Let’s look at some recent examples.

Recent changes in the “market” for children’s services trigger a chilling reminder of the John Howard and Peter Costello agenda for employment services. The government’s “radical experiment” for employment services, particularly the creation of the Job Network and the recent but slow death of any public provision via Employment National, aspired to an illusionary “free market”. However, there were ongoing problems with Job Network I & II. Even with Job Network III, after the government accepted that it was a managed market, problems linger and much social capital has been lost forever, particularly in regional Australia. Does the government now ask what sort of market do we want to foster quality and accessible services for our children?

Instead, a similar agenda seems to be occurring with children’s services at a national level. For instance, when the government finally accepted that intervention was necessary, albeit in a limited way in predominately coalition seats, it established rural incentives for private child care providers only. The government is currently pursuing a level playing field approach to the provision of community based and private Child Care, refusing to acknowledge the importance of the community based sector in establishing and maintaining quality standards. Meanwhile commercial providers, rather than creating additional places, seem to be devouring community based infrastructure that will be necessary for the development and maintenance of quality standards. Further, the government has, in the main, withdrawn from its national planning role allowing the “free market” to determine supply. Anecdotally, in some areas the market has reversed from 70 per cent community based services to roughly 30 per cent.

The implications of these changes haven’t been well considered. They endanger decades of social capital in the sector. There is no evidence of the “do no harm” priority that Peter Costello purports. It will be much harder for government to regenerate the lost capital necessary to enhance equality.

The same arguments apply in many areas of social policy, for instance Medicare and Medibank Private, where the government has failed, adopting Peter Costello’s own words, to recognise the importance of the non-government sector and the positive values arising from it.

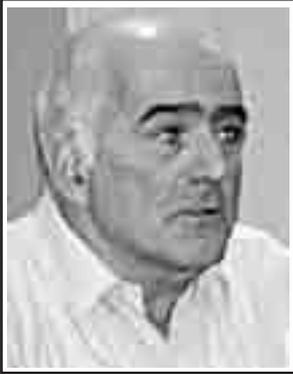
Conclusion

In recent times we have heard of “New Labor”, more recently “Next Generation Labor” but let’s avoid “Nouveau Labor”.

Labor has been accused of pandering to the politically correct causes of fashionable leftists at the expense of its foundation membership, working people. Indeed, Kim Beazley Senior once said “Labor has turned its back on the cream of the working class in its rush to embrace the dregs of the middle class.”

However, as tempting as it is when one is in opposition to be populist, Labor must prove that it is still the voice of those who established it. That is those who fought for just and reasonable wages and conditions of employment and those who built our social capital. Labor must continue to affect equality by providing for working people and their families with a fair and decent industrial and social wage.

Now more than ever working people need a Labor government. Because, now more than ever, working people and their families need public policy that will affect equality.



Ron Brunton



Margaret Simons

Photo – David Karonidis

The Hindmarsh Island Bridge affair began in 1988 as a simple development approval for a marina but became a major Australian controversy when the construction of a bridge between Goolwa and the island was stopped because of secret concerns held by Ngarrindjeri women. Investigative journalist Margaret Simons has now published *The Meeting of The Waters: Secret Women's Business* (Hodder), after four years examining the case, and concludes that there were fundamental flaws in the rule of law, parliamentary democracy and the media's coverage of the affair. Anthropologist Dr Ron Brunton, a critic of opponents to the building of the Hindmarsh Island Bridge, sees the affair differently. On Wednesday, 30 July 2003, Ron Brunton and Margaret Simons addressed The Sydney Institute to debate the issue.

THE HINDMARSH

ISLAND AFFAIR AND AUSTRALIAN ANTHROPOLOGY

Margaret Simons

I would like to start by thanking the Sydney Institute for this opportunity. I think this discussion will, among other things, place the current “culture wars” in some historical context, and it is encouraging to be able to do so in this kind of forum, where strong points of view may be held but all views are given a fair hearing, as opposed to the polemical personal attacks that pass for debate in some other arenas.

Someone suggested to me recently that my book might gain more currency if I renamed it “Harry Potter and the Meeting of the Waters”. But I think it doesn’t need such boosting. The story of the Hindmarsh Island bridge affair – what happened at this little island at the mouth of the Murray – is one of the most important episodes of recent Australian history. It is one of those big, even archetypal stories that tell us something about who we are.

But I have to accept that the Hindmarsh Island bridge affair will be dim in the minds of many, so let me briefly remind you of what it was all about. Today it is best remembered for the phrase “secret women’s business” which entered the popular lexicon but is nearly always used mockingly and ironically.

It all started in the early 1990s, with a plan to build a bridge from the little South Australian town of Goolwa to Hindmarsh Island. At the last minute, in early 1994 and after planning approval had been granted, Aboriginal women of the Ngarrindjeri people claimed the island was special to them for reasons that could not be revealed. They applied to the then Minister for Aboriginal Affairs, Robert Tickner, for a heritage order prohibiting the bridge. The women were successful. The Keating Government banned the bridge. This was controversial, of course, but would have long since disappeared from all but legal history books were it not for what happened next. Another group of Aboriginal women came forward and said, or rather were reported by the media as saying, that the claim of what had become known as “secret women’s business” was a hoax – that the original Ngarrindjeri women had made up the stories.

A Royal Commission was called. In December 1995 it found that the secret women's business was a fabrication. "Lies, lies, lies" was the newspaper headline in the *Adelaide Advertiser*.

As you know I have written a book that examines the evidence and, I believe, establishes that the Royal Commission got it wrong. My book also reveals that the so-called dissident women – the women who denied secret women's business – would almost certainly never have emerged as an organised group, as a media event, if not for the intervention of Liberal Party figures, in particular Ian McLachlan. Other key players in this affair were Christopher Pearson, later appointed as John Howard's speech writer, the journalist Chris Kenny, now media advisor to the Minister for Foreign Affairs, Alexander Downer, and of course Dr Ron Brunton, who was one of the main barrackers for the Royal Commission and its findings.

I conclude that there never was a solid reason to believe that Ngarrindjeri women lied about what became known as "secret women's business". There are a lot of reasons to believe they were telling the truth.

The Royal Commission was less than rigorous in many ways. There was evidence available that it did not look for, and therefore did not find. Other evidence was found, but buried or overlooked. Yet other evidence was interpreted with what can only be described as spin.

Why was this so? The answer lies in a big story of secrets and power – not Ngarrindjeri secrets and power, but those of mainstream Australia – an undertow of political operatives, media actors and supposedly independent commentators. The result was a miscarriage of judicial process, and a significant injustice directly to the Ngarrindjeri, but indirectly to the nation, and to all of us.

Dr Brunton and I agree about some things but also disagree about many things. He has been vehement in his support for the Royal Commission and his attacks on its critics. In a 1995 article in the *Herald Sun*, Dr Brunton wrote that the evidence supporting the fabrication finding was "overwhelming" and that "the real question about the Hindmarsh Island fiasco is why a royal commission was required to establish something so obvious".¹

Dr Brunton has repeatedly suggested that those who persist in doubting the findings of the Royal Commission are not only wrong, but morally bad, and prepared to sacrifice rationality and evidence for ideological reasons. He has suggested that they might do more harm than the worst racists.²

But the hard fact is that the evidence is against him. That evidence is now on the public record, both in the findings of Justice von Doussa of the Federal Court, and in my book, and elsewhere. The fact is that there is simply no evidence of fabrication that stands up to scrutiny.

None. On the other hand, there is evidence corroborating the Ngarrindjeri's oral claims.

Dr Brunton and others may continue to be suspicious, but the simple fact is that their suspicions are not supported by the evidence. We must now ask who has been driven by ideology.

One of the things Dr Brunton and I agree on is the importance of Hindmarsh Island. Dr Brunton has written that it set the stage for the Howard Government's approach to Aboriginal affairs, and its attitude to probity in public life.³ I agree with him. This affair was also the first walk in the sun for several of the culture warriors, and arguably the beginning of the still raging culture wars. Hindmarsh Island was the start of the prevailing attitude of scepticism to oral history – the things Aboriginal people say about themselves.

I have said all along that we need reasoned, evidence-based debate, so let me turn to the evidence. Dr Brunton has written that those disputing the Royal Commission's finding that secret women's business was a hoax have to deal with some "stubborn and massive facts".⁴ The first "fact" Dr Brunton proposed was that strategically placed Ngarrindjeri had stated publicly that women's business was a hoax. He is referring to the Ngarrindjeri women who became known as the dissidents.

I agree with him that the main dissidents were women of courage and integrity. But if Dr Brunton had interviewed the proponent women – which he did not – he would have found exactly the same was true of them. That is not only my opinion, but the opinion of every independent investigator before whom they have appeared – including Professor Cheryl Saunders, Justice Jane Mathews and Justice von Doussa of the Federal Court, who also heard evidence from the dissident women.

On both sides of this debate are strong minded, outspoken Aboriginal women of great conviction and courage, all very sure that their world view is the correct one. So how are we to choose between their opposing convictions and beliefs?

The fact is that the force of what the dissident women say is very limited. All they can say – all that many of them have claimed – is that they weren't *told* secret women's business, and didn't know of it. When the dissident women were cross examined before Justice von Doussa of the Federal Court in 2001, it became clear that there were many other well established and documented Ngarrindjeri Dreamings that they also were not aware of. It is therefore hardly surprising that they didn't know secret women's business.

Justice von Doussa said of the dissident women that they were sincere and credible, but that it was clear a number of them regarded Ngarrindjeri culture as an historical curiosity no longer appropriate to their lives as Christian members of a wider community. He said their evidence did not deny the probability that important pockets of

knowledge were possessed by other Ngarrindjeri.⁵ The truth is that the evidence of the dissident women proves nothing of significance, despite their integrity and worth as individuals.

The other “strategically placed” Ngarrindjeri who is generally regarded as having said women’s business was a hoax was Doug Milera, who appeared to make this claim in a Channel 10 interview with Chris Kenny. There is some doubt about whether Milera was sober when he did that interview – he was a well-known alcoholic. My book reveals that he was also a diabetic who had not had his medication for some days.

But even if we assume Milera was competent during the interview, the full transcript makes it clear that he contradicted himself many times. Three times he told Channel 10 that he believed that secret women’s business was a genuine tradition of the Ngarrindjeri. Once he said it was fabricated. The only fair journalistic representation would have been “Aboriginal man contradicts himself”. But of course that wouldn’t have led the national news. What Channel 10 put to air was a distortion and a beat up. Even more shameful and alarming, the Royal Commission endorsed Channel 10’s treatment.⁶

The final strategically placed Ngarrindjeri Dr Brunton has in the past relied on as evidence of fabrication is the elder Laura Kartinyeri, or Nanna Laura as she was more affectionately known, who appeared to have written a letter denying knowledge of secret women’s business. My book reveals that she later signed a statutory declaration, in the presence of her granddaughter, denying that she had ever read that letter. She said she had signed it in the belief it was opposing the bridge. The letter she signed had been written and taken to her by two Ngarrindjeri men who were at this time co-operating with the developers of the bridge, and the Liberal Party.

Nanna Laura never expressed a view one way or the other on secret women’s business, but she said in her statutory declaration that such things should not be discussed with white people. She made her opposition to the bridge clear. Nanna Laura was elderly and in poor health at the time of these events. She died before the Royal Commission got underway. Her statutory declaration was not included in the evidence before the Royal Commission and indeed comes to light for the first time in my book.

The second “stubborn and massive fact” Dr Brunton proposed was the “strange timing” of the revelations about women’s business, and the absence of protests about other construction works that have occurred in the Hindmarsh Island region.

It is true that the women’s business claim was raised very late in the planning process – after approvals had been given. But it is also clear, and Justice von Doussa has found, that the consultation process in the lead up to those approvals was inadequate. Largely due to

misunderstandings and State government bungling, meetings with the Ngarrindjeri recommended by the developers' own consultant were never carried out.

As for the lack of protest surrounding earlier construction works, this is also true – or at least no documentary record of any such protests has been found. But there are many possible explanations for this. The barrages, which are the most significant construction works, were built after a parliamentary inquiry heard evidence from 26 witnesses – fishermen, boat proprietors, farmers and so forth. There was not a single indigenous witness. At the time most Ngarrindjeri were either confined to the mission, unable to leave without a permit, or living in fringe camps and often largely illiterate.

Having addressed Dr Brunton's "stubborn and massive facts" – and others are dealt with in the book – let me propose a couple of my own. The first is the documentary evidence. The Royal Commission did virtually no archival research. If Dr Brunton has done some, it is not evident from his writings on this affair. Thus, important records have been overlooked.

Let me give two examples. From early 1994, the Ngarrindjeri were claiming that part of the significance of the site of the bridge – the channel of water between Hindmarsh Island and the town of Goolwa – was that it was known as "The Meeting of the Waters" – the place where salt and fresh water met. This was seen as a place of great fertility and life. The Royal Commission dismissed this aspect of the claim out of hand. It made no sense, the commission said, because the barrages across the mouth of the Murray already stopped the water from mixing, so how could a bridge be a problem?

As well, the Royal Commission said, there was no reason why the site of the bridge should be particularly identified as the Meeting of the Waters, since fresh and salt water would have met throughout the lake system, depending on tides and the amount of flow in the river. All this seemed logical enough – although some would point out that Western religious belief does not normally yield to logic either. These arguments formed one of the main legs for the Royal Commission's finding of fabrication.

But all this time, only a few blocks from the Royal Commission hearing room, there was a documentary record that would have forced a different conclusion. In the State Library of South Australia is a book containing an extract from the diaries of Charles Harding, an early settler in the Goolwa/Hindmarsh island area. Harding recorded that the name "goolwa" had been explained to him by a native as meaning "sometimes fresh, and sometimes of mixed water" to distinguish it from the nearby Coorong, which meant "very salty water"⁷ This was an independent documentary record written long before the current debate, that corroborates what the Ngarrindjeri were saying.

Let me deal with another piece of documentary evidence. At the Royal Commission, the only proponent Ngarrindjeri woman to give evidence was Veronica Brodie, who said that the heart of the secret women's business was to do with the Pleiades, or Seven Sisters constellation of stars. The Royal Commission dismissed Brodie out of hand. It concluded, extraordinarily, that the Seven Sisters had never been part of Ngarrindjeri mythology.

There was evidence before the Royal Commission that should have led to a different conclusion. It was apparently overlooked. Since then work by the eminent anthropologist Dr Peter Sutton has established that the Ngarrindjeri did indeed have Seven Sisters mythology. Among the many strands of supporting evidence is a book about the Ngarrindjeri by the anthropologists Ron and Catherine Berndt. This is a volume Dr Brunton and others have suggested in other contexts discredits the secret women's business claims. But it contains a star chart that clearly shows the Pleiades identified as *yatooka*, or young women. Other parts of the documentary record makes it clear the constellation was associated with seasonal change, initiation and fertility.⁸

The documentary record – not dependent on oral culture, oral history or for that matter on anything I might say – was overlooked by the Royal Commission and its supporters. It corroborates the Ngarrindjeri's oral claims about their culture. There are other examples in the book. Time does not allow me to detail them all here.

And if we turn to the oral evidence, there are now around two dozen people who have given sworn evidence or signed statutory declarations saying that they knew something of the secret women's business from years before these events. Are they all liars? Are all the independent investigators who have found them credible wrong? Most of them have no conceivable motivation for lying. Their evidence meshes with the documentary record in a way that makes the fabrication theory insupportable.

As a result of the research presented in my book, I am able to say there is no evidence of fabrication that stands up to scrutiny, and a fair bit of evidence corroborating the Ngarrindjeri's claims. The Royal Commission got it wrong. This debate is not about Dr Brunton, or about me. It is about evidence based history – in this case very recent Australian history. I would say that this shows the fabrication of history is not necessarily the preserve of the Left. The Right, too, in this case, has been ideologically blinded to evidence, and too quick to rush to judgement.

And I am appealing to those values that I trust I share with Dr Brunton. The values, not of Aboriginal culture, but of our own. The values of the enlightenment. The values of independent scholarship, independent judicial process, freedom of speech, respect for

evidence. All these things were abused and miscarried in the Hindmarsh Island bridge affair. We are the poorer as a result.

Author's Notes

Response to points in Dr Brunton's paper

1. The dissident women

It is true that I assert that one of the things that divides a number of the dissident women from the proponents is their attitudes to Christianity, and its compatibility or otherwise with traditional Ngarrindjeri culture. In this I agree with Diane Bell. Indeed, differing attitudes to Christianity is one of the consistent themes of this affair. This is established not by my words, but by the words of the players themselves in their evidence before the Royal Commission and Justice von Doussa, and particularly Dulcie Wilson's memoir, *The Cost of Crossing Bridges*, Small Poppies Publishing, 1997.

It is also true that I allege (pg 162) that Dorothy Wilson made her dislike of Victor Wilson very clear. This is based on my interview with her, of which I have a tape recording. If Dorothy Wilson gives permission, I am more than happy to make this tape public. It more than supports my assertion.

Dr Brunton has made various suggestions in a number of forums to the effect that my interviews with the dissident women were in some way questionable. When he first raised these allegations with my publisher, he suggested that I might be lying about having conducted these interviews. He wrote:

Mrs (Dulcie) Wilson has told me that she has no recollection of any interview with a female journalist who arrived unannounced at her door as described on page 295. Even after I read her the statements and incidents that arose from the interview she could not remember, and I rang her again the following day to check once more.... The situation is more complicated in the case of Bertha Gollan, as she died a few years ago. It is clear from page 299 of Ms Simons' book that the interview was conducted in person, rather than on the telephone, as she describes "a little grimace", which obviously could only be seen. Veena Gollan, her daughter, is also a 'dissident woman', and she has told me that she is very puzzled about the interview. This is because, like Dulcie Wilson, her mother was also very wary about talking to journalists, and because she and her mother spoke frequently and discussed everything that had happened regarding Hindmarsh Island; yet Veena has no recollection about her mother mentioning anything about a visit from a female journalist, even though this would have been a highly significant event. Again, it is possible that faulty memory is involved here, but Veena would also like a photo of Ms Simons – which could be shown to two of her brothers, who were living with Bertha Gollan at around the time when the interview would have taken place – as well as the date and place of the interview.

Following Dr Brunton's correspondence with my publisher, I wrote to the women concerned directly, providing times, dates and other details of the interviews. My publisher provided Dr Brunton with a photograph, as requested. I invited the women to get in touch with me if they had any concerns. My publisher also telephoned their solicitor several times. These calls were not returned, and I had no response from the women. All we have to go on is what Dr Brunton alleges they say.

Dr Brunton's claim changed. He now acknowledged that I had interviewed the dissident women, but claimed they said I had not properly identified myself as working on a book. He claimed that a relative of Bertha Gollan remembered that I had not taken notes of the interview.

I refute these suggestions. I have eight pages of shorthand notes from my interview with Bertha Gollan, with whom I spent about an hour, and twelve pages

from my interview with Dulcie Wilson, with whom I spent nearly two hours. I made it entirely clear to both women why I wanted to interview them, and that I was working on a book about the Hindmarsh Island affair. I left them with my business card, which clearly reads “journalist and writer”.

Dulcie Wilson’s memory of our encounter is apparently less than complete. Although a member of Bertha Gollan’s family served us a cup of tea during our meeting, there was nobody else present for our interview.

In any case, little turns on these allegations. Only a few paragraphs of my 512 page book are based on these interviews, and these paragraphs are hardly crucial. The rest of the quotes and perspectives on the dissident women are drawn from their evidence before the Royal Commission, and Justice von Doussa, and other published sources, including Dulcie Wilson’s memoirs.

2. Edward “Chook” Wilson

Edward “Chook” Wilson is indeed a brother of two of the dissident women. In 1995 he signed a statutory declaration stating that his maternal grandmother told him that there was secret women’s business on Hindmarsh Island. As my book makes clear, there are several cases in this dispute of sibling disagreeing with sibling, cousin against cousin, neighbour against neighbour and parent against child. This is one example. Who knows why, in this family of 15 children, one was apparently told something that others were not. But the disparity is at least consistent. Wilson’s sister Betty Tatt knew nothing of Ngarrindjeri traditional Dreamings – including those that are well documented and not disputed. Edward Wilson, on the other hand, did know of the well documented Dreamings, as well as claiming to have heard of the existence (though not the content) of secret women’s business. It is hard to see any reason why he should lie.

3. The archival record on the barrages

Dr Brunton asserts nobody has investigated the archival record on the issue of whether or not Ngarrindjeri attempted to sabotage the barrages. He is wrong about this.

I spent considerable time examining these records in the South Australian archives. The results are suggestive, but inconclusive. One major inhibition is that the police and court records for the period are still closed to the public for privacy reasons. Some will become available in the next few years, and others in future decades. It will be interesting to see what, if anything, they reveal.

I also examined the records of the Department of Engineering and Water Supply, which built the barrages. Sadly, many of the files have been destroyed. What remains are card index files. One card for the lower Murray region has the heading “Natives – vandalism”. Unfortunately the file to which this card relates has been destroyed. It is therefore not possible to tell whether it relates to the barrages, or some other property in the Lower Murray.

Records from the Point McLeay Mission show that some of the individuals mentioned by Diane Bell and Dr Brunton were sometimes in trouble with the authorities. However, the reason for their being disciplined is not always clear. I found no mention of vandalism or the barrages. I detailed all this evidence in an earlier draft of the book. However, since the evidence is inconclusive and the book was already long, it was cut from later drafts.

4. What the Berndts did and did not say

Whatever the Berndts did or did not say about the *relative* degree of gender division in Ngarrindjeri culture compared to other Aboriginal cultures, their book contains ample evidence of secrecy surrounding women’s rituals. Women were secluded during menstruation. They were kept in a separate camp and attended by older women. Aspects of women’s initiation were also secret, and there were female *putari* or doctor-midwives, who were specialists presumably with specialist knowledge.

There were songs and rituals associated with these matters that the Berndts were not able to record. The Berndts emphasised that their work was not a complete ethnography of the Ngarrindjeri, but represented only a fraction of the culture. Justice von Doussa heard extensive argument concerning how the Berndt's book and other anthropological material should be read, and concluded: "*I find that the restricted women's business ...is not such that it should be rejected on the ground of inconsistency with known historical and ethnographic material. On the contrary, I accept ...that there is a measure of support to be found in that material for the existence of restricted women's knowledge.*"

Endnotes

1. Brunton, Ron *Herald Sun* 22 December 1995.
2. References for Dr Brunton's writings that support this statement include:
The Herald-Sun of 22 December 1995
"The False Culture Syndrome" *IPA BACKGROUNDER* March 1996 Volume 8/2.
The Courier Mail 14 February 1998
The Courier Mail 21 April 1998
"Hindmarsh Island and the Hoaxing of Australian Anthropology", *Quadrant* May 1999
Courier Mail 1 September 2001
"Correcting the False Scholarship Syndrome" Institute of Public Affairs website
www.ipa.org.au/reply/falsescholar.html
3. Brunton, Ron "The False Culture Syndrome" *IPA Backgrounder* March 1996 Vol 8/2
4. Brunton, Ron "Hindmarsh Island and the Hoaxing of Australian Anthropology" *Quadrant*, May 1999.
5. Justice Von Doussa, Federal Court of Australia No.SG 33 of 1997, Chapman v. Luminus & ors. Available on the Federal Court website at www.fedcourt.gov.au
6. The complete transcript of the Channel 10 interview is Exhibit 148 before the Hindmarsh Island Royal Commission, and is available through the South Australian Archives.. The Royal Commission endorsement is at page 96 of its report.
7. Morison Elva *Recollections of the South Coast Area of South Australia 1853-1978: A History of the Harding family Beginning in England in the Mid 1700s*. Adelaide Lutheran Publishing House 1978.
8. Berndt, Ron and Catherine *The World That Was – The Yaraldi of the Murray River and the Lakes, South Australia*, Melbourne University Press 1993. Peter Sutton's work on the Seven Sisters is "The Seven Sisters, Women's Fertility and the Hindmarsh Island Area," 1996. Unpublished, but shortly to be anthologised by Cambridge University Press.

THE MEETING OF

THE WATERS AND THE PROBLEM OF THE BARRAGES

Ron Brunton

In *The Meeting of the Waters*, Margaret Simons recounts her interview with Steve Hemming, a disillusioned anthropologist who strongly supported the Hindmarsh Island “secret women’s business”. Hemming decried the arrogance and instrumentalism of his colleagues. “Some of them are just souped-up journalists,” he told her. “They just use people like some journalists use people.”

This is no doubt true of some members of both occupations, although there are other, more important similarities. Both anthropologists and journalists obtain much of their data from informants whose identity is often not revealed; from observations which may not be readily verifiable; and from fairly inaccessible documentary sources. This places a premium on the ability, sound judgement, and intellectual integrity of the anthropologist or journalist, because there are numerous ways in which the truth can be misrepresented, either innocently or deliberately. Both occupations have had their well publicised scandals – such as the faked stories the *New York Times* recently published by one of its journalists, Jayson Blair, and the fictitious ethnographies produced by the New Age anthropologist, Carlos Castaneda.

Of course, as the very exposure of such scandals demonstrates, we are not totally at the mercy of journalists or anthropologists, even in relation to fairly obscure matters. There are ways of assessing what they say – internal consistency; consistency with other seemingly reliable sources; the extent to which their statements ring true with our experiences and those of our fellows. These may not provide irrefutable bases for acceptance or rejection, but at least they can alert us to situations which need to be approached with particular caution.

Nevertheless, tendentious or uninformed accounts can still colour our perceptions. One of my concerns about Margaret Simons’ writings on the Hindmarsh Island bridge dispute is her portrayal of the Ngarindjeri women who said they had never heard about “secret women’s business”. She seems to find it difficult to accept that the “dissident

women”, as they came to be known, could have been motivated mainly by a desire to prevent a false account of their history and culture from gaining public acceptance. Thus she insinuates that pre-existing personal feuds and dislikes played an important role, without being in any position to make an informed assessment.¹

More problematically, Simons claims to know the crucial difference between the “dissident women” and the proponents of “secret women’s business”. While acknowledging that most Ngarrindjeri are Christian, she states that the “dissident women”, unlike their opponents, are hostile to the Aboriginal cultural revival and any attempts to accommodate traditional stories to Christian beliefs.² In this, Simons follows Diane Bell, an anthropologist who appeared for the supporters of “secret women’s business” during the Commonwealth’s Mathews Inquiry.³ Unlike Bell, Margaret Simons has actually met and spoken with three of the fourteen “dissident women”, although these conversations were brief, and at least some of the circumstances in which they took place are contested.

In fact, the “dissident women” are a diverse group, and Simons’ characterisation of their attitudes towards traditional beliefs is wrong for all but perhaps one or two. Indeed, after my debate with Simons on *Late Night Live* last night,⁴ Jenny Grace, one of the “dissident women”, rang to ask me to point out that many of the supporters of “secret women’s business” have been more influenced by Christianity and mission ways of thinking than some of the “dissidents”. A number of the “dissident women” would have been genuinely pleased had they thought that a once important aspect of their people’s past had come to light. As an example of the caution that needs to be adopted towards Simons’ interpretations, take her claim that the late Bertha Gollan, the oldest of the “dissident women” had “for a long time been suspicious of the cultural revival of the Ngarrindjeri”.⁵ As “evidence”, Simons cites Bertha Gollan’s supposed annoyance at the fact that her grandchildren had been learning Ngarrindjeri words at school. This episode is well known to her family, who say that she was angry that the language being taught was a whitefella version of Ngarrindjeri, constructed by linguists. In other words, Bertha’s annoyance was that of a traditionalist, not someone who rejected the Ngarrindjeri past. In characterising the “dissident women” as she has done, Simons has followed a long and unfortunate tradition whereby patronising whites assimilate Aborigines into convenient and preconceived stereotypes.

One of the problems with the Hindmarsh Island controversy is that it requires belief in what amounts to a conspiracy no matter which side of the argument you take. If you think that the “secret women’s business” claims were nonsense, you are effectively suggesting that some kind of conspiracy in the mid-1990s produced this supposedly ancient tradition in an attempt to prevent a bridge being built. On the

other hand, if you think that the claims are genuine, you are effectively positing a conspiracy of another kind – one of much longer duration which resulted in relevant information being withheld from many women who might be expected to know it, even while being given to certain men and boys, sometimes from the very families of the women from whom it was withheld.⁶

Unfortunately, it can be almost impossible to disprove the existence of a conspiracy which is thought to be sufficiently secret, which is why there are many seemingly intelligent people who believe that the world is run by a cabal of Catholics, or Freemasons, or Jews. So we have to decide which of the Hindmarsh Island conspiracies is more plausible. To assist us in this assessment we can ask what sort of consequences we might expect if one or the other were true, and what evidence might exist to suggest that these consequences have indeed occurred.

Before continuing, I should make my own position clear. I believe that the “secret women’s business” claims were bogus. By this I mean that, at the very least, the configuration of supposedly traditional beliefs and stories that was invoked against the bridge was a recent development, and owed its form and many of its details to the perceived requirements of opposing the bridge. A similarly controversial project elsewhere in Ngarrindjeri lands would probably have generated a different elaboration of supposedly ancient elements to justify opposition.

Nevertheless, this does not mean that I think the Aborigines who supported the Hindmarsh Island “secret women’s business” were *necessarily* lying. As I have never spoken with any of the “proponent women”, I am not in a position to say whether they genuinely believed the stories they were telling. However, I have no particular difficulty in accepting that most – or even all of them – did, despite Simons’ suggestion that I assert the contrary.⁷ (I should note, however, that she herself quotes strong supporters of “secret women’s business” as admitting that “lies and half-truths” were told on their side.⁸) Indeed, about a quarter of my lengthy submission to the Hindmarsh Island Bridge Royal Commission explained why some Ngarrindjeri could have justified a fabrication, no matter what or who was the source, “with a clear conscience”, believing that “they were doing little more than recovering what once would have been there”.

My submission pointed out that it was extremely difficult to distinguish between the apparently illegitimate “fabrication” of tradition and the legislatively acceptable “elaboration” of tradition. It further stated that the Royal Commission’s terms of reference harked back “to a view of Aboriginal traditions that is no longer sustainable in the light of existing anthropological knowledge”⁹ As some people said at the time, these remarks would not have been welcomed by the Royal Commission, and as it turned out, I was not called to give evidence.

Perhaps Simons might like to use this as a further point in her argument against the Royal Commission.

I do not have time to go into the matters raised in my submission in any detail,¹⁰ other than to say there is an important sense in which all land was seen as sacred in traditional Aboriginal cultures, because of its intimate association with Dreamtime beings. This means it would be possible to propose seemingly plausible grounds for opposing virtually any development or construction anywhere in Australia without too much difficulty. In fact, in the 1930s and early 1940s, the few remaining Ngarrindjeri with a strong traditional background were complaining to anthropologists that the land was being abused and desecrated by European activities such as livestock rearing and the excavation of old camp sites and burial mounds.¹¹

Such statements, which were separately recorded by Norman Tindale and the husband and wife team of Ronald and Catherine Berndt, cast light on a matter of even greater significance – the series of barrages across the Lower Murray between Goolwa in the west and Pelican Point in the east. The existence of these barrages is the acid test in deciding which of the two Hindmarsh conspiracies is more plausible.

The arguments that the Hindmarsh Island bridge would desecrate “secret women’s business” would also apply to these barrages, whether the desecration would result from the joining of the island to the mainland, or from the existence of a structure lying between the waters and the sky, or from interference with “the meeting of the waters”. Indeed, at one point the South Australian government investigated the possibility of converting the Goolwa barrage to a bridge, although this turned out to be impractical.

The barrage problem was recognised from the beginning, and it was addressed in the reports from anthropologist Dr Deane Fergie and lawyer Professor Cheryl Saunders that helped to trigger the Keating government’s decision to place a 25 year ban on building the bridge. The most plausible explanation that they offered was that when the barrages were constructed in the late 1930s, the Ngarrindjeri were powerless to prevent them. In his Federal Court judgement Justice von Doussa seems to have endorsed this explanation, stating that “the plight of the Ngarrindjeri people at the time that the barrages were built justified the expression of opinion by Dr Fergie as to the reason why the construction of the barrages was not met with Aboriginal protest...”.¹² Certainly, it would be naive to think that the authorities would have seriously considered any Ngarrindjeri opposition to the barrages.

But this does not mean that the Ngarrindjeri were voiceless. The Ngarrindjeri complaints about the desecration of land that the Berndts and Tindale recorded – and which I referred to earlier – make it extremely difficult to accept that had they also been upset about the barrages they would not have told these anthropologists, who were

working with the Ngarrindjeri when the barrages were being built. But no-one has produced evidence indicating that they recorded any such concerns. Furthermore, in the case of the Berndts, had such concerns been expressed, it would not have been possible for them to have come to the conclusion they did about the comparative absence of differentiation between men and women in Ngarrindjeri culture. Unfortunately, as is all too often the case in *The Meeting of the Waters*, this issue is treated tendentiously by Simons. She suggests that there is only one slightly ambiguous passage in the Berndts' ethnography which "touches directly on the unlikelihood of secret women's business", and that other material cited by sceptics was really the result of another anthropologist interpreting their conclusions.¹³ But this is false. In an article published in 1989 Catherine Berndt made the unequivocal general statement that "the traditional culture of the [Ngarrindjeri] region was remarkable in at least one respect (among others). Gender-based differences in the sense of inclusion-exclusion, in religious and other affairs, were minimal".¹⁴

So if the silence of the oppressed Ngarrindjeri argument cannot be invoked to deal with the problem that the barrages pose for the antiquity of "secret women's business", are there any other possibilities? In her book *Ngarrindjeri Wurruwarrin*, Diane Bell suggested that there may actually have been a "hidden history of resistance and protest" against the barrages. She recounts a tale from a purported custodian of "secret women's business" that Ngarrindjeri men "would go out in the evening, sneak down, and break the barrages", and mentions the names of some of the men involved. One of these supposed saboteurs was Alan Campbell, the father of some of the strongest opponents of the "secret women's business" claims, "Chirpy", John and Amelia Campbell. All ridicule the idea that he was ever involved in damaging the barrages. (Bell is candid enough to admit that some Ngarrindjeri contested these accounts).¹⁵

Alan Campbell and his barrage breakers do not appear in Simons' book, but she introduces her own wrinkle on the tale. She says she was told by two key supporters of "secret women's business" that Edward Wilson "remembered his grandparents talking about sabotaging the barrages". Visiting Wilson, or "Uncle Chook" as he is known, she discovers he has had a stroke which has affected his memory, and that he cannot verify the story. However, he did sign an earlier statutory declaration stating that when he was a teenager his grandmother had told him that Hindmarsh Island was a place of "women's business".

Significantly however, Simons has withheld a vital piece of information. "Uncle Chook's" two sisters, Betty Tatt and Shirley Knight were "dissident women". Betty Tatt was living in the Lower Murray area when the barrages were built, and told the Royal Commission that there was no concern expressed by anyone about their construction.¹⁶

Theoretically, of course, it is possible that a teenage boy would be told about the existence of women's business while his sisters were kept in the dark; but it does seem extremely unlikely.

Of course, there is a fairly straightforward way of checking whether there might be anything to this hidden history of Ngarrindjeri resistance and destruction of the barrages. This would involve checking old newspapers as well as the records of the local police and the government department responsible for building the barrages, to see whether there is anything which might suggest sabotage or other malicious damage of the kind that Bell and Simons are claiming. Strangely, this obvious program of research does not seem to have been undertaken by either the investigative anthropologist, or the investigative journalist. I cannot help but wonder why.

In the debate I had with Simons on *Late Night Live* yesterday, she suggested the barrages might not be particularly desecrating, because the central issue was the ability of starlight, i.e. the Seven Sisters constellation, to shine on the water. As this was the final comment allowed in the debate, I was unable to point out just how fanciful this suggestion really is. Firstly, water does flow through the barrages at various times and is similarly hidden from the starlight. Furthermore, if the barrages were not such a problem, why do Simons and Bell quote Ngarrindjeri as saying that they really were?

I have one final observation about the barrage question. At least from the time of the Dunstan years in the late 1960s and 1970s, South Australia took a leading role in recognising Aboriginal rights. If the barrages really were the problem that supporters of Ngarrindjeri "secret women's business" now suggest, why didn't they urge their removal as soon as heritage legislation was passed and Aboriginal voices were given their rightful place in South Australian public life? After all, at around this time, Aborigines in other parts of Australia began agitating for a reversal of the past indifference to and desecration of their sacred sites.¹⁷

When satisfactory answers to such questions about the barrages are provided, I am prepared to reconsider my belief that "secret women's business" came into existence in the 1990s because of the Hindmarsh Island bridge dispute. But after nine years of controversy and a number of court hearings, two bloated books, and an untold number of articles from journalists and anthropologists supporting "secret women's business", such answers are still not forthcoming.

Endnotes

1. See e.g. Margaret Simons, *The Meeting of the Waters*, pp. 162-3, 217.
2. E.g. Margaret Simons, *The Meeting of the Waters*, pp. 162, 299, 422-3; *The National Interest*, *Radio National*, 11 May 2003, <http://www.abc.net.au/rn/talks/natint/stories/s851913.htm>
3. E.g. Dianne Bell, *Ngarrindjeri Wurruwarrin*, 1998, pp. 114-5, 410-12.

4. *Late Night Live*, Radio National, 29 July 2003.
5. Margaret Simons, *The Meeting of the Waters*, p. 299.
6. See e.g. Tom Trevorrow's evidence to the Hindmarsh Island Bridge Royal Commission, p. 6357. Trevorrow stated that when he was "about 15, 16" elders told him that there was "womens' business" on Hindmarsh Island and that other men also knew of its existence. Other examples of young males supposedly being told of the existence of "women's business" on Hindmarsh Island can be found in Diane Bell's *Ngarrindjeri Wurruwarrin*, 1998, p. 274, and Margaret Simons, *The Meeting of the Waters*, p. 319.
7. E.g. "Hindmarsh: where lies the truth?", *The Age*, May 9, 2003.
8. Margaret Simons, *The Meeting of the Waters*, p. 217.
9. See *Blocking Business: An Anthropological Assessment of the Hindmarsh Island Dispute*, Tasman Institute Occasional Paper B31, August 1995, pp. 22-32.
10. People interested in reading more on this matter can refer to my paper *Blocking Business*, which is a very slightly edited version of my submission. This is available in some libraries, but I can supply an electronic version to anyone who sends an email to encomp@bigpond.net.au.
11. Norman Tindale, "Prupe and Koromarange: a legend of the Tanganekeld, Coorong, South Australia", *Transactions of the Royal Society of South Australia*, vol. 62, no. 1, 1938, p. 20; Ronald M. Berndt, "Some aspects of Jaralde culture, South Australia", *Oceania*, vol. 11, 1940, p. 166; Ronald M. Berndt & Catherine H. Berndt, with John Stanton, *A World That Was: The Yaraldi of the Murray River and the Lakes, South Australia*, Melbourne University Press, 1993, p. 16.
12. Federal Court of Australia, *Chapman vs Luminis & ors*, 2001, para 502.
13. Margaret Simons, *The Meeting of the Waters*, pp. 116-7.
14. Catherine Berndt, "Retrospect and prospect", in Peggy Brock, ed. *Women, Rites & Sites*, Allen & Unwin, Sydney, 1989, p. 11. The second sentence was actually quoted by Robert Tonkinson in his Foreword to *A World That Was*, p. xxix.
15. Diane Bell, *Ngarrindjeri Wurruwarrin*, 1998, pp. 258-9.
16. *Report of the Hindmarsh Island Bridge Royal Commission*, 1995, pp. 260-1.
17. See e.g. "How \$5m reconciled Garriyaj the serpent", *Sun-Herald*, 27 May 2001; Wandjuk Marika, 'Statement on sacred sites', in Robert Edwards, ed., *The Preservation of Australia's Aboriginal Heritage*, Australian Institute of Aboriginal Studies, 1975, pp. 80-81.

FUNCTION NIGHTS 2003



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Ruth Wisse

Ruth R. Wisse is Martin Peretz Professor of Yiddish Literature and of Comparative Literature at Harvard University. Born in Romania and raised in Montreal, she was the first professor to introduce courses in Yiddish literature at McGill University, where she helped found the Jewish Studies Department in the late 1960s. She lives in Cambridge, Massachusetts. At The Sydney Institute, on Monday 4 August, Professor Wisse spoke about contemporary politics – from the left to the conservatives – in the context of the war on terrorism. Ruth Wisse was invited to visit Australia as a guest of The Pratt Foundation.

NEO-CONSERVATIVES:

IN DEFENCE OF AMERICA

Ruth Wisse

One of my favourite American books is Lionel Trilling's 1947 novel, *Middle of the Journey*. I think that if one wants to understand the development of American neo-conservatism, this is a great place to begin – the more so because the book is quite readable, even though it isn't quite as thrilling as *Harry Potter*. Trilling is often mentioned as the godfather of neo-conservatism, at least among a certain subset of New York intellectuals. This novel traces the evolution of many of his ideas.

The story is set in the late 1930s, when Trilling himself was in his late thirties. It is about an architectural writer in New York, John Laskell, who is mentally and temperamentally very much like the author. Two main lines of the plot carry most of its theme: Laskell, recuperating from an almost fatal bout of scarlet fever, spends part of the summer out in the countryside with his friends, Arthur and Nancy Croom. Another former friend of theirs, Grifford Maxim, breaks with the Communist Party for which he has been directing espionage in America. As a result of these events, John Laskell comes to realise that the liberal attitudes he had taken for granted, and which are taken for granted by the Crooms, simply don't correspond to his personal experience and newfound knowledge of how things work. In effect, he becomes the first neo-Conservative in repudiating some of his earlier assumptions.

Laskell's brush with death is what sets the change in motion. His friends the Crooms are liberal leftists, fellow travellers of the Communists, the sort of people one would call idealistic. They care deeply for Laskell, and want to help him get well. But from the moment of his arrival, they make him feel uncomfortable because they are unwilling or unable to discuss the fact that he almost died. The book puts it this way:

There was nothing wrong in having been sick, in nearly dying. It was an experience like any other. It could be talked about. Certainly among friends it could be talked about. But the Crooms would not talk about it. They withdrew themselves in a polite, intelligent, concerted way whenever Laskell mentioned it, as if they were the parents of a little boy... and were giving no heed to the obscenities their son had picked up on the street and insisted on

bringing to the dinner table. They did not scold, for that would have been to confirm him in his naughtiness, in what was presumably an effort to get attention. They simply, in a sensible modern way, paid no attention at all.

Much as Laskell likes the Crooms, he perceives that their cheerful goodness is based on avoidance rather than on mature confrontation. He wants to talk about what he felt like to almost die, and how he has been changed by this revelation of mortality. They are sensible, modern, and their optimistic rationalism has no patience for what they consider a morbid subject. Their denial forces them to lie about the part of human nature that is so central to Judaism and Christianity, namely the realisation that we come from dust and to dust we return, and that the great struggles of life are with sin and death. Laskell says, "It is as if they thought that death was politically reactionary." By contrast, Laskell feels his illness not just as something that he overcame, but as something he learned from, a reminder of how life is not fully under our control.

The Crooms' resistance to the presence of evil is even stronger than their resistance to the reality of death. Trilling freely admitted that he based the figure of Gifford Maxim on his old college acquaintance Whittaker Chambers, the Soviet spy who defected in 1938 from a secret branch of the Communist Party and later became the chief witness against US State Department official Alger Hiss. At the time this novel was written, before Hiss was brought to trial, not many people would have known about Whittaker Chambers, or about his break with the Communist Party as described in this book. When Gifford shows up at Laskell's house, he is trying to establish a very visible presence in America so that the Party should not be able to get rid of him secretly, as he knows it will otherwise try to do. He is certain that the Soviets will try to assassinate him because, having been in that business, he knows just how ruthlessly they function. But people like Laskell and Crooms, who observe the great Soviet experiment from the democratic West, cannot believe that Maxim could be telling the truth. The whole story sounds like a paranoid fantasy of someone who must be spreading lies about Soviet Russia in order to camouflage his own treachery.

Here, too, the gap develops between Laskell and the Crooms. Reluctant as Laskell is to believe what Maxim tells him, he gradually comes to accept the truth and, in helping Maxim find a job, he recognises how little he had formerly grasped about the Soviet regime. The problem is not simply that Communism can't deliver on its promise, but that murder is the corollary of its totalitarian system. The Crooms, on the other hand, are horrified by Maxim's revelation: as much as they had idolised Maxim when they knew he was a Soviet spy – and they knew because he had asked them to be a conduit for his mail – they now hate him for his defection, for destroying their ideal of an egalitarian utopia-in-the-making. Laskell sees how desperately his friends

place their trust in what they *want* to believe rather than in what the evidence requires. This, in turn, calls into question the rational part of their rational optimism.

Describing his book many years later, Trilling said, that so far as *The Middle of the Journey* had a polemical end in view, it was that of bringing to light the clandestine negation of the political life which Stalinist Communism had fostered among the intellectuals of the West. By “negation of the political life” he meant that Communism destroys the give and take of democratic politics, healthy conflicts of interest and clashes of will and the compromises they lead to. He regarded this negation of the political life as “one aspect of an ever more imperious and bitter refusal to consent to the conditioned nature of human existence.” (xxii) What Laskell learns from his illness, and from the Soviet defector, is precisely the “conditioned (conditional) nature” of politics and human existence. And this is how Trilling adumbrates American neo-conservatism. Learn to accept the limitations of life – the reality of death and evil. Recognise that you might have to choose the lesser of evils rather than try to impose the perfect system. These are the impulses that separated the original anti-Communists from the Left, and these same impulses and ideas continue to separate neo-Conservatives from the liberalism where many of them started out.

Whereas liberalism once helpfully promoted trust in human reason, and the rights of individuals to determine their own lives, it gradually produced its own perversions, a trust in material self-sufficiency, in the power of human beings to assume the functions of gods. As people found themselves able to alter their circumstances and improve their physical environment, they were tempted to believe that circumstances and environment could change the human condition. Neo-conservatism takes for granted the scientific revolution, and participates in the vigorous search for ways of improving society, but it knows that overreaching has created as many problems as science has solved. In all that concerns taking control over human life, conservatives urge humility, while liberals tend to urge social change, in the certainty that progress will be for the better. The debates over abortion and euthanasia, over cloning and cell-stem research, turn on contrasting views of what it means to have respect for life. One side starts with an awareness of limits, and tends to think in terms of the worst-case scenario. The other side commits itself, with varying degrees of vehemence, to what it imagines will be inevitable progress.

Interestingly, John Laskell, a literary creation of the 1940s, has no interest in religion, and he is more than a little put off by Maxim who embraces Catholicism as an alternative to Communism. Today’s neo-conservatism has grown much more respectful of religion and reaches for it even when it does not practise it. The editors of the neo-conservative *Weekly Standard* are practising Christians and practising

Jews. *Commentary* magazine recently featured a five-part series by David Gelernter called "Judaism Beyond Words", that interprets Judaism through a brilliant series of new spiritual and intellectual images. *National Review*, founded by William F. Buckley, is considered a paleo – rather than a neo-conservative magazine – but among its contributors some who were not raised religiously express newfound interest in religious thought and experience. Dr Leon Kass is best known as the Chairman of the President's Council on Bioethics. In a new book about the biblical book of Genesis, he describes how he came to the subject. Kass says that after lecturing on Darwin's *Origin of Species*, he had gone out one Saturday morning looking for fossils in the company of a biblical scholar whose many fascinating observations about Genesis made him realise that he had "badly underestimated the subtlety of the book". He spent the next 20 years making up for that neglect, immersing himself, not in Darwin, but in the Bible. Thus the title of Kass's book, "The Beginning of Wisdom" seems to refer equally to the *Book of Genesis* and to himself. He shows that he had much to learn from the religious tradition he had considered irrelevant. I believe that this new appreciation for received wisdom is typical of the new conservatism and, for many, that appreciation turns into the practice of religion, not just the reading of its texts.

The plot about Gifford Maxim's defection from Communism may seem the most dated part of Trilling's novel, yet more than a decade after the collapse of the Soviet Union, I would argue that it has probably gained in relevance. The Crooms admired the Soviet Union because it seemed so much more progressive than their own society. America was supposed to be a new frontier, yet its cautious political system with its separation of powers worked too slowly toward progress. The zeal for perfection produced in people like the Crooms the distrust of a democracy as a system, and in some cases this culminated in treason against the United States – all in the name of bringing it to perfection. This was the beginning of a potent anti-Americanism from within America itself.

These same attitudes of distrust were transmitted by the earlier Left to the radicals of the 1960s. The war in Vietnam mobilised a full-scale assault on America, and produced a culture in which people prided themselves on defying their government and its laws. Whereas earlier pacifists had tried to prove their loyalty and insisted on their love of country even as they refused to go to war on its behalf, the protesters of the sixties wrote America with a "k" – German style – to suggest that they owed their country nothing because their country had turned Nazi and ruthless. Some of them hated America so much that they openly sided with the Communist enemy against their own country and their own countrymen. They used America's guarantees of free speech to denounce the government that enshrines free speech.

Similarly, other sections of the Left also ratcheted up opposition to America. The civil rights movement, which fought for the belated enfranchisement of African Americans, had the paradoxical effect of making people much more impatient than before with the country's inequities. Instead of acknowledging how the American system had within itself the power to correct its own abuses, the protesters saw in the abuses of the past and the slow progress towards improvement the failure of America's democratic system – as though oppression were the rule rather than the sorry exception. Trilling coined the term “adversarial culture” to describe American elites who were opposed not just to one or another side of the political spectrum (as is necessary in a democratic society) but to the two-party system itself and to the bourgeois culture that supports it. Many radicals of the 1960s are now in a position of authority in the academy, the media, the arts, and in politics. They convey their distrust and their antipathy as part of liberalism itself.

In retrospect, some may think the Cold War was not as serious as it seemed at the time, because Soviet Communism seemed to crumble of itself, and the free market and free world emerged stronger than ever. But in the realm of ideas, the outcome of the Cold War was nowhere as conclusive as the earlier struggle against Fascism and Nazism. As Trilling reminds us, Communism claimed to be not about power, but mostly about *moral* superiority. It pumped into politics a messianic conviction about the ideal society that had formerly been the province of religion. Communism said it was based on historical determinism, and its thinkers used the vocabulary of science, yet their convictions of human perfectibility propelled their science rather than the science curtailing their enthusiasms. Enthusiasts remembered that a Revolution had changed everything overnight, without remembering that it had changed things much *much* for the worse. At the personal level, in the 1960s and 1970s many Americans looked for instantaneous gratification through sex and drugs and acting out their fantasies. Women demanded the right to abortion on demand as part of their right to control their bodies. This search for instantaneous gratification was part of the same refusal to recognise that the human situation is imperfect and conditional by nature. The drive for perfection expressed itself in politics of rage against the inherently imperfect democratic system.

This adversarial culture, based on a distrust of America, is what most disturbs neo-conservatives in their struggle against the liberal left. They realise that democracy is not biologically transmissible, but has to be learned and upheld by each new generation. The pledge of allegiance once recited by every American schoolchild at the start of every school day invited every citizen to accept responsibility for the country and its government. “I pledge allegiance to the flag of America and to the Republic for which it stands, one nation under God, indivisible, with Liberty and Justice for all”. Enclosed in the small statement is a

mighty vision of an extraordinarily diverse, expansive country functioning as a single political entity, humbly aware of the limits of human capacities as it tries to achieve the complementary goals of liberty and justice. I think neo-Conservatism was born of the fear that this bold vision could no longer be taken for granted, but had to be conserved through active effort. Americans would have to reconsecrate their faith in the principles and beliefs that support the American system of government, and become much more actively engaged on behalf of this system, both as home and abroad.

Despite its concerns for the future of America, neo-Conservatism is a very upbeat movement in the sense that it promotes what it feels is a hugely positive and effective country and system of government. It draws energy from an ever-growing pool of young people who come to the same realisation about the threat to democracy and look for new ways of expressing their appreciation. It is feisty and often funny because its arguments arise from a struggle within the self, since many of those who become neo-conservatives only come to their conviction through trial and error. Recognising the dangers to which the country is prone motivates conservatives to strengthen its defences.

Our media has recently been filled with complaints from liberals and leftists that conservative talk radio and media are so much more successful than their liberal counterparts, despite the fact that liberalism vastly dominates the media, as confirmed by every study, analysis, and poll. Liberals ask themselves why this is. They have not found the answer. In their frustration they lash out furiously at President Bush.

As I understand neo-Liberalism, it, too, wants to separate itself from the excesses of radicalism, but the huge political success of the Clintons, who personify this trend, is probably much more harmful than helpful. The Clintons are firm in their patriotism, they attend church, and Hillary Clinton has written a book about the importance of family. Through their visible support of African American candidates, and their appeal to women, they claim to have unified the polity in the most practical and visible terms. But unlike neo-Conservatism that asks, what did *we* do wrong, and confronts its own demons and temptations, the Clintons introduced the strategy of never *ever*, under any circumstances, admitting that you have done wrong, and certainly never reexamining liberal assumptions. Hillary Clinton's famous accusation that her husband's problems were caused by a vast right wing conspiracy, and the former President's intellectual style of equivocation "it depends on what the meaning of 'is' is" – suggests that what matters is getting away with mistakes rather than learning from them. It sacrifices ideas to triangulation, and genuine argument to spinning, which is often hugely successful in the short run, but leaves a philosophical hollowness instead of an echo. There are many thoughtful liberals in

America, but they have not yet articulated a new American Liberalism that can separate itself from radicalism, in saying what is worth fighting for and fighting against.

America came under attack two years ago, from an enemy very different from the Soviet Union. So far, it has done remarkably well in fighting off that danger, and maybe even in beginning to roll it back a little. The new American conservatism was fairly well prepared to confront the enemy. It had campaigned for strengthening the country's defences and ensuring American military preeminence. It had tried to strengthen moral confidence in America's mission, to stiffen national resolve. It had drawn attention to the dangers of terrorism against Israel as an example of how the Arab world might threaten the West. President Bush was able to draw upon a very solid brain trust in articulating the reasons for going to war against terrorism and why this required preemptive action in Afghanistan, and subsequently in Iraq. His administration seems armed intellectually, as America has shown itself to be militarily. This is a tremendous asset in electoral politics.

In this sphere, the Democratic Party has not been served equally well. An article in the last issue of the *New Republic* (Jonathan Chait, 28 July & 4 August, 2003) describes the problem facing not only one, but all of its presidential candidates:

[Howard] Dean and his supporters fail to face up to the unpleasant fact that the Democratic Party has a national security credibility problem that, if not solved, will be politically fatal. Since at least Vietnam, the public has consistently trusted Republicans more on defence. If Al Gore had happened to be president on September 11, 2001, and therefore benefited from the national desire to see the president as a strong leader, then perhaps the gap would have narrowed. But Bush was president, and the upsurge he enjoyed has made the security gap larger and more salient than ever. When asked which party can better defend against terrorism, the public consistently gives the GOP an enormous edge. If Democrats cannot whittle away the gap, they face an insuperable obstacle to winning the presidency, however unpopular or unsuccessful Bush's domestic policies may be.

I might agree with this assessment as far as it goes, but I think the analysis itself shows up the real weakness of Democratic supporters: they think it is a matter of personalities and of spin, and fail to address the reality that underlies the public perception. Liberalism in America is still too much like the Croons in its unwillingness to recognise the real evil that is directed against the country, and to face the evil squarely, and to expose it boldly, to explain why "evil" is an appropriate term for its methods and aims. The spokesmen for Liberal politics are not taking the lead in explaining why it is so important for America to be morally confident, or what it means to lead the Free World, or how one can help democracy spread. I think that failure, rather than the personality of any individual leader, gives the conservatives their present edge.

There is one other aspect of this subject that I would have liked to cover, but maybe it can come up in the discussion – that is the role of anti-Semitism in the mix of things that Conservatives have learned to talk about the Liberals still want to avoid. Everyone is equally keen to acknowledge the terrible things that the Nazis did to the Jews, but that is yesterday's story, and yesterday's threat is easy to confront. It's the current status of anti-Jewish politics that divides opinions on the two main sides of the political aisle. Since 1945 the center of ideological anti-Semitism passed from Central Europe to the Middle East, where the Arab world organised its foreign and domestic politics around one central issue – opposition to the Jewish state. That war against the Jews helped propel the current war against America and the West. The anti-democratic animus of the war against Israel was gradually expanded to include the rest of the democratic world. Of all the forms of political aggression, anti-Semitism is the easiest to ignore because it is directed against such a relatively small people, and one of the reasons so many belligerents seize on it because they know that everyone else is likely to ignore it.

One would have thought that between the American liberals and conservatives, the liberals would have been the ones to be most watchful against Arab anti-Semitism, if for no other reason than that so many Jews define themselves as liberals and vote Democratic. Instead, this is yet another issue on which the neo-conservatives have taken the intellectual lead, warning not only against the directed hostility, but of its inevitable impact on international affairs. [Remarkably enough, this was an issue which Lionel Trilling himself avoided in his novel, although it was set in 1938, when it would have been hard for anyone to ignore anti-Semitism.] Some people think that dwelling on the real and present dangers of aggression against Israel, aggression against America, is pessimistic, reactionary, and anti-progressive. If neo-conservatism stands for anything in America today, it is for proving that the defence of freedom is hopeful and positive – the truest way of ensuring the endurance of our society and though it the improvement of societies even more in need of it than ours.

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GUEST SPEAKERS AT THE SYDNEY INSTITUTE April 2003 – August 2003

Dr Fiona Terry (Director of Research, Medecins Sans Frontieres, Paris & author
Condemned to Repeat – The Paradox of Humanitarianism
The Paradox of Humanitarian Action)

Hind Kourouche (First female President of the Arabic Welfare Council & Director,
Islamic Resource Management)
Islam – In Australia and the US

Senator Stephen Conroy (Shadow Minister for Finance, Small Business and Financial
Services)
Corporate Governance: Labor's Approach

Dr Ihab Hassan (Vilas Research Professor of English and Comparative Literature,
Wisconsin-Milwaukee University)
Postmodernism: What Went Wrong?

General Peter Cosgrove AC, MC (Chief of the Australian Defence Force)
Good Partner, Neighbour and Ally: Reflections on Australian Defence

Dr Alison Broinowski (Visiting Fellow, Faculty of Asian Studies, ANU)
Bali as Blowback: Australia's Reputation in Asian Countries

Rev Edmund Campion (Author & contributing editor *Eureka Street*)
Clerical Celibacy – The Catholic Problem

The Hon John Howard PM (Prime Minister of Australia and Leader of the Liberal
Party)
Australian Foreign Policy

Dr Alan Dupont (Senior Fellow, Strategic & Defence Studies, ANU)

Dr Hugh White (Director, Australian Strategic Policy Institute)
Australian Defence: After the Defence Review

Ticky Fullerton (ABC TV *Four Corners* Presenter & Author *Watershed: Deciding our
Water Future*)
Water: Australia's Challenge

The Hon Peter Costello MP (Federal Treasurer and Deputy Leader of the Liberal
Party)
Building Social Capital

Senator Jacinta Collins (ALP Senator for Victoria)

Tony Smith MP (Liberal Member for Casey)
Equality and Inequality – Two Views

Margaret Simons (Author & Journalist)

Dr Ron Brunton (Social Researcher)
The Hindmarsh Island Affair and Australian Anthropology

Professor Ruth Wisse (Professor of Yiddish Literature, Professor of Comparative
Literature, Harvard University)
Neo-Conservatives: In Defence of America

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