

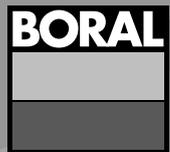
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Editor: Anne Henderson

Production Assistants: Lalita Mathias
Tanya Goldberg
Tenille Halliday

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Photo - David Karonidis

Lenore Coltheart

Jessie Street was an activist, feminist, and outspoken contributor to the Australian political scene for decades. She was particularly active 1910–50, when politics was undergoing dramatic change. She fought for equal pay, indigenous rights, an independent foreign policy, social welfare and many other central social justice issues. Her autobiography, *Jessie Street: a revised autobiography* (The Federation Press), has just been re-released in a corrected and updated version, edited by Dr Lenore Coltheart, assistant director, the National Archives of Australia. Dr Coltheart addressed The Sydney Institute on Wednesday 2 June 2004.

REMEMBERING JESSIE

STREET

Lenore Coltheart

Though Jessie Street was one of Australia's most prominent political reformers in the 1930s and 1940s, it was after 1945 that she became really familiar in Australian households, as the Cold War's "Red Jessie". Despite an autobiography, a biography, an edited collection of documents and essays, and numerous articles about her work, it is as "Red Jessie" that she has been remembered.

In the early 1960s, at the urging of friends and colleagues, Jessie Street wrote her memoirs. Unable to find a publisher, she revised and reduced the manuscript and sought a little help from her friends. The Australasian Book Society, a left wing book distributor, produced the – unedited – work and *Truth or Repose* was launched in Sydney and Melbourne early in 1967. Despite the significance of the events recorded there, for decades this dense and disorganised book has deterred all but the most faithful of friends, family, and foes. That the book ends in 1945 meant a vital 20 years of her work remained unrecorded there. Aspects of this period were subsequently covered by her first biographer, and by contributors to the collection marking the centenary of her birth.¹

So Jessie Street is hardly one of history's missing persons. As well as these publications, there are several large collections of documents and photographs, and there are audiotapes of her radio broadcasts and interviews, all professionally arranged and readily accessible. Immersed in this material preparing a new edition of the autobiography, I became increasingly curious about the emergence of "Red Jessie".² The title made a handy headline of the sort hardly remarkable at the onset of the Cold War, but it is a shaky basis for historical interpretation and surely up for review now. The title was used without any assessment based on definitions – supporter of the Soviet Union, or Marxist or Leninist or Stalinist, or member of a Communist Party, or communist or socialist. To be called "red" in the Cold War years was a stain in which all these meanings coalesced and definitions dissolved.

Before “Red Jessie”

As the following brief resume of the first 40 years of her career shows, there was a public Jessie Street before “Red Jessie”. Australia’s interwar campaigns for reforming the legal, social and economic status of women, and the international context of these campaigns, was the background to Jessie Street’s first visit to the Soviet Union in 1938, to her work in the war years 1939-45, and to the peak appointments of her career, to Australia’s delegation to the conference to found the United Nations in 1945, and her two-year term on the UN Commission for the Status of Women in 1946-48. The brief outline sketches the rise of one public woman among many other committed political reformers in women’s organisations in Australian and international networks in the first half of the twentieth century. Jessie Street was approaching 60 when this rise ended abruptly in 1948, not because she retired from public life, nor because her views underwent a radical change at that time.

Jessie Street dated her initiation as a political activist some 40 years earlier, while she was a teenager at school in England and teamed up in the holidays with a suffragette cousin in the early years of Emmeline Pankhurst’s Women’s Social and Political Union. On a later visit to England, she took part in the great demonstrations for the Suffrage Bill held during Coronation week in 1911. In 1914, as a young member of the Australian delegation to the Rome conference of the International Council of Women, she made her first contacts in an influential network of international organisations of women. After her marriage to Kenneth Street in 1916, she joined Sydney’s key feminist organisations and in 1929 had founded the United Associations of Women (UAW), a formidable lobby group with regular deputations dispatched on the train to the new national capital in Canberra. The UAW also served as the NSW branch of the Australian Federation of Women Voters, established by West Australia’s Bessie Rischbieth to function as the national liaison body recognised by the international women’s network now centred on the Social Questions Committee of the League of Nations.

The UAW also worked locally for practical relief for NSW families throughout the Depression years, both directly and through local and State governments. This experience shaped the policies of the UAW and its member organisations, and the outlook of individual members for whom this was the first experience of the destitution of families without a wage-earner. Jessie Street was among those shaken by daily confrontation with the gap between these children’s health and prospects and the secure and comfortable circumstances of her own four children. Economic equality and social justice were included in the UAW’s campaigns throughout the 1930s, with a greater emphasis on

labour conditions and industrial issues generally, as well as equal pay and the rest of the status of women reform agenda.

In 1930 Jessie Street travelled to the USA, Britain and Europe, intended as a rest cure after a serious illness, but she had meetings in every city she visited to share strategies with the international network of women's organisations. The major organisations had bureaux in Geneva, the League's headquarters, and in September each year activity was intense as national delegations arrived for the annual General Assembly. Though this was her first direct experience there, in September 1930 Jessie Street was as busy as anybody. She joined the Equal Rights International, established that year by US feminist Alice Paul, and lobbied key delegates as well as attending Assembly sessions. She also spent some weeks at the League's Palais Wilson headquarters researching a proposal for a national social insurance scheme for Australia, provided, without result, to the Lyons Government in 1931.

Russia stirs

Jessie Street was again at the League's General Assembly in 1938 on her next overseas visit, a world tour with her 18-year-old daughter Philippa. The highlight for her was the Soviet Union, where she was excited and encouraged by what they saw, from women train drivers and parliamentarians, to free seaside hospitals for sick children. The experience was a powerful one; on her return she wrote the poem "Russia stirs" and deplored what she described as an information blackout preventing Australians from making up their own minds about the Soviet Union's first 20 years. Of course in the 1930s she was not the only westerner to return home and write and lecture on "the great experiment". Britain had Bertrand Russell, Bernard Shaw and the Webbs for instance; like Jessie Street they applauded the economic reforms and the 1936 Constitution, with its inclusion of rights and basic duties of citizens.³

The 1930s was a restive decade of economic failures for Western capitalism and Soviet socialism seemed a brave and visionary step towards control over such catastrophes. Looking back without the "priming" of that widespread sense of frustration and disillusion, that view might seem blind optimism or naïve idealism, but at the time those hungry for hope saw it in the Soviet Union. Understanding the post war despair of 1919 and 1945 is no less essential to reading the "Grand Days" of the League of Nations and the heady hopes in San Francisco when the United Nations was born. Hope from despair is also important in understanding the phenomenon of the great populist peace movement in war-torn Europe in the decade after 1945. Jessie Street shared all these great twentieth century phases of hope.

In 1938 a political reformer did not have to be a Communist, a Marxist, nor a Stalinist to be hungry for hope. And one like Jessie

Street, for whom the legal and economic inequalities of women were a particular target, needed neither a Party card nor a grasp of Marxism to become enthused by what she saw in the Soviet Union. There is no evidence that Jessie Street had either. Her security dossier was generated that year, but it shows that she first came to the attention of the pre war Investigation Branch not because of an interest in the status of women in the Soviet Union, but in Nazi Germany. The very first document on her security file is a copy of the German consul's response to her 1938 request to meet women officials in Berlin, so she could learn about the legal and economic status of women under the Reich.

Sheepskins and surveillance

Jessie Street returned to Australia at the end of 1938 with high hopes for spreading the word about the Soviet path to equality. She joined Sydney's Society for Cultural Relations with the USSR (SCR) and in June 1939 gave four very well attended lectures on her experiences and impressions, the first chaired by her old friend and former lecturer at the University of Sydney, Francis Anderson. Reports of these lectures were possibly the first documents the Investigation Branch filed that associated her with the Soviet Union.⁴

Within two months the USSR's mutual non-aggression pact with Germany, and the declaration of war on 3 September, made the USSR an enemy power. Prominent members of the SCR resigned and Jessie Street stepped into the presidency vacated by Anderson. For the next two years she maintained the Society's activities, despite public criticism and anonymous threats. Then Germany breached the pact and invaded the USSR in June 1941, turning the foe into another victim of Nazi aggression. When Jessie Street then asked for Australia's ban on Soviet newspapers to be lifted, her security file grew with her correspondence with the wartime Censorship Office forwarded to the Security Service by Army Intelligence.

On 3 July 1941 Sydney Town Hall filled with supporters of the new Soviet ally. The meeting formed the Russian Medical Aid Committee (later RMACC), with Jessie Street elected its chair. From October 1941 Australia had a Labor government under Prime Minister John Curtin. Like most Australians he had never been to the USSR, and Jessie Street lost no time in providing him with the benefit of her first-hand experience, and securing the Government's approval to send medical supplies there. The first consignments were sent in November and December, arranged not through diplomatic channels but through Jessie Street's contacts.

After the war spread to the Pacific, no medical supplies could be exported and in that Soviet winter of 1942 the Australian "Sheepskins for Russia" campaign was launched. All through the war Jessie Street travelled throughout Australia to inspect consignments of sheepskins

and test their suitability for conditions in the USSR. The export of stockpiled Australian sheepskins – for which the export market had plummeted when they could no longer be shipped to British mills – to be turned into Red Army uniforms and blankets was an extraordinary success story, with large amounts of money donated to purchase and transport the skins to Sydney, where the cargoes were loaded for the USSR.

On 22 June 1942, the RMACC organised a huge celebration of the first anniversary of the Anglo-Soviet alliance, in Sydney's Domain. For the duration of the war the Committee enjoyed widespread support and Jessie Street's name was synonymous with the "Sheepskins for Russia" campaign, in the USSR as well as in Australia, in the USA, and in the UK where Clementine Churchill headed Britain's equivalent Russian relief committee.

After she came close to taking the "blue ribbon" seat of Wentworth – her own affluent eastern suburbs neighbourhood in Sydney – for Labor in the 1943 federal election, both Curtin and his deputy Ben Chifley took increased interest in her career. Her appointment to the Government's Aliens Classification and Advisory Committee meant she travelled to internment camps throughout Australia, assessing the cases of individual internees and reporting on their status for release to the wartime Security Service, the agency responsible for the Committee. From 1945 she served on the Chifley Government's postwar Commonwealth Immigration Advisory Council, also a sensitive area in the postwar years when immigration and intelligence activities were closely linked. Jessie Street's record of this work supports the view that in these years, emigrants fleeing countries with Communist regimes were more heavily vetted than applicants who were former Nazis.⁵ As both appointments involved work of a sensitive nature, these are useful indicators of the professional and public status Jessie Street achieved before 1948.

From her first visit to the Soviet Union in 1938, Jessie Street made no secret of her advocacy of Soviet reforms and worked openly and with unflinching determination, for close contact between Australians and citizens of the Soviet Union. Though her advocacy made her subject to ongoing surveillance by the Commonwealth Investigation Service, apart from the two years of the Molotov-von Ribbentrop pact, she attracted greater public appreciation than opprobrium. There was little criticism of her views and activities in the press and she enjoyed cordial relations with editors of major newspapers and magazines. There was no overt criticism of her views, though she was sometimes refused space for them, as happened in 1938 when she was indignant at being told she "had the wool pulled over her eyes" in the Soviet Union by an editor who had never been there.

Generally though, the organisations she belonged to benefited from good press coverage throughout these years, and she did too. In 1943 she was the subject of a very positive double page illustrated magazine spread, most useful for the first-time political candidate she was that year.

But covertly, a different record was accumulating. Like other prominent people who were members of organisations secretly identified as “malcontent and dissident” by the Investigation Branch, Jessie Street attracted surveillance as a member of the NSW Peace Council, and, despite its high level of popular and official support, the RMACC. The “dissident” taint was highly infectious and other organisations like the Women’s Forum for Social Reconstruction, a group of 14 women’s organisations in coalition to lobby and providing advice to the Curtin Government, were added to the Investigation Branch’s suspect list. So were the 1943 and 1946 Woman’s Charter conferences. Jessie Street’s opening speech to the latter was surreptitiously taken down in shorthand, though nothing she said differed from her other public statements and both these conferences, aimed at ensuring the fullest participation of women, were widely publicised.⁶

San Francisco

The Government’s planning for post war reconstruction encouraged such active reformism, especially after Chifley’s appointment of HC Coombs to head a program based on a “common plan” to be devised in consultation with active, experienced and committed community groups.⁷ Jessie Street’s experience in these activities was among her qualifications for inclusion in Australia’s delegation to the United Nations Conference on International Organisation (UNCIO) in San Francisco in 1945 – despite the covert record in her growing security file. She was the only woman among those appointed to the delegation, led by Minister for External Affairs and Attorney-General HV Evatt and Deputy Prime Minister Frank Forde. In San Francisco she immediately joined the team of women delegates determined to ensure the Charter of the United Nations recognised women as equal participants, as had the Covenant of the League of Nations 26 years earlier. This group also took an active part in the 3rd Committee, particularly in setting out the structure and defining the scope for the proposed Human Rights Commission and the Commission for the Status of Women.⁸

As well as her significant contribution to this work, Jessie Street made full use of these three months in San Francisco to develop her already extensive international contacts, and to plan her ambitious post-conference itinerary. Added to her network were women’s organisations and women diplomats in South American and Scandinavian countries, in India, and in China. She took part in a wide range of ancillary events

in San Francisco, including functions to raise funds for aid programs in the USSR, arranged by the US relief committee. The diplomatic social events she frequented included those held by the Soviet delegation, whose invitation to make a return visit to Moscow she immediately accepted, despite the logistical problems involved in such a journey in that year.

From San Francisco Jessie Street went to Washington, New York, and London, attending a busy round of meetings and interviews and giving lectures on the new United Nations. Included in the busy round of London engagements was an address by Britain's pacifist Archbishop of Canterbury, Hewlett Johnson. From London she went to Paris, where she was on the organising committee for a major conference of women planned for November. Meantime, her proposal to travel to Berlin and then to the Soviet Union had caused a military and diplomatic flurry for Australian and British officials. She was begrudgingly provided accommodation at the Hotel Savoy, the temporary headquarters in the British sector of divided Berlin, and transport and an escort for her sorties to the Russian sector to arrange her flights through Riga to Moscow and her meetings and travelling while in the USSR.

It would have been difficult for Jessie Street to declare any more obviously her ongoing interest in building closer liaison between Australia and the Soviet Union and in finding out as much as she could about life there. She had a busy three weeks in the USSR that November, meeting with women's organisations and giving lectures and broadcasts about the San Francisco conference and the proposed Commission on the Status of Women, including an overseas broadcast on Radio Moscow. She also toured summer camps and enjoyed the recognition she received as the driving force of the sheepskins campaign.

But like others who visited the razed areas of these cities in the postwar months, Jessie Street was deeply affected by the damage and by the privations of the hundreds of people trying to live somehow in the ruins of inner Berlin, or in St Petersburg and Moscow where sieges had destroyed vast regions of countryside. The devastation and distress she witnessed were as powerful an influence on her in 1945, as the effects of the Depression had been in the 1930s. The Depression primed her interest in socialism; these destroyed cities primed the passion for peace that dominated the rest of her life.

At the end of November, Jessie Street travelled from the USSR with the Soviet women delegates to the Paris conference, a huge gathering that founded the Women's International Democratic Forum to campaign for equality and justice as preventatives against war. She had joined the NSW Peace Council as an offshoot of her membership of the local League of Nations Union, but campaigning for peace now became a major priority.

On her return to Australia – by way of Cairo, Karachi, Calcutta, Hyderabad, Bombay, Colombo, and Cocos – she once more sought every opportunity to communicate her firsthand experiences of the nine months she was away. Her emphasis now was on the new forces for international cooperation, the power of the desire for peace among all the people she met in Europe and the USSR, as well as the United Nations as the new arbiter against conflict. For Jessie Street and her colleagues, the United Nations would replace the ineffective arbitration machinery of the League of Nations, but it would also be heir to the League's greatest success, the founding instruments for human rights and social justice.

After her return to Sydney early in 1946, the RMACC was disbanded and the two pre-war Russian associations in Sydney (SCR and the Friendship with Russia League) combined to form the Australian-Russia Society (ARS), with Jessie Street elected vice-president. A major event of the new ARS was the first visit to Australia of the "Red Dean", Archbishop Hewlett Johnson, with Jessie Street presiding over a widely reported public lecture in Sydney on 29 June 1946. That year Jessie Street's second bid for the Wentworth seat attracted a very different press from her 1943 candidacy. Her opponents had generated imputations of Communist sympathies in her first campaign, but these were isolated, and perhaps offset by the Soviet Union's changed status as ally. In 1946 anti-Communism was much more prominent not only in the press coverage of the election campaign, but within the second Women's Charter Conference.

During 1946, Australia was lobbying for membership of the new United Nations' agencies, with modest hopes for a seat on both the Economic and Employment Commission and the Statistical Commission. The voting results were a pleasant surprise for the Government, with seats on four commissions, but the outstanding result was the support for Australia's membership of the Commission for the Status of Women (CSW). Australia polled third highest of the fifteen nominated nations. Australia's triumph was Jessie Street's: the vote acknowledged her work in San Francisco, and the Chifley Government nominated her as Australia's delegate to the new Commission.

At the CSW's first session in New York State in February 1947, she was elected vice-chairman. On her return to Australia she set out to establish coordinating committees to ensure women throughout Australia had the opportunity to hear about and participate in the work of the Status of Women Commission. The Department of External Affairs circulated letters to women's organisations in all six states and in May and June 1947, Jessie Street travelled around Australia for meetings to establish the status of women liaison committees. From her Adelaide Hotel, on 2 June 1947, Jessie Street reported progress to the Department of External Affairs, noting that direct liaison with

women's organisations was essential. With colleagues earlier involved in the League of Nations network, she also helped revive the regional Pan-Pacific Women's Association.

Perhaps the success of her efforts alarmed officials at the prospect of Australian citizens having direct lines to United Nations agencies, for the new Secretary of the Department of External Affairs, John Burton, cabled Jessie Street in Hobart insisting that she should cease establishing these coordinating committees and that all United Nations liaison must be through the United Nations Association.⁹ But as Burton's Department now had its own Information and Intelligence Division, there might have been a better, but covert, reason for stopping her activities. On this tour her meetings were recorded by the new Commonwealth Investigation Service, the reports a concordance of mentions of the Soviet Union, China, and the peace movement. These reports also noted whether the entertainment included Russian music and Soviet films.¹⁰ If Burton – who had also been at the San Francisco conference two years before as private secretary to his now minister, HV Evatt – had access to Jessie Street's CIS file, he might have determined that the Government should not be giving Jessie Street a public platform.

While Jessie Street could not have been aware of the material in her file, nor of the possibility of Burton's access to it, in the chilly political climate of 1947 there was a lack of guile, or even prudence, in how she went about establishing the CSW coordination network. This not only finally collapsed the support she had enjoyed from the Chifley Government, it was fatal to her primary endeavour of building a broadly participatory local liaison for the Commission for the Status of Women.

In November 1947 came the overt result: the Chifley Government refused to allow Jessie Street to attend the meetings on the draft of the Declaration of Human Rights that month, and declined to nominate her for a second term on the Commission for the Status of Women.¹¹

“Red Jessie” arrives

Within a few months the Australian Federation of Women Voters and other key women's organisations had split over the issue of expulsion of members who did not agree to sever all associations with the Soviet Union. The Chifley Government was, if anything, even more determined to put itself on the side of the anti-Communism angels, and the Labor Party directed all members to withdraw from any organisation named as connected to a Communist Party. As Jessie Street declined all such directives she lost her ALP membership and saw the unity of effort, a key to the interwar successes of reformist women's organisations, collapse. She took her place as deputy chair at the Commission for the Status of Women's second session in New York on 5-19 January 1948, but it was her last official duty.

Jessie Street spent most of 1948 overseas and continued to take an unofficial part in the finalisation of the Declaration of Human Rights and the work of the Commission for the Status of Women. She spent September and October in Paris where the UN General Assembly was held, in close company with her former CSW colleagues. She was also centrally involved in the post war reconstruction and peace activities of her network of women's organisations, with visits to London in April, Belgrade in May, Budapest in June, Warsaw in July, and West Berlin in August. On 5 September she addressed the International Women's Day Committee's 'Save the Peace' rally in Trafalgar Square in London before leaving for Paris. On her way back to Australia she met women's groups and peace committees in Calcutta, Hong Kong, Shanghai, Tokyo, and Honolulu, before flying into Sydney on 20 December.

In 1948 Jessie Street was in a very different relationship with the Chifley Government, the Labor Party and her formerly broad support base of women's organisations. The Government also found its relationship with the US government alarmingly changed that year, when Australia was deemed a security risk and the US banned all sharing of classified information. With the help of Britain's Security Service, MI5, the planning of a new agency was urgently set in train and the Australian Security Intelligence Organisation was born on 16 March 1949.

In the parlance of the surveillance files, some of the "malcontent and dissident" organisations of the war years had coalesced into a post war "Soviet Peace Offensive". As relations between the USSR and western nations chilled, her name began to evoke suspicion rather than respect. The covert record and her public status converged but Jessie Street's socialism was unchanged; it was Australia that shifted. In the escalation of the Cold War, Australia stood firmly alongside the United States and the United Kingdom in opposition to the USSR and to Communism.

Refusing to leave the ARS without evidence it was a Communist front, Jessie Street had to resign from the Labor Party in January 1949, losing the chance of Labor preselection for the seat of Phillip.¹² When she stood in Phillip as an Independent later that year, it was as "Red Jessie", a person publicly tainted with suspicion. The Labor Party's efforts to retain government were in vain and the Chifley Government was replaced by RG Menzies' new Liberal Party in a coalition with the Country Party.

In January 1950, Kenneth Street became Chief Justice of the NSW Supreme Court, a role that made him Lieutenant-Governor of NSW and his wife the "second lady" of the State, next to the wife of the Governor. Under a barrage of press attention, Jessie Street left Australia in June 1950, beginning an exile that lasted six years.

Following Britain's lead in using passport regulations to prevent delegates travelling to the 1950 Warsaw peace conference, Minister for Immigration Harold Holt declared all passports issued from 1 September 1950 were invalid for travel to Communist countries, saying these restrictions were "in the national interest" and would apply for 12 months. When an Australian delegation of 25 nevertheless assembled in Warsaw for the opening of the second world peace congress on 16 November 1950, Holt told reporters that Jessie Street would also be required to surrender her passport for endorsement. The Minister's order was cabled to 24 overseas posts on 20 November 1950, four days after Holt's announcement to the press. The departmental cable, unlike the press reports, noted that Jessie Street's Australian passport was indeed valid for all countries and there were no grounds for impounding it.

Harold Holt played a key role in demonstrating the Australian government's willingness to be a staunch Cold War ally of the United States. The Menzies Government's referendum to outlaw the Communist Party in Australia was held one year after Jessie Street had sidestepped the ban on travel to Soviet countries by legally obtaining a British passport, but Harold Holt resurrected it with an allegation in the House of Representatives that the passport had been obtained by deceit. Suddenly the old news was hot news. In the extensive publicity given Holt's allegations in overseas newspapers, Australia's hard line in the Cold War seemed even to exceed Britain's, with front page headlines in Lord Beaverbrook's *Daily Express* in London.¹³

For the rest of her life Jessie Street remained, in the press and in the public mind, what the secret intelligence records made her: a figure of suspicion. Apart from defending herself against public allegations with statements of fact, published as letters to the editor, she did nothing to alleviate this suspicion, and it is difficult to see how she might have wrestled with the spectre of "Red Jessie". But she also said and did much that strengthened this suspicion, serving on the executive of the World Peace Council and travelling regularly in Iron Curtain countries. Even after Krushchev's denunciation of Stalin in 1956 she did not acknowledge that criticism of her enthusiasm for Soviet policies of the previous decades now had justification.

And yet it seems more a determined and long-established will to equality, fuelled by hope, and neither fascist nor communist ideology, that made Jessie Street so receptively soak up the experiences of the people she met and try to find out how reform was achieved by interviewing officials everywhere. Throughout her life, in public lectures, newspaper interviews, private letters to her family, and in *Truth or Repose*, she described herself as a socialist, the source of her socialism not the USSR in the Stalin era, but Australia in the Depression.

It was her public prominence, not her political views, that was transformed in the Cold War. Tracing that transformation reveals the emergence of “Red Jessie” as a paper persona, created in a covert security dossier by Australia’s successive intelligence agencies over a thirty year period – the Investigation Branch, the wartime Security Service, the post war Commonwealth Investigation Service, and from 1949 the Australian Security Intelligence Organisation. The result of this 30 years of labour, Jessie Street’s substantial security file, offers no evidence at all that Jessie Street was ever a member of a Communist Party, or ever put Soviet interests above those of her own country. While Jessie Street emerged “red” from her first visit to the Soviet Union in 1938, “Red Jessie” emerged from Canberra’s East Block intelligence headquarters a decade later.

When we remember Jessie Street, this is also worth remembering.

Endnotes

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FUNCTIONS - 2004



Photographer: David Karonidis



Photo - David Karonidis

Michael Rubin

Michael Rubin is a resident scholar at the American Enterprise Institute in Washington. Between 2002 and 2004, Rubin worked as a staff advisor for Iran and Iraq in the Office of the Secretary of Defense, in which capacity he was seconded to the Coalition Provisional Authority in Iraq. Rubin is the author of *Into the Shadows: Radical Vigilantes in Khatami's Iran* (2001), in addition to numerous scholarly and policy articles. On a visit to Australia in June, Michael Rubin addressed The Sydney Institute on Monday 7 June 2004.

US FOREIGN POLICY

AND THE 2004 PRESIDENTIAL ELECTION

Michael Rubin

American foreign policy during the administration of George W. Bush has been polarizing. Three months into his term, Bush issued a letter announcing the withdrawal of the United States from the Kyoto Protocols. While many nations supported US military action against the Taliban, opposition to the US campaign in Iraq was shrill. Many European, Middle Eastern, and Asian nations criticise what they see as an unbalanced American support of Israel. Across Turkey, politicians, journalists, and academics criticise the Middle East Partnership Initiative. Many critics of American policy hope that a John Kerry victory in November will lead to a fundamental realignment of United States foreign policy. Such a belief is rooted in wishful thinking and a misunderstanding of US foreign policy. Foreign policy debates within the United States may be fierce, but they are also more philosophical than partisan. Among fundamentals, there is remarkable consistency across not only administrations, but also decades.

Take the European criticism that the US lacks an even handed approach towards Israel. Neither a Kerry victory nor a second Bush term will alter the US approach. Nor should the American approach change. The US is always going to support democracy. This does not mean democracies will be immune from our criticism. But whether a Democrat or a Republican is in the White House, Washington will not be afraid to support democracies. There is a real problem when people say we need to be more even handed. When people urge a more even handed approach, for example condemning equally suicide bombings of civilians in Jerusalem and Israeli targeted assassinations in Gaza, they are actually feeding extremism. Moral equivalency can actually catalyze conflict. To equate blame is to deny responsibility. And to deny responsibility is to remove disincentive for violence. To spread blame evenly simply encourages adversaries to stake out more extreme positions.

With few exceptions, most American politicians and public intellectuals, whether Democrat or Republican, believe there is a right and

wrong. For example, there is bipartisan consensus that it is always wrong to target civilians for political gain. There will be no sympathy for a Palestinian leadership that actively encourages bus bombings and the cold blooded murder of little girls still strapped in child-safety car seats. That doesn't mean that in the Iraq war civilians haven't been killed. It doesn't mean that civilians aren't killed as a result of US foreign policy elsewhere. But they are not the targets. That's a fundamental issue. It's an issue to which John Kerry subscribes and it's an issue to which George Bush subscribes. It's an issue to which both the US Senate and the House of Representatives subscribe.

With regard to Iraq and the US election campaign: The pattern of primary elections is important to remember. Democratic candidates run to the left in the primary, and shift to the center in a general election in order to appeal to a greater number of voters. You can't win the Presidency just by getting the Republican votes or Democrat votes. You need to have cross party support. After the election the candidates tend to moderate and become more centrist. This is a pattern across administrations. US foreign policy remains stable across administrations.

Neo-conservatism versus realism

What has changed? There is an active debate among public intellectuals, politicians, and the foreign policy establishment about some key principles. At its core, the debate is between neo-conservatism and realists. Generally speaking, neo-conservatives believe that human rights and support for democracy should be a central pillar of US foreign policy. Realists are more likely to favor stability and immediate economic interests. Where does the debate play-out in US foreign policy? Neo-conservatives would be more apt to develop relations with Taiwan, while realists would favor China. Realists might seek trade with Iran regardless of questions about whether an economic relationship preserved the Islamic Republic's leadership. Neo-conservatives would be more apt to engage with dissidents and political prisoners rather than regime officials.

The key debate between the two camps evolves around stability. The terrorist attacks of September 11, 2001 focused attention on questions as to the importance of stability preservation as a goal of US foreign policy. Realists value stability. Why don't neo-conservatives? No one seeks carelessly to abandon stability. But, simultaneously, neo-conservatives argue that undue emphasis on stability led to the US tolerating Saudi Arabia's sponsorship of hatred and incitement throughout the Islamic world. Stability led to a robust Syrian chemical and biological weapons industry. Stability has preserved Syrian occupation of Lebanon, and deployment of thousands of missiles along Lebanon's border with Israel. Stability has resulted in an Islamic

Republic in Iran on the verge of nuclear weapons capability. It's what got us a nuclear North Korea which exports missiles, sponsors terrorism, and threatens its neighbors. Stability may have been a goal for which to strive in the fifties and sixties but, in an age of proliferation and weapons of mass destruction, the cost of stability can simply be too high.

The flip side of the stability debate is democracy. Some people will nit pick and say, "How can the Americans talk about democracy in Iraq and not talk about democracy in Egypt? After all, Egypt is a dictatorship." It may not be diplomatic, but the answer is change has to start somewhere. That doesn't mean that every country will be addressed the same way. No serious policymaker advocates invasion of Iran. No one seeks occupation of Saudi Arabia. No one talks about dispatching a strike force to Egypt. But the fact of the matter is you can't claim to be an advocate of democracy and then say you're against regime change. Regime change is implicit to democracy. Many realists say the United States can't achieve everything; that it's unrealistic to believe that you can bring democracy to Iraq. Some people would take such sentiments further. I believe it's a racist attitude to say Arabs aren't capable of democracy. It's worse to say they do not deserve to enjoy the same freedoms we enjoy in the United States, Europe, and Australia.

Are Arabs capable of democracy?

According to the *Guardian* in London, 16 August 2002, one in six Iraqis fled Iraq under Saddam Hussein. They settled in the United States, they settled in Australia, they settled in Western Europe, they settled in Eastern Europe. When I taught at the University of Sulaymaniyah in 2000, I lost 10 per cent of my students, not because I bored them stiff with my lectures but because they hired people smugglers to take them into Europe as economic migrants. Once in Europe, the United States, or Australia, the Iraqis had no trouble assimilating themselves. The Iraqi community in Dearborn, Michigan, is a symbol of that. They are doctors, lawyers, businessmen, and engineers. Iraqis thrive in the West precisely because there are no cultural impediments to democracy. The problem in countries like Iraq is not ethnicity or religion, but rather lack of the rule of law.

Some people look at the violence in Iraq to reinforce their belief that Iraqis are not capable of democracy. I would urge these people to look at the arguments that were made about Korea from the 1950s. People said Koreans had no history of democracy. They insisted that democracy was too foreign a concept to Korean culture. Democratization may be a long process, but well worth the investment. South Korea is much better today than is North Korea. It has taken 30

years. Some people dismiss the Korean example and trumpet Islamic exceptionalism. They should consider Mali, one of the five poorest countries on earth. Freedom House ranks Mali as “completely free”. Mali has had several successive changes in power between government and ballot box, not through putsch or revolution, but through the ballot box. It can be done. But is it our place to do it? September 11, 2001 showed that we have no choice but to try.

No resolution to the debate

How will the November elections affect American foreign policy debates? The fundamental debate about the relative roles of human rights, stability and democracy will continue regardless of which candidate takes the White House precisely because the debate is philosophical rather than partisan. Former Assistant Secretary of State Richard Perle, the intellectual backbone of neo-conservatism, is a Democrat, although he is more often associated with Republicans. Former National Security Advisor Brent Scowcroft gives intellectual support to the realists.

Regardless of who wins in November, Republican Senators John Kyl and Sam Brownback will continue to advocate for human rights, religious freedom and democracy. They will advocate for a more confrontational policy toward the Islamic Republic of Iran. However, Chuck Hagel and Dick Luger, also Republican senators, will continue to work for engagement with Iran and greater multilateralism. The foreign policy views of prominent Democratic senators like Joe Lieberman have more in common with Kyl and Brownback than they do with heavyweights Democratic senators like Joe Biden.

We are not in the Westminster system. Party loyalty doesn't mean everything. Some debates cross party lines. A second Bush administration will continue to be torn by ideological schizophrenia among policy practitioners and political operatives. While Kerry identifies himself more with the realists, he shifts with circumstance. Another mass casualty terrorist attack on US soil will reinvigorate public support for the War on Terrorism, regardless of who occupies the Oval Office.

Consensus on terrorism

Terrorism does not occur because of any particular administration's policies. Nor does terrorism happen solely as a result of a clichéd cycle of violence. Terrorism happens because of a fundamental ideological conflict which is beyond compromise or diplomatic solution. In 1996, the US was a victim of terrorism when terrorists blew up our barracks in Khobar, Saudi Arabia. We didn't respond and yet we were hit again in 1998. In 2000, terrorists attacked us in Yemen. Again, the Clinton administration chose not to respond. Nevertheless, terrorists attacked

us in 2001 with devastating results. Both Republicans and Democrats realise that there can be no compromise with terrorists.

This bipartisan attitude toward terrorism elucidates the US approach toward the Arab-Israeli conflict. Many European journalists and UN officials criticise the US for not forcing Israel to make greater concessions under terms of the Road Map. But, many people who cite the road map apparently have never read it. First and foremost, the Palestinian Authority commits itself to abstain completely from terrorism. That's not a subject for debate. Within the US, there is bipartisan consensus to not negotiate with terrorist groups like Hamas and Hezbollah, both of whom have targeted and killed Americans. The platform of Hamas calls for the eradication of Israel, a democratic state. We are neither going to compromise with such groups, nor encourage Israel to. Neither Democrats nor Republicans will start down the slippery slope of genocidal liberalism. European politicians may throw around catch phrases like social justice or trumpet issues of humanitarian law, but there is no justice or humanitarianism in legitimising any group which calls for the murder of five million individuals. In October 2002, Shaykh Hasan Nasrallah, the leader of Hezbollah declared, "If they [Jews] all gather in Israel, it will save us the trouble of going after them world wide." Perhaps, rather than criticise Washington, European leaders would be better served to examine the morality of their own positions.

Washington, whether because of its power, reach, or investment, remains a more important actor in the Middle East peace process than any other member of the so-called Quartet. A lesson learned by the Clinton administration was not to assume that peace was the end goal for all parties in the peace process. Take Hafez al-Assad, the late president of Syria. Assad engaged in a peace process with Israel. He was welcomed to the White House and he received augmented foreign investment. But, enjoying the trappings of the process, Assad saw no need to take the final steps to peace. After all, as both Anwar Sadat and Yitzhak Rabin learned, peace can come at a tremendous personal cost. While any US administration will work to facilitate peace when parties are prepared, rushing a process can undermine peace.

The Case of Iran

While core values of American foreign policy may not change should Kerry win the White House, a major exception may be in policy toward Iran. Kerry seeks to engage Iran. George W Bush called it part of an "axis of evil". Some call Bush's rhetoric simplistic. Such criticism betrays a profound ignorance of American politics. Bush remains popular because, like Ronald Reagan, he talks to Middle America, not just the elite. The United States is not so stratified into classes as are England or France. The chattering classes of London, Paris, and

Wellington can condemn Bush for his moral clarity, but what is not deniable is that Bush's statements resonate among the oppressed. The willingness of Iranian students and dissidents to rally for democracy is directly proportional to the forcefulness of Bush's rhetoric.

There are two basic policy options with regard to Iran: Accommodation or Confrontation. For 12 years, the European Union has chosen the former, pursuing critical engagement and dialogue. The US has, with several exceptions, tended toward the latter, preferring sanctions and containment. Does engagement work? Perhaps in some cases, but the strategy is not without cost. What have been the results of 12 years of European Union engagement of Iran? The Iranian regime has banned more than 120 newspapers. It has imprisoned hundreds of students, and killed several dozen dissidents. Such actions are not simply the result of a small cabal of hardliners. When President Muhammad Khatami was Minister of Culture, he personally banned more than 600 books and 90 newspapers and journals.

As Europe has doubled its trade with Iran, the Islamic Republic has doubled capital punishment. Prostitution among teenage girls in Tehran has increased 635 percent. Iran is the only country where women aren't fighting for new rights but rather for rights that were taken away from them. Khatami has failed to implement a single substantive reform in the seven years. I was in Iran in 1999 during the student riots. I met a lot of students and have kept in touch. There's a joke that's making the circuit in Tehran about an Iranian woman. On her wedding night she tells her husband, "I probably should have told you before but this is actually my second marriage." The husband replies, "What?" She says, "No, no don't worry I'm still a virgin." He says "How can that be?" She said, "My first husband was like Mohammad Khatami. He kept promising to do it, promising to do it, promising to do it and seven years later, absolutely nothing."

I use the political prisoner test to determine the appropriateness of engagement: Is dialogue worth it, if it means an oppressive regime will use reports of dialogue to demoralise dissidents. Every time Washington extends an olive branch to Iran, interrogators at Evin prison tell imprisoned students and democrats, "See, even the Americans are against you now."

It is dangerous to trust too much the rhetoric of Iran. At its heart, Iran is an ideological republic. Reformists are as invested in the system as hardliners; both wish to suppress the vast majority of the Iranian population which seeks fundamental change in the system of government, especially as the 100th anniversary of Iran's original constitution approaches. While many European diplomats, the Swiss ambassador to Tehran, for example, remain charmed by Khatami and other reformists, they fundamentally misunderstand the Iranian position. Often, Iranian figures adopt a patina of Western rhetoric

but fail to change substantively. Take Khatami, for example. While a member of the Majlis, he wrote in the official Iranian daily *Kayhan*: “I believe in democracy – but only those with the full clerical education should be allowed to participate.”

John Kerry has indicated that he favors engagement with Iran. While he may seek to open dialogue with Iran, such an olive branch may be short-lived. After all, the same Iranian administration rebuffed American overtures in the last year of the Clinton administration. In 1953 and 1979 the United States supported an unpopular ruler against the will of the Iranian people. I am not sure whether we should be making the same mistake three times. If Kerry is elected, he might. Regardless, the Iranian government has repeatedly demonstrated insincerity, often promising one thing and doing quite another. Developments in Iran’s nuclear program may force the US to adopt a harder line.

Iran’s nuclear challenge

American officials – as well as those in think-tanks like Brookings and the Carnegie Endowment – which are holding pens for any future Democratic administration currently debate the lessons of North Korea with regard to Iran policy. Some Kerry supporters argue that current problems with regard to North Korea are a sign that the Bush doctrine has failed. This is disingenuous. The conclusion should be quite the opposite. Our impotency in dealing with a nuclear North Korea shows that the US should not squander the opportunity to act prior their acquisition by other countries. This is reinforced by North Korea’s role in proliferation. North Korea has facilitated the spread of nuclear technology and missiles around the world. The Iranian Shihab-3 missile is based upon North Korea’s Nodong technology. Pyongyang is actively assisting Tehran in development of an intercontinental ballistic missile. That the Islamic Republic seeks to develop intercontinental capability belies its statements that Tehran’s interest is only regional defence.

A Kerry administration may quickly revise its position with regard to Iran, as Kerry’s advisors become aware of information not generally available in the press. Dialogue has a tremendous cost if it allows Iran to buy time to complete its nuclear program. The clock is ticking. If Iran is able to get nuclear weapons it’s not just an issue for international security but, first and foremost, it’s an issue within Iran itself. I did my doctorate in Iranian history. I often read Iranian journals, Iranian newspapers, and talk to Iranian friends. Many Iranians initially supported nuclear capability for nationalistic reasons. It’s not a coincidence that the Iranians tested their nuclear weapons 30 kilometers from the Iraqi border rather than 30 kilometers from the Indian border. That’s the Iranian narrative. But in recent months,

the narrative has shifted. Ordinary Iranians no longer look at nuclear capability as an issue of national security. Iranian students and democrats argue that a nuclear Iran might result in an unprecedented crackdown on dissent, “Tiananmen Square ten times over,” in the words of one student. A nuclear Islamic Republic might feel itself immune from the consequence of its actions. It need not fear retaliation, such as that which occurred when the Turkish Air Force bombed Piranshahr in 1999 in response to Tehran’s sponsorship of Kurdistan Workers Party [PKK] terrorists.

Conclusions

Many Europeans and Australians remain critical of Bush administration policy. They condemn its alleged unilateralism, ignoring the participation of 49 other countries in the Coalition of the Willing. But, 11 September 2001 affected both Democrats and Republicans. The terrorist attacks have reinforced core American values. Debates may rage about the underlying philosophy of American policy, but key policies will not change. The greatest difference between Bush and Kerry will be one of style, not substance. If the international audience hopes that a change of administration will fundamentally alter US policy, then they will be sorely disappointed. Americans will not be. US foreign policy is at its core a reflection of a bipartisan electorate.

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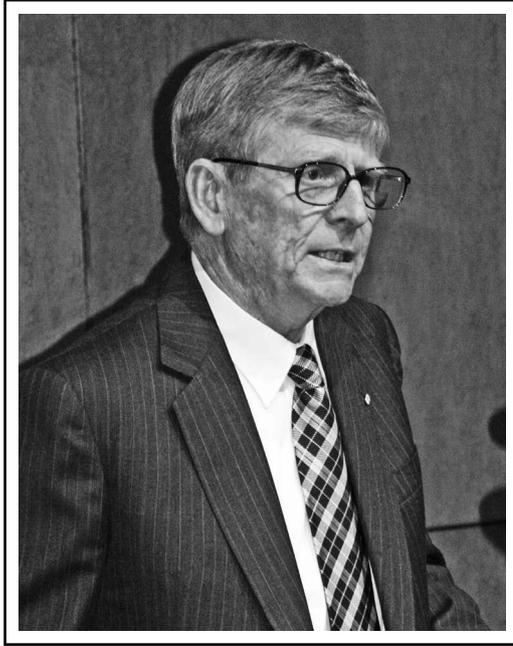


Photo - David Karonidis

Murray Gleeson

Justice Murray Gleeson is Chief Justice of the High Court of Australia. In an address to The Sydney Institute on Wednesday 9 June 2004, the Chief Justice put forward his views on the concept of a national judiciary saying, “It is not obvious to me that it would be a good thing if all Australian judges and magistrates were appointed, and all Australian courts administered, from Canberra... there is already a substantial degree of commonality, and interchange, within the Australian judiciary. We are not nearly as diverse as our United State counterparts, but, unlike the Canadians, we are appointed by different governments, and governments of different political colours. That may be no bad thing.”

THE NATIONAL

JUDICIARY Murray Gleeson

The Australian court system, and the Australian judiciary, are divided along the same federal lines as the legislative and executive branches of government. At the time of the Federal Union, each of the uniting colonies had its own court system, headed by a Supreme Court, from which appeals lay to the Privy Council. Following Federation, those Supreme Courts were continued as State Supreme Courts. The Constitution required the creation of what it described as a Federal Supreme Court to be called the High Court of Australia. That new court was established in 1903. For most of the twentieth century, there were appeals from State Supreme Courts and from the High Court to the Privy Council, although these were limited in certain respects, and were gradually abolished. The process of abolition was completed in the 1980s. In what follows I will make no further reference to the Privy Council, although its existence was a feature of the legal landscape over most of the twentieth century, and its disappearance from the landscape had major consequences for the role of the High Court.

Until the creation of the Federal Court of Australia and the Family Court in 1976, apart from the High Court itself there were few federal judges. The creation of those courts and, more recently, the federal magistracy, has resulted in a large increase in the number of federal judges, but even today the State governments of New South Wales, Victoria and Queensland appoint more judicial officers than the federal government. The State of New South Wales appoints about one quarter of Australia's judicial officers. The largest single judicial group in the nation is the New South Wales magistracy. The Federal Court competes with State Supreme Courts for recruitment of judges. Furthermore, judges sometimes move from a State Supreme Court to the Federal Court, and vice-versa. A number of the present members of the Federal Court were recruited from State Supreme Courts. One member of the New South Wales Court of Appeal was formerly a Federal Court judge, and another was formerly a member of the Supreme Court of Western Australia.

There are seven members of the High Court, and five of us were previously members of State Supreme Courts. Like the first Chief Justice of the High Court, I was formerly a State Chief Justice. So far, we are the only two that have made that move. Some States have legislation which provides for the appointment as acting judges of judges from other States. When I was Chief Justice of New South Wales, there was a fairly regular interchange between the New South Wales Supreme Court and the Supreme Court of the Northern Territory, which was pleased to have the assistance of New South Wales judges to assist in that court's appellate work. There has also been interchange between members of the Supreme Courts of New South Wales and Western Australia. In one case, the Court of Appeal of New South Wales was comprised of the Chief Justice of Western Australia, and Judges of Appeal from Victoria and Queensland. This cross-fertilisation is a good thing. Fifteen years ago it was virtually unheard of, although Territory courts often drew their members from State courts. It should be encouraged and facilitated. I would like to see more of it.

The recently established National Judicial College, which is headed by a State Chief Justice¹, is intended to cater for both Federal and State judicial officers. There are national institutions representing, or including, the judiciary, such as the Judicial Conference of Australia, and the Australian Institute of Judicial Administration. There is an annual conference of judges of the State and Territory Supreme Courts and the Federal Court. There is also a Council of Chief Justices of Australia and New Zealand. I am the Chairman of that body. Its members include the Chief Justice of New Zealand, and the Chief Justices of the Federal Court, the Family Court, and all State and Territory Supreme Courts. We meet twice a year, and have plenty to discuss.

At the end of the nineteenth century, there were few models of federalism available. Switzerland was quickly rejected, and that left only the United States and Canada. Like Australia, those countries had a common law tradition. Their legal and judicial systems were inherited from the United Kingdom. One of the interesting features of the history of the federal movement is the importance which the framers of the Constitution attached to the fact that, in most respects, they had in mind following the United States, rather than the Canadian, model of federalism. This was seen as an important inducement to the colonies to join in the new federal union. The Canadian model centralised power to an extent greater than the United States model. At the time, the central government in Canada had a veto over provincial legislation. In the distribution of legislative power, the Provinces were given power with respect to specified topics, and the residual power remained with the Federal Parliament.

In the United States, as in Australia, it was the other way around. The Federal government in Canada appoints the judges of the superior courts of the Provinces.

In the United States, the judiciary was, and remains, de-centralised. The position was once described by Sir Laurence Street as follows:²

When the original thirteen States combined to form the United States and adopted their Constitution, there were marked differences in quality between their respective court systems. In some States even the judges were not qualified lawyers. There were strong political currents discernible within some of the State systems, particularly in the Southern States. It was impossible to have any confidence in either the capacity or the willingness of the individual State systems to uphold and enforce the Constitution which the thirteen States had adopted and the laws to be made by the United States Congress.

In this background, a system of federal courts was established expressly for the purpose of upholding and enforcing the rights stemming from the Constitution.

The federal courts, of course, included the United States Supreme Court. In Australia, until 1976, most federal jurisdiction was exercised by State courts. From the outset, in the United States there was a strong and separate federal judiciary. Federal judges in the United States were, and still are, appointed for life. In many States, the judges are elected. The legal system of the United States is not integrated, as is the Australian legal system. The Supreme Court of the United States does not have a general jurisdiction to hear appeals from State Supreme Courts, and there is no common law of the United States. There is, on the other hand, a common law of Australia³. This is a consequence of the role of the High Court as the ultimate court of appeal with a general jurisdiction to hear appeals from decisions both of federal courts and of State Supreme Courts.

The jurisdictional complexities in the United States court system are notorious. The United States judiciary is far less homogeneous than the Australian judiciary. In Australia, judges of the Federal Court and the State Supreme Courts come from similar professional backgrounds. They are appointed in a similar manner, although by different governments. As I mentioned earlier, their Canadian counterparts are all appointed by the Federal government.

It was not inevitable that, after Federation, judicial authority would be divided along federal lines in the same manner as legislative and executive authority. From time to time, since Federation, some people have questioned the appropriateness of that division, and argued for an integrated Australian court system and judiciary. In 1927, in evidence he gave before a royal commission on the Constitution, Sir Owen Dixon argued in support of a single system of courts

equipped by the Constitution with authority to determine all legal rights regardless of their source⁴. He developed that idea further in a lecture given in 1935⁵. He said:

What seems to me to be the greatest departure from English principle was the establishment of a new jurisdiction, called "federal jurisdiction". Superficially, no doubt, it appeared a natural thing for the new government to include courts of justice of its own. ... But neither from the point of view of juristic principle nor from that of the practical and efficient administration of justice can the division of the courts into State and Federal be regarded as sound. ... The court administering the law should all derive an independent existence and authority from the Constitution. Some practical difficulties would occur in carrying such a principle beyond the superior courts, but it is not easy to see why the entire system of superior courts should not have been organised and erected under the Constitution to administer the total content of the law.

Sir Owen went on immediately to acknowledge practical difficulties that would have arisen if such a course had been adopted at Federation. These would have included agreeing on arrangements for funding and administering the courts, and appointing their members.

Over the twentieth century, others have advanced proposals for integration of the Australian court system, to a greater or lesser degree⁶. Some of those proposals were a response to the creation of the Family Court and the Federal Court, and to apprehensions about jurisdictional problems that might arise, especially because of a tendency of some federal governments to confer upon federal courts exclusive jurisdiction in relation to issues arising under federal law. One proposal, for example, involved the creation of a national intermediate appellate court to hear appeals from the Federal Court, the Family Court, and State Supreme Courts, subject to a final appeal to the High Court. Since then a number of States have followed the lead of New South Wales in creating a permanent Court of Appeal within their own Supreme Court structures. Reference to the Australian Law Journal shows that, in the 1970s and 1980s, a good deal of judicial energy, especially at a State level, was devoted to proposing alternatives to what was foreseen as a likely expansion of the federal judiciary.

The Constitutional Commission established in December 1985 examined the structure of the Australian judicial system. I gave evidence to that Commission as a barrister. Although I have not checked the transcript, I recall being asked about the possibility of competition for jurisdiction between State and federal courts. My recollection is that I said that, from the point of view of a practitioner, such competition might be a good thing. It would be unbecoming of me now to promote such competition, but if, in a little more than four years time, someone asks me whether I have changed my mind, the answer will probably be no. Competition between common law courts

is no novelty. It was particularly vigorous in England in the days when judges received a share of filing fees.

The Constitutional Commission delivered its Final Report on 30 June 1988. In its report, the Commission considered recent legislation for the cross-vesting of jurisdiction, which had been adopted as a practical expedient to solve what were said to be problems arising from the creation of the Federal Court and the Family Court. The Commission supported the idea of cross-vesting in principle, but referred to doubts about the constitutional validity of the legislation, and recommended that the Constitution be amended to authorise it⁷. The proposal for constitutional amendment was not taken up. Ultimately, the High Court⁸ declared certain aspects of cross-vesting to be invalid. References to that decision almost invariably fail to mention the warning that had been given in the Report of the Constitutional Commission. That form of cross-vesting which is provided for specifically in the Constitution, and which was vigorously pursued throughout the twentieth century, vesting of federal jurisdiction in State courts, remains in full effect.

Whether the supposed jurisdictional problems anticipated at the time of the creation of the Federal Court were ever likely to be as widespread as was sometimes represented may be open to question. *The Australian Law Journal* of October 1982, referring to a proposal for integration of the national court system, records the Chairman of the Commonwealth Law Reform Commission, Justice Kirby, as expressing misgivings about the proposal, and as saying that the number of instances where litigants had gone to the wrong court, or had not been able to find a remedy, was minute⁹. That, I should say, accords with my own experience in practice as a barrister. Assertions of jurisdictional complexity are sometimes made for a polemical purpose, and some of them should be treated with caution. Such complexity as exists in Australia is as nothing compared to the United States.

Now that the Federal Court has become an established, and flourishing, part of the Australian judiciary, governments and the profession have adjusted to the jurisdictional consequences, and the sky has not fallen in. Proposals for Constitutional change by way of complete or partial integration of the court system appear to have receded from view. It is interesting to consider why this is so. My purpose is not to advocate revival of those proposals, but, rather, to consider the significance of their apparent, even if temporary, disappearance.

In recent years, there has been increasing political interest in the appointment of judges. I have complained in the past that this has not been accompanied by a corresponding increase in interest in the subject of education and professional development of judges, and I

will return to that. Interest in the matter of appointment of judges may be accompanied by a corresponding reluctance on the part of governments, Federal or State, to hand over the power of making appointments. The New South Wales Government, for example, might not be enthusiastic about delivering to the Federal Government the power to appoint all judges or magistrates who administer the law of New South Wales.

As a matter of history, one of the reasons for the establishment of the Federal Court was a desire on the part of the Federal Government to appoint the judges who interpret and apply Federal statutes. The corollary as to the appointment of judges who interpret and apply State laws is obvious. Governments also have different policies in relation to aspects of court administration, court funding, and terms and conditions of judicial office. For example, under the Constitution it is not possible for the Federal Government to appoint acting judges. On the other hand, some States, especially New South Wales, have made extensive use of acting judges. A term of service as an acting judge of the New South Wales State Supreme Court seems now to be a conventional method of easing Federal Court judges into retirement. Federal judges must now retire at 70. In the case of High Court judges, this requirement is now part of the Constitution. In 50 years' time, and perhaps much sooner, that number 70 will look very strange. New South Wales judges must retire at 72, but may continue as acting judges to 75.

Movement of personnel between State and Federal courts is a force for uniformity in the terms and conditions of judicial office, but there is not complete standardisation. As recent events in Victoria have shown, there are significant differences in the approaches of governments to judicial remuneration. Models of court administration vary considerably between jurisdictions. The South Australian model is unique. Leaving it to one side, in general, federal courts have much greater administrative autonomy than State courts. This is not the occasion to go into the reasons for that, or the merits of the different systems, but the differences are substantial.

It seems inevitable that, if there were, by constitutional amendment, either a complete or a partial integration of the Australian court system and judiciary, it would be necessary to establish a Commission to deal with appointment of judges. This is not a new idea. It was proposed in 1935 by Sir Owen Dixon¹⁰, and again in 1977 by Sir Garfield Barwick¹¹. An interesting question is whether it would be a practical political possibility. Consider, for example, the High Court. It would be one thing for a federal government to surrender, to a Federal Commission, the power to nominate members of the High Court. It would be another thing for the federal government to agree to a majority of the members of that Commission

being appointed by State and Territory governments. Sir Garfield Barwick's proposal was separate from any suggestion for integration of the Australian judicature. He said that in the case of all governments, State or federal, the power to advise the Executive Government on the suitability of persons for judicial appointment should be vested in a body consisting of judges, practising lawyers, and lay people "likely to be knowledgeable in the achievements of possible appointees". Whether his ideas as to the composition of such a Commission would be widely shared outside the legal profession may be a question.

Ideas of this kind are likely to be stimulated by developments now happening in other places. Major transformations of the judicature have recently occurred in New Zealand, and are about to occur in the United Kingdom. Methods of judicial appointment are of political and public interest quite apart from any question of integration of the court system; although, if there were complete or partial integration, it would be impossible to ignore the subject.

Perhaps another reason why integration seems to have been put on the back burner is that fairly recent experience has shown that transitional problems associated with changes to the structures of courts can cause major difficulties. The creation of the Court of Appeal within the Supreme Court of New South Wales caused internal problems that lasted for years. They had not completely disappeared by the time I was appointed as Chief Justice of that Court. I hope I can say they had disappeared completely by the time I left it. Similar difficulties have been experienced in other courts. The Federal Court has never created its own internal Court of Appeal.

Perhaps, also, the present system works reasonably well; at least well enough to discourage people from facing the formidable legal and political difficulties associated with constitutional change. One of the benefits of federalism is that it encourages a form of diversity, and even competition, which, properly managed and directed, is a source of vitality and strength. It is not obvious to me that it would be a good thing if all Australian judges and magistrates were appointed, and all Australian courts administered, from Canberra. As I explained earlier, there is already a substantial degree of commonality, and interchange, within the Australian judiciary. We are not nearly as diverse as our United State counterparts, but, unlike the Canadians, we are appointed by different governments, and governments of different political colours. That may be no bad thing.

I will conclude on a point I mentioned earlier. I hope, and expect, that a major force for unity within the Australian judiciary will be the National Judicial College. It has the strong support of the Council of Chief Justices. It is a national, not a federal, college. The federal government and some State governments are behind it. At present, some others are not. I hope that will change. In advocating govern-

ment support for a formal system of judicial training and continuing legal education, I have repeatedly stressed the close connection between judicial recruitment and judicial training. I understand why governments want to see greater diversity in the judiciary. But they cannot complain about the near monopoly enjoyed by a particular professional class if the members of that class enjoy a huge natural advantage because their experience equips them to be judges, and because governments provide no facilities to train others to be judges.

So long as governments adhere to the old-fashioned idea that new judges are thrown in at the deep end, they cannot complain that judicial office is available only to experienced swimmers. Successive New South Wales governments have been leaders in the field of judicial education. The Judicial Commission of New South Wales, of which I was President for almost 10 years, does work that has gained it an international reputation. It supports the National Judicial College. There is enormous scope for development in the field of judicial education, and tackling that issue on a national basis seems to me to be the best way of promoting greater unity without sacrificing the advantages of diversity.

ENDNOTES

- 1 Chief Justice Doyle of South Australia.
- 2 Street, "The Consequences of a Dual System of State and Federal Courts" (1978) 52 ALJ 434 at 435.
- 3 *Lange v Australian Broadcasting Corporation* (1997) 189 CLR 520 at 563.
- 4 *Royal Commission on the Constitution*, (1927), Minutes of Evidence, 76 et seq.
- 5 Reproduced in Dixon, *Jesting Pilate* (1965) LBC 38 at 52-53.
- 6 E.g. Else-Mitchell, "The Judicial System – The Myth of Perfection and the Need for Unity" (1970) 44 ALJ 516; Ellicott, "The Need for a Single All-Australia Court System", (1976) 52 ALJ 509; Burt, "An Australian Judicature", (1982) 56 ALJ 509; Street, "Towards and Australian Judicial System", (1982) 56 ALJ 515; cf Moffitt, "Comment on the Proposal for Creating and Australian Court of Appeal", (1983) 57 ALJ 167.
- 7 Final Report, 1988, Vol 1, 6-36.
- 8 *Re Wakim; Ex parte McNally* (1999) 198 CLR 511.
- 9 56 ALJ 501 at 503.
- 10 Dixon, *Jesting Pilate*, op. cit. at 54.
- 11 Barwick, "The State of the Australian Judicature", (1977) 51 ALJ 480 at 494.

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Photo – David Karonidis

Margaret Fitzherbert

In an address to The Sydney Institute on Wednesday, 16 June 2004, Margaret Fitzherbert reflected on the role of conservative political women's organisations in the first half of the twentieth century. As author of *Liberal Women – Federation to 1949* (The Federation Press), Margaret Fitzherbert has contributed significantly to telling the hitherto little known story of the importance of women to development and strength of the modern day Liberal Party in Australia.

LIBERAL WOMEN –

FROM 1901 TO 1949

Margaret Fitzherbert

I want to start by explaining what my book is about. It's the history of the women, and the women's organisations, that were part of the politics of Alfred Deakin's era, then the Nationalists, and then the United Australia Party (UAP). They were still critical players when Menzies formed the Liberal Party in 1944, and their impact was immense in the years when the Liberal Party was just formed, and fighting its way to office federally in 1949.

The women's organisations – such as the Australian Women's National League (AWNL) in Victoria, the Queensland Women's Electoral League (QWEL), and the Women's Liberal League (WLL) in NSW – were set up because, under the terms of Federation, women were to get the vote in federal elections. Later these organisations helped set up sister organisations in WA and Tasmania. But the first three leagues were born because liberal and conservative men took the radical view that to win women's votes, they needed to form women's political organisations – women working for the votes of other women. So employer associations in various states helped set up the women's liberal leagues, which quickly became very independent organisations, and shook off any attempts by the men to control their activities.

Many of the original women members were veterans of the women's suffrage campaigns of the late nineteenth and early twentieth centuries. In Victoria, it was, ironically, anti-suffrage campaigners who were the backbone of the AWNL's original membership. But in NSW, Queensland, Tasmania and WA it was women who had worked in favour of women's suffrage who first joined the liberal women's leagues. The WLL of NSW was particularly proud of its roots in the suffrage campaign.

While the parties that they supported seemed to change regularly, the women's organisations did not. They remained strong and separate from the men's organisations – and, partly because of this, they became very powerful. The women were also large in number, very well organised, and they were effective political operators, and this too gave them power. The organisations gave thousands of women

training in politics, and some of these women became the first women elected to state parliaments.

So by the time Menzies came to form the Liberal Party in 1944, the women were an entrenched part of the scene and had to be part of the negotiations about the new party. In most states they negotiated to have Liberal Party delegateships reserved for women. Aside from this, women also took over other key leadership roles in the new party.

For his part, Menzies didn't need convincing that women had to be part of the team. He had worked with the AWNL for decades before the formation of the Liberal Party, and respected them greatly. He had also realised, well before the end of WW2, that the role of women was changing, and that this would have political ramifications. These factors came together to result in Liberal Party election campaigns in 1946 and 1949 that were, by today's standards, remarkably politically correct. The Liberal Party made an unprecedented pitch for the women's vote, and we all know how successful that was.

This is the basic outline of what is really a very rich political history. In some ways it is surprising to me that no one wrote it before.

My first inkling of the story came when I read Alfred Deakin's comments about the Australian Women's National League. He didn't hold back: he described the women's "spite, hatred, falsehood, vindictiveness, jealousy, envy and malice" – and he said a lot more than that too. Deakin's comments were originally confided in his diary, but later appeared in JA La Nauze's well-known biography. It was clear to me that Deakin loathed these women ... and I wondered why.

The most obvious answer was that they had done something dramatic to provoke him, but exactly what this may have been was unexplained.

A second starting point to the book was the knowledge that women from the Liberal Party's party forebears were the first elected to the House of Reps, and almost all of the state parliaments. There had to be a reason for this trend – but I'd not seen much written about *how* these women came to be elected.

And a third starting point was the well-known fact that women were instrumental in the formation of the Liberal Party. And in the days well before affirmative action, surely they would not have been at the table without good reason.

Liberal Women explains why Deakin was so worked up, and the organisational base that made Liberal women pioneers in almost all state parliaments. It also outlines the history and sheer power that brought women to the table with Menzies in 1944 and 1945. Because, in the first half of the twentieth century, Liberal women had a degree of political power and sophistication that was unprecedented.

The Liberal women's leagues had tens of thousands of members. Victoria's AWNL had 54,000 members in the middle of the First

World War – and it was only one of the women’s leagues. Too often, these women have been dismissed as just following how their husbands voted. Or they have been depicted as mere workhorses, who did the boring, admin work for political parties but kept out of the main game of politics, and knew their place. Nothing could be further from the truth. These women were practised political operators.

One way that we can see the political prowess of these women is through their battles with the men’s leagues over preselections. From the time of Deakin until the formation of the contemporary Liberal Party, the organisational wing of the non-labour forces usually consisted of clusters of supportive groups. The women’s leagues were part of these coalitions. Preselecting candidates was usually determined by a plebiscite vote of all members of the groups who lived within the relevant electorate. The women’s leagues eventually obtained preselection rights in every state, but not always without a struggle.

In Victoria, the women were part of preselections by 1906. This immediately led to disputes. Possibly the most protracted occurred just before WW1. The AWNL had a stand-off with Alfred Deakin for six months while they disputed whether his preferred candidate, Samuel Maugher, should be added to the Liberals’ Senate ticket. Deakin was unable to proceed without their nod. In the mean time, the whole ugly brawl was played out in the media. This flouting of his power, by a group of able opponents, was the main reason why Deakin disliked the women of the AWNL.

Another example of the women using their political muscle in relation to preselections occurred in 1929 in Queensland. The first woman elected to parliament in Queensland became an MP because the women of QWEL were fed up with being excluded from preselections by the men’s leagues. It was explained to them quite bluntly that they could not vote because if the women were added to preselections, they would have the numbers and could determine almost any preselection. In the end the women of QWEL rebelled and preselected their own candidate, Irene Longman. QWEL ran her campaign, she won the state seat of Bulimba, and so became the third Australian woman to be elected to parliament, and Queensland’s first.

Leaving aside these kinds of inter-organisational disputes – of which there were many – the professionalism of the women’s organisations also shows how credible they were. They were managed by elected office bearers and assisted by paid employees.

The employees were usually young women – such as Margaret Ogg in Queensland or Eleanor Cameron in Victoria – who were paid to organise canvassing, public meetings, and election campaigns. Often it was the women’s leagues who provided the backbone of an election campaign, for it was the women who printed pamphlets and how-to-

vote cards, organised canvassers and, in the days before compulsory voting, escorted voters to polling booths. The women's leagues used the media shamelessly, through interviews, letters, and statements. They were effective lobbyists. Through this kind of activity, they provided their members with valuable training and contacts – which is how members of Liberal women's leagues became the first members of state parliaments in WA, NSW, Queensland, and Victoria.

A significant part of *Liberal Women* concerns some individual women who were prominent as volunteer activists, or as pioneer members of parliament. Ivy Deakin, later Ivy Brookes, deserves particular mention. One of Alfred Deakin's strategies to neutralise the AWNL as an opponent was to set up another liberal women's organisation as its competitor. Deakin's daughter Ivy led this group. She proved to be more than able. Ivy Deakin was a competent public speaker, and wrote extensively about policy – her interests included:

- equal pay for equal work,
- the impediments to women being active in politics,
- how mentally disabled children should be educated,
- reform to the Children's Court, and
- trade policy.

In 1910, when Ivy Deakin was 27, the magazine *Melbourne Punch* postured that she was:

... a little too inclined to be too intellectual ... but she has her father's knack of getting into sympathy with her auditors, and this fault of the novice will soon disappear, Would it not be quaint if the whirligig of time saw the Prime Minister's daughter step into her father's shoes? Anything is possible in a democracy like Australia.

This was not to be. Ivy Deakin largely gave up her role in organisational politics when her father died in 1919, although she worked to help form the Liberal Party in 1944 and remained involved for decades.

Ivy Deakin was a great friend of Dame Elizabeth Couchman. Couchman was instrumental in the formation of the Liberal Party, but remains a fairly shadowy figure in most Liberal Party histories. As Gerard Henderson noted in his book, *Menzies Child*, she is yet to make an appearance in the *Australian Dictionary of Biography*. *Liberal Women* goes some way towards establishing a more complete picture of this very private woman's life.

Couchman was a long time member of the AWNL in Victoria and worked alongside Menzies for decades before the Liberal Party was formed. The two became great mates and allies, and this relationship was particularly important when the Liberal Party was formed.

Couchman is usually depicted as being content with a supportive role in politics – that is, being happy to be part of the party organisa-

tion, but not interested in standing for office herself. Some letters that I uncovered at the National Library show that this was not the case. Couchman sought preselection on several occasions, including her last attempt in 1940. She bitterly regretted missing out on a seat in parliament. One of Couchman's letters, written to a close friend in 1940, describes her horror at being beaten for a place on the UAP senate ticket by one vote.

She also describes the AWNL's outrage over this result, and how the women discussed whether she should run as an independent candidate for the Senate. Couchman didn't do this – instead she loyally stood for the safe Labor seat of Melbourne in the federal election of 1941.

But Couchman made it clear that the experience made her keen to establish what she called “a wider basis for the Party Council and a more democratic method of choosing the team. So perhaps my effort will not be in vain after all”. When the time came a few years later, she vocally backed Menzies' call to start a new party. She met some strong opposition to this within the AWNL but was successful in leading it into the new party. Couchman was also responsible for ensuring that women received 50 per cent of delegateships in the Victorian Division of the Liberal Party.

Liberal Women also puts a new slant on Robert Menzies.

I thought I had a fair working knowledge of Robert Menzies and his significance in Australian political history, but my view of him changed slightly when I undertook archival research for this book. Menzies' attitude towards women in politics showed a belief in gender equality that some might find surprising. He also showed a good deal of vision. Menzies saw early in the Second World War that the war would enormously change the role of women in society – and hence in politics, as voters and as members of parliament.

This is one reason why, by 1944, Menzies knew that women had to be taking a significant role in his new party. He said this very publicly, but he also backed it up privately. He used his considerable influence in the new party organisation to ensure that women had their share of delegateships. In fact, he privately gave the NSW Division a slap for initially failing to do enough.

Menzies was evidently comfortable with election campaigns that today, we would describe as politically correct. During the federal election campaigns of 1946 and 1949, there was a stark difference between how the ALP approached women voters, compared with the approach taken by the Liberals. The ALP seemed to see women's political desires and interests as a subset of their husbands'.

In contrast, the Liberals actually had a women's policy statement, and a major campaign promise (the extension of child endowment) pitched to women. They addressed women directly in all their

campaign material, and in some instances, women were the major audience for a campaign message. For example, in 1949 the Liberals promised to reduce industrial disputation. Their key campaign audience for this policy was women, as seen in several newspaper advertisements. One ad showed a picture of a woman accompanied by the question, “What will the Liberal Party do about strikes?” The answer began, “As the greatest sufferer from strikes, the housewife is vitally interested in the answer to this question.”

We all know that on election night in 1993, Paul Keating thanked the women of Australia for their support, having targeted their votes as a priority. But 1949 was really the first “women’s election”, when a political party made a successful pitch for the federal women’s vote, that was without precedent.

I don’t want the book to sound like a wholly triumphal account, where feisty women overcame all the obstacles placed before them and always won in the end. This wasn’t the case. Not all the women were winners. For instance, I’ve written about several Liberal women who tried desperately to win election to parliament, only to fail in the attempt. The story of how women were first elected to the South Australian parliament shows how ridiculous some of the obstacles to women were, and how shabby the treatment of women sometimes was.

It is a well-known irony of history that although in 1894 South Australia was the first colony to give women the right to vote in elections, it was the last state in which a woman was elected to parliament. There is no real consensus about why this was the case. South Australia was the home of the Australian suffrage movement but, typical of many of the nineteenth century social campaigners, South Australia’s suffrage leaders rejected party politics and the state parliament. And unlike other Australian states, South Australia did not have a strong liberal women’s league to provide political training for women. Nonetheless, the first three South Australia women elected to parliament were Liberals.

The first South Australian woman elected to parliament was Nancy Buttfield, who was appointed to the Senate as a Liberal Country League member in 1955 and served for nearly seventeen years. A few years later at the 1959 state election, two Liberal Country League women became the first two women elected to the South Australian Parliament.

Both entered the parliament in a dramatic fashion. Joyce Steele became the member for Norwood in the Legislative Assembly after successfully challenging a sitting member for his seat. Jessie Cooper became the first woman member of the Legislative Council. Her election occurred only a few days after the Supreme Court had

handed down a judgement in her favour, after the right of women to stand for election to the Legislative Council had been challenged.

The case concerned two women who had party endorsement to stand for the Legislative Council district, Central No. 2. Two sitting LCL members were retiring from representing a safe seat. It was inevitable that a woman would be elected, for both the ALP and the LCL endorsed women as the first place holder on their tickets for the election: Margaret Scott for the ALP, and Jessie Cooper for the LCL.

The legal challenge to the two women's right to be elected to parliament began in a sensational fashion one day before nominations closed, and three weeks before the election was to be held. Frank Chapman and Ernest Cockington applied to the court that the nomination of any woman who was standing for election should be rejected. Frank Chapman had been an unsuccessful candidate for preselection by the LCL, having lost to Jessie Cooper. During the court proceedings both the ALP and LCL endorsed a reserve candidate – a bloke – as a precautionary measure should the application succeed.

But they also announced that even if the case were successful, they would use legislation to overturn any legal barrier to women being elected to the Legislative Council. Chapman and Cockington obtained a provisional order in chambers on 16 February, and the matter was then set down for hearing from 19–25 February. The two men sought a ruling under the South Australian constitution that women were ineligible to sit in the Legislative Council, although it was not contested that they could sit in the Legislative Assembly. Orders were also sought to nullify their nominations by the ALP and LCL for seats in the Central No 2 District of the Legislative Council.

The Court was asked to direct the Returning Officer of the Number 2 District to reject the nomination papers of any women as a candidate for the Legislative Council, and if the number of male candidates was not greater than the number required, to declare those male candidates elected.

It was also requested that if proceedings were adjourned until the election day, the Returning Officer should be directed to provide ballot papers which did not provide the names of any female candidates. Not only was the matter heard only days before the election, it was held while some electors were already voting in the election. Postal votes had been prepared that included the women candidates' names, and these were being lodged as the case proceeded.

The crux of the applicants' argument was that Section 12 of the Constitution Act 1934-49, which referred to the qualifications for a person to be elected to the Legislative Council, used the masculine pronoun. Dr JJ Bray QC told the Court for the applicants that "by implication women were disabled from sitting. 'Person' in Section 12 must be confined to males".

The judgement was handed down on Monday 2 March. The Court declared that it had no jurisdiction to hear the matter, and that it was the role of the Parliament to judge the qualifications of its members. The Court however asserted that the Acts Interpretation Act made clear that the intention of the masculine pronoun should not be taken to preclude women from being elected to the Legislative Council.

The case generated considerable media coverage of the issue of women as MPs, in the run-up to an election. Jessie Cooper went on to spend 20 years in the Legislative Council. Joyce Steele was the LCL Whip between 1966 and 1968, and then South Australia's first woman minister when she was appointed Minister for Education in 1968, a position she held until 1970. She retired from politics in 1974.

I've given a very broad overview of what *Liberal Women* is about, and I've given some greater detail on only a few of the women and incidents that I've recorded. Overall, I hope that *Liberal Women* provides some valuable new material, that's been dug out of archives from around the country; and an outline of organisational political history that has not been recorded before now.

And I hope it places all this in its broader political and social context. The women that I wrote about were not working in isolation, nor were they some kind of adjunct to the big picture of politics of their day – they were very much an integral part of the big picture. But I also hope that *Liberal Women* provides colour and interest and personal detail that give some insight to the people behind this remarkable history.

FUNCTIONS - 2004



Photographer: David Karonidis



Photo - David Karonidis

Coral Bell

Coral Bell is presently a Visiting Fellow at the Australian National University, and a former Professor of International Relations at the University of Sussex. She began her career in international politics as a member of the Australian Diplomatic Service, then took to academia and research at the London school of Economics, the Royal Institute of International Affairs, Columbia University, the University of Sydney and the School of Advanced International Studies in Washington. Coral Bell is also the author of *A World Out of Balance: American Ascendancy and International Politics in the 21st Century* (Longueville Books). Professor Bell addressed The Sydney Institute on Tuesday 22 June 2004.

EXITS FROM WARS

Coral Bell

The most troubling and dangerous question facing the world for the next few years, or even decades, is likely to be that of finding an exit from the conflict with the jihadists. Not just from the war in Iraq or that in Afghanistan. They are in effect individual campaigns in a prospectively long-protracted conflict which is currently officially called the war on terrorism. I am going to call it the Jihadists' War because to my mind that is a far more accurate term for what faces the world for the foreseeable future. Many groups and movements have used terrorism as their strategy, but like the IRA and the ETA, they have had essentially local objectives. The jihadists are different. Their objective is global: nothing short of changing the power structure of the world and the nature and norms of the society of states.

The campaigns in Iraq and Afghanistan are of course, relevant to that objective, but the jihadists' war will not be over when those campaigns are over, either for better or worse. Some sort of stabilisation of both societies may with luck be achieved in due course: maybe short of democracy, but with at least constitutional governance, a prospect of economic improvement and the rule of law. We will then be faced with a much larger and more difficult question. How shall we find an exit from a struggle so deep-rooted in history, as the conflict with the jihadists? Against an adversary so amorphous and so difficult to locate?

Washington does not seem as yet to have even directed its collective mind to that problem. That is not surprising, considering the problems of the two current military campaigns and the preoccupations with elections. But the tenant in the White House next year, whether it is Kerry or Bush, will necessarily have to think about it. And there is one model to which, to my mind, his strategists and advisers could look for clues. That model is an earlier protracted conflict, won by the West about fifteen years ago, the Cold War.

There is, of course, one enormously important difference between the Cold War and the Jihadists' War. The Cold War was waged between sovereign states, drawn up in two alliances, NATO and the Warsaw Pact. In that respect it was a very traditional conflict. But it was not *fought* in the traditional way, nor did it *end* in the traditional

way. Such hegemonial struggles in the past, like World Wars I and II, or the Napoleonic Wars, have normally been ended by battle. The Cold War, by contrast, seems to have ended because the decision-makers in Moscow finally lost faith in what had been, back in 1917, a powerful revolutionary cause, with adherents all over the world, just like the jihadists nowadays.

Over the generations, the Soviet Union sickened and died of an economic, political and diplomatic malaise, and its constituent societies mutated back into Russia and fourteen other republics. But while that was happening, Soviet soldiers still stood from the centre of Germany to the far reaches of Afghanistan, and still had more tanks and heavy artillery than NATO. So no Waterloo, no surrender of the armed forces, no peace treaty. As a NATO general said at the time “the enemy just evaporated”.

That, to my mind, is the model we may hope for, in time, with the jihadists. A gradual dwindling or fading away towards the acceptance of peaceful co-existence with the West, and most importantly with the governments of Muslim countries, who are the most vulnerable members of the society of states in this protracted conflict.

I am of course conscious of the many differences between the Cold War and the present conflict, but let me sketch some of the parallels:

1. Both are hegemonial wars, that is struggles about the order of power in the world, fought, or to be fought mostly by non-military means. Both also are or were “wars of doctrine”.
2. The Cold War lasted 43 years as far as conscious Western confrontation was engaged, 1946-1989. But the underlying struggle had begun in 1917, so in all 72 years. We will be lucky if the present conflict is any shorter than the Cold War. But, similarly, the underlying conflict began much earlier than the conscious Western engagement, perhaps as early as 1979, or even 1956.
3. In both conflicts, the whole world is the battle-space, but some areas are more strategically vital than others. In the current conflict, probably Saudi Arabia and Pakistan. In the Cold War, Central Europe and North-East Asia.
4. In each protracted conflict there have been two actual military campaigns, Korea and Vietnam in the Cold War, Afghanistan and Iraq in the Jihadists’ War.
5. In both conflicts, the first of the two military campaigns was a “war of necessity”; the second was a “war of choice”. In both, those wars of choice, Vietnam and Iraq, proved diplomatically disastrous for the US policy makers concerned.
6. In both, a radical group in Washington pushed for more assertive policies than either domestic opinion or the diplomatic consensus would support. For Iraq that group was the neo-conservatives, for the Cold War it was called “The Committee on the Present

Danger". A few officials have been long-serving enough to be in both.

7. In both conflicts, the "domino concept" made its misleading appearance, alleged to be the other side's strategy in South East Asia, and actually the neo-cons strategy for the Arab world in the current conflict. (Iraq was seen as the first domino, whose toppling would produce knock-on effects throughout the Arab world. Thus it was the true Washington rationale for the Iraq war).
8. The jihadists believe that they must prevail because Allah is on their side. The revolutionaries of 1917 believed they must prevail because history was on their side.

My reason for citing those parallels is the hope that they may lend backing to what otherwise might seem an unconvincing hypothesis: that the strategic concept which won the Cold War for the West may also be the best option for the Jihadists' War. That concept was "containment": suggested by George Kennan in 1946, put into operation by Dean Acheson with the solid backing of his President, Harry Truman, and a good deal of help from Churchill, Attlee, and Bevin in Britain. So it was the first phase of the postwar strategic consensus between the US and the UK. Tony Blair's policies are of course the current phase. But that strategy was ostensibly discarded by Bush in favour of the strategy of "pre-emption" in 2002.

The basic objection to that argument is that the geographical model of containment — (the lines drawn in central Korea and in Central Europe) can have no equivalent in a conflict waged by and against a world-wide network of terrorist cells many of them in the great cities of the West. That is obviously true. Those cells are or can be largely autonomous and largely self-financing. (The jihadists don't give up their day jobs.) Groups like al-Qaeda and Jemaah Islamiyah are not the whole problem nor are leaders like bin Laden. The problem would be far less daunting if they were. The true difficulty is that the rage motivating the jihadists stems from many historical and sociological roots, some recent, some very ancient. The recent ones include, obviously, the invasion of Iraq, the stationing after the First Gulf War of "infidel troops" in Saudi Arabia (now removed), the conflict in Palestine and Bush's backing of Sharon. As far as the Arab world as a whole is concerned, there is the sense that it got a very raw deal after the First World War. For Iran, there are still resentments over the CIA coup that restored the Shah to power in the 1950s, and the events surrounding his downfall in 1979.

It must be remembered moreover that for a thousand years, from the late seventh century, soon after the time of the Prophet, until the late seventeenth century, when the Ottomans were turned back from the gates of Vienna, Islam was the great rival and challenger of the West. The next three centuries, by contrast were a time of

its misfortune and decline. By the aftermath of World War I, every Islamic society except Turkey was a fiefdom of some other power — Britain, France, the Soviet Union, Holland, even China, in Xiang-kiang. Muslim intellectuals, especially Arabs and Iranians are keenly conscious of all that, particularly those who have lived in Western societies, like many of the leaders of the jihadists.

If, as I implied earlier, the challenge which produced the phase of conscious Western confrontation with Moscow in the Cold War really began in 1917, similarly the challenge which produced the current phase of conscious confrontation with the jihadists (only since 2001) actually began for them much earlier, at least as early as the attack on the Marine barracks in Lebanon in 1983, or the first attempt to blow up the World Trade Center in 1993. The great oil price hikes of 1973 and 1979 meant that Saudi Arabia was for a time rolling in dollars, which it used to finance radical mosques and madrassah or pesantran schools which propagated the doctrines of Wahhabism, which is particularly fundamentalist and austere. The Saudi regime has lately been caught between a rock and a hard place: the rock of the US alliance, and the hard place of the Wahhabi religious establishment, insisting that its norms and doctrines be upheld and propagated not only in the Kingdom but abroad. The Saudi government is now much more conscious of its own dangers, and more strapped for cash so that relationship is changing quite fast. But we cannot be sure of what the outcomes of that will be.

The many resentments and grudges against the West which stem from the distant past, and which are so powerful in the Arab world particularly, are not nearly so strong in our parts of the Muslim world, Indonesia and Malaysia. Islamic parties do not do particularly well at the elections there. But every new episode of what Muslims can construe as Western aggression against Islam, like the invasion of Iraq or the wall going up on West Bank land in Palestine, help ensure that the flow of jihadists world-wide does not diminish. Rumsfeld and Sharon have been their best recruiting sergeants.

In just about the entire developing world, especially Muslim countries, it is taken for granted that US concern with Iraq is “all about oil”. But it is difficult to see any advantage to the average American in that respect from the war in Iraq. Wars and crises always produce spikes in oil prices. That is damaging to the US consumer, whether it is heating-oil in winter or petrol in summer. Bad also for the US economy; high oil prices slow growth and can produce recessions. Contracts for Halliburton can hardly offset those costs. The control of oil-contracts is still with the Iraqi government, but the efforts of the jihadists to disrupt production and exports are bound to have some successes. Pipelines are very vulnerable.

One final factor must be mentioned, the Soviet invasion of Afghanistan, which made bin Laden the “poster boy” for jihad, because of his role in leading and financing the resistance. The later Soviet withdrawal convinced his followers that they had defeated one of the superpowers, and could therefore defeat the other, the US. Naturally they do not these days mention the considerable help they got then from the CIA, in funds and Stinger missiles. Neither does the CIA.

To get back for a moment to my comparison between the two military campaigns of the Cold War, Korea and Vietnam, and those of the current conflict, a rather paradoxical comfort may be seen in their outcomes. Both were quite disappointing. Korea was at best a stalemate, leaving the lines of confrontation much as they had been, and leaving the Northern tyrant in power. Fifty years on, there has not even been a peace treaty. Vietnam seemed even worse in 1975: an unmitigated defeat. Yet despite those military disappointments, the West won the overall conflict, the Cold War. And “won big” as they say in the US, because there is no victory more convincing than the disintegration of the adversary

So why did the West win that protracted conflict, despite its two military disappointments? Ronald Reagan was given a lot of the credit in his recent obits, but I would argue that the true foundation of victory was laid a lot earlier, right at the beginning, in 1946, in the long-term strategy then adopted, and fairly consistently maintained, that of “containment”. A bit later it was joined by the concepts of nuclear deterrence and mutual assured destruction, but they are both now so obviously irrelevant that they do not seem to merit discussion.

Containment might seem irrelevant also if one were restricting its meaning to the military deployments holding lines in central Europe and central Korea. But that was not how the originator of the strategy thought it should work. He had in mind mostly economic and diplomatic manoeuvres, along with intelligence operations, as counters to Soviet pressures at shifting points all over the world, and was later indignant at what he regarded as the undue militarisation of his concept. It is Kennan’s original version of containment that seems applicable to the jihadists’ campaign. It was indeed somewhat under way until Bush became determined on regime change in Iraq.

Some of that original strategy has survived, despite the rhetoric about pre-emption. The jihadists’ economic strength is being sapped by blocking the main sources of funds, especially those from Saudi Arabia. Their chances of acquiring weapons of mass destruction are being blocked by cutting off the flow of “know-how” and perhaps fissile material from Pakistan, and by the US counter proliferation program in general. The current diplomatic pressures on North Korea and Iran may help that along. Over the longer term, as governments like that in Indonesia become convinced of the dangers to their own

security (or even survival), it may with difficulty be possible for them to exercise some restraint on the sermons in radical mosques. The Saudis are already a good distance along that road, since the attacks in their own territory stepped up. But that is certain to be a very slow process, and has to my mind been delayed by the misbegotten war in Iraq. Bush seems to me to be likely to go down to history as the classic case of a President who listened to the wrong advisers. Truman, at the beginning of the Cold War, by contrast, was a President who listened to the right advisers.

That brings us to perhaps the most controversial question recently under debate: the relationships between the chief decision-makers (Bush, Blair and Howard), their policy-advisers and the intelligence agencies they must listen to. Three enquiries — here, in the US and the UK — have all more or less cleared the decision-makers and the policy-makers of “sexing up” (in the BBC’s phrase), the intelligence which officially formed the basis of the decision to go to war. But acquiring and interpreting intelligence from the relevant quarters in this long-term conflict still seems to me to be the Achilles’ heel of the West, now and in the foreseeable future. The jihadists did not by any means conceal their intentions before 9/11. The cleric who had previously inspired the first effort, in 1993, to blow up the World Trade Centre, was quoted, almost eighteen months earlier (“America and the New Terrorism” in *Survival*, Spring 2000) as enunciating an almost explicit direction to try again: “do jihad with the sword, with the canon, with the grenade, with the missile ... to break and destroy the enemies of Allah ... their high world buildings ... and the buildings in which they gather their leaders”. That is, the World Trade Center and Washington. Only the time and manner of the strikes were left in tactical obscurity.

The trouble in the system as a whole, as the Vice-Chairman of the US 9/11 enquiry (Lee Hamilton), put it was a “failure of imagination”. The policy-makers just did not believe that the jihadists could put their often-proclaimed ambitions into operation. Having underrated that danger so disastrously, the intelligence services of most of the world seem to have, in compensation, overrated the alleged danger from Saddam’s alleged weapons of mass-destruction. I am inclined to put that piece of “group-think” down to a sort of collective case of post-traumatic stress disorder. But one not-yet fully-explored element in that is the precise role of Ahmed Chalabi and his band of fellow-exiles in passing information to the Pentagon. They wanted to go back to Iraq in triumph, and knew that their only chance of doing so was in the baggage-train of the US forces. So, it would seem, they told Rumsfeld what he wanted to hear: that the campaign would be “a cake-walk” for his new-model army, and that Saddam had lots of WMD stashed away from the inspectors, just waiting to be discovered once the troops were

in. But, of course, those illusions could not long survive the actual experience of Iraq after the first few weeks. Chalabi is now, though not arrested yet, still apparently suspected of having been a double agent for Iran, and charged by the new Iraqi government with a whole list of criminal offences, including counterfeiting the currency. If a plausible case can be made that the US was conned by an agent of the Ayatollahs into pulling Iran's chestnuts out of the Iraqi fire, it will sink many Washington reputations deeper than the Titanic.

A large effort is now being made in Washington to reform the intelligence community. A new director of the CIA has been nominated, and there is also to be a Director of National Intelligence with some authority over all fifteen of the intelligence agencies. But it is not clear how many of the present proposals will survive the election, even if Bush does. In Kerry's acceptance speech, he made specific the point that "the US must not go to war because it wants to, only because it has to". That would rule out pre-emption as a motive for war, and thus reduce the importance of intelligence reports as a rationale for war, as they were in the Iraq case.

That should to my mind restore "containment" as a primary strategic concept in dealing with the Jihadists' War. It may take even longer to produce results than in the Cold War, but as in that conflict, the level of risk may be reduced as it was after the Cuba missiles crisis in the Cold War. The element of surprise, which was so important in the trauma of 9/11 has been lost, and the failure of imagination which was criticised in the 9/11 report has perhaps been corrected.

The final collapse of the Soviet Union was as little expected as 9/11, except by George Kennan, the original architect of containment, who wrote, way back in 1946, that a "long term, patient, but firm and vigilant" strategy of containment would lead in time to "a mellowing or erosion of Soviet power". In the time of Gorbachev, after 1985, we did see both mellowing and erosion. We need not despair of something similar in the case of the jihadists. Erosion seems to me to be already taking place to some extent with the winding up of the bases in Afghanistan, the shutting-down of sources of funds, particularly from Saudi Arabia, and the rounding up of jihadists in many cities through global intelligence operations. Mellowing is a much more distant hope, but the form it might take is the reassertion of the more moderate interpretations of Islamic doctrine, diminishing the constituency of young men who at the moment listen to the appeals of the radical clerics. That will mean educational and sociological change in Muslim societies, but now that the dangers they face have become clearer, their incentives to move in that direction are much stronger. It will be a slow process, but so was the one which finally produced success in the Cold War.

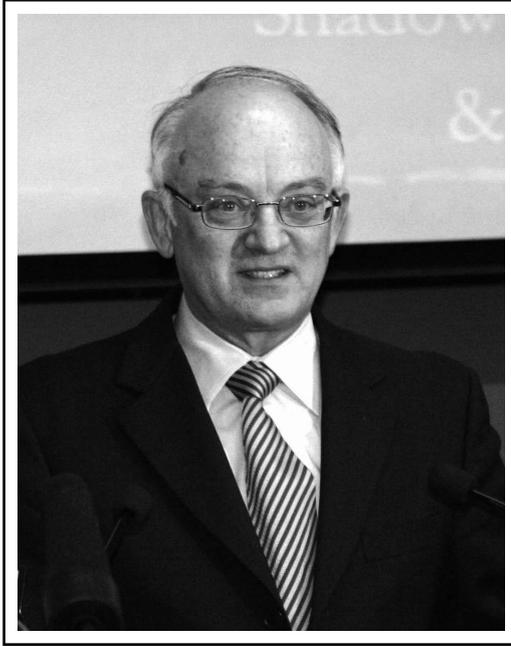


Photo - David Karonidis

Bob McMullan

The Shadow Minister for Finance and Small Business, Bob McMullan, addressed The Sydney Institute on Wednesday 30 June, 2004. Bob McMullan said he believed Labor would win the 2004 federal election if it could convince the electorate it was capable of good economic management. As he told the media in late June 2004, at the time of Labor's support for government changes to the PBS: "We need to be able to make it clear to Australians that we can fund major, positive programs about health, about education, about families and children and still keep the Budget in good order so that we put downward pressure on interest rates."

THE PLACE OF

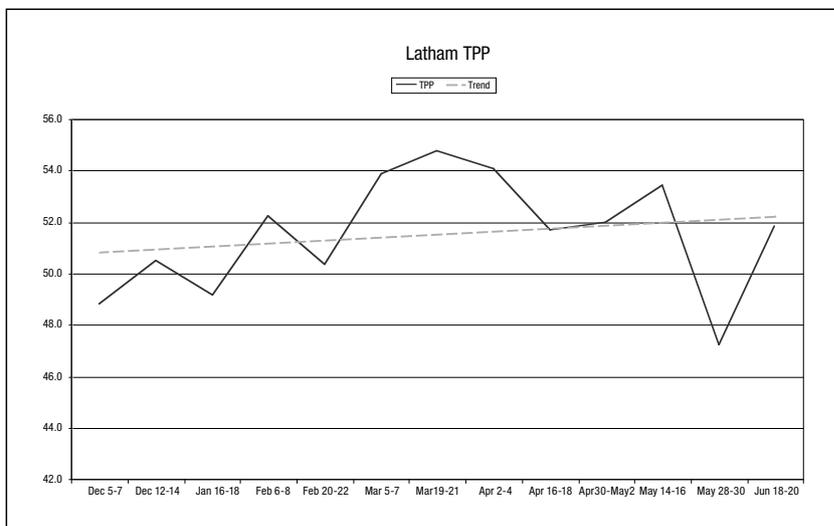
ECONOMIC MANAGEMENT IN THE 2004 ELECTION

Bob McMullan

The 2004 election is evenly balanced. Notwithstanding recent gyrations in the published opinion polls, when the clutter of the inevitable volatility generated by the laws of probability is removed, it is clear that both parties are in a position from which they could win and neither party is out of the contest.

There will be many issues and many motivations for voting in this election as in all others. However, at its essence, the election is a contest between a Labor Opposition advocating the need for a fresh approach to Australian politics and new ideas to Australian social and economic problems and seeking to contrast itself with a “stale” government which has run out of ideas versus the Coalition seeking to portray itself as safe and the Opposition as “risky”.

Initially, the Government would have hoped to be in a position to present its credentials for safe hands and safe management in both



international relations and economic management terms. As Iraq has become more and more evidently a quagmire and intelligence failures and cover-ups proliferate, the opportunity for the Government to portray itself as the safe alternative on international issues may prove to be significantly weakened.

This has led to the recent focus on economic management and the attempt by the Government to position the Opposition as inexperienced, unqualified and risky in terms of economic management. If qualifications in economics account for anything, and some people might suggest they do not, then a recent survey of the Parliamentary Handbook suggests the Labor Frontbench has eleven members with economics, commerce or MBA qualifications while the Government has only five. The principal economic portfolios are held in Opposition by Ministers with previous experience in the Treasury portfolio, experience in Cabinet and experience in relevant senior economic portfolios. An experience not shared by any incoming Government since 1949.

Recognition of the attempt to portray us as risky on the economy is the reason that we have put great emphasis on prudent economic management and have articulated some important rules for fiscal rigour. These rules have been misrepresented or misunderstood, but they are potentially an important part of our story about the economy. I also believe that there are some long-term economic trends in Australia which are being ignored. These may not affect the election but, the outcome of the election will affect how they are handled in future.

To understand the economic management issue in any context, including an election context, it is important firstly to look at the state of the economy. Australia is enjoying the fruits of more than 10 years of continual economic growth generated by economic reforms of the 1980s and 1990s and a remarkable turnaround in our terms of trade. We do, however, face significant challenges and I regret to say that we face them with significant complacency.

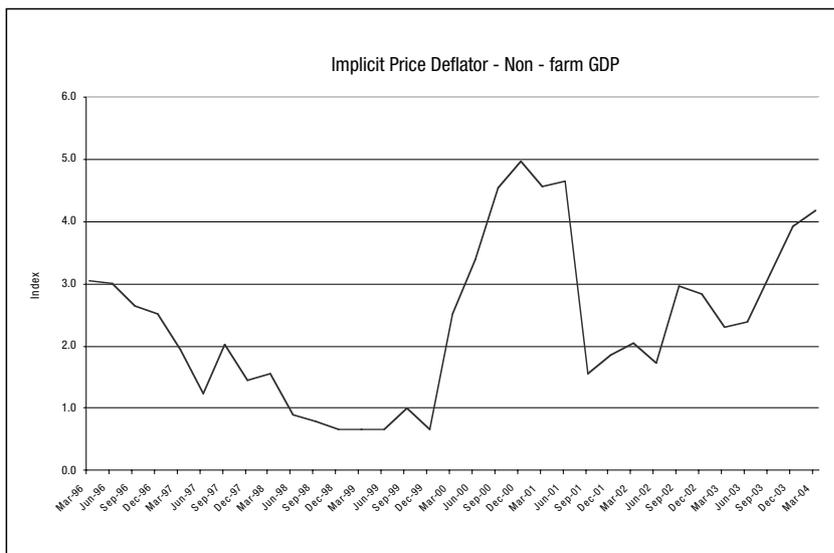
There are some signposts on the road to the economic future for Australia which are flashing amber at the moment. For example, consider the following combination – the implicit price deflator for non-farm GDP has been rising since the middle of 2002 and is now above 4 per cent and the quarterly figures suggest that it will stay above 4 per cent for at least some months into the future.

Equally, non-farm GDP growth has been falling since the end of 2002 and is now growing at an annual rate of just over 2 per cent and the quarterly figures suggest that it will stay below 3 per cent for some time.

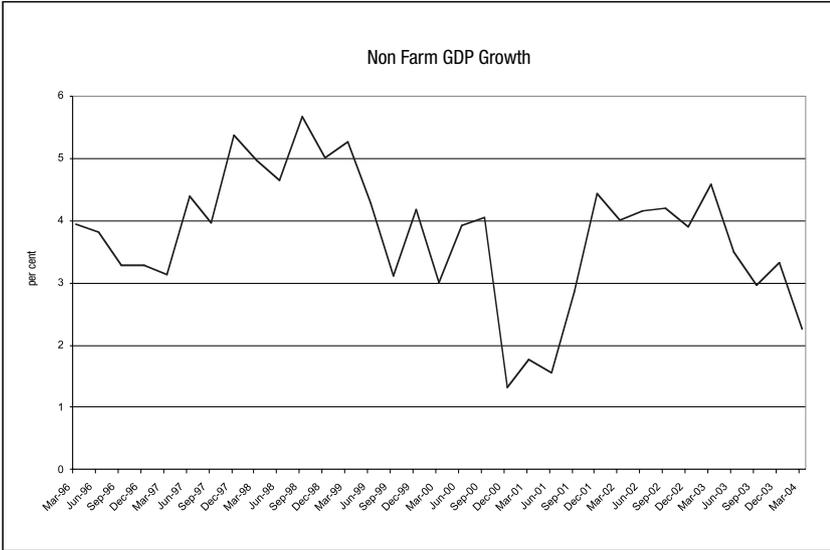
The long term trend for a decline in our terms of trade has, in a very welcome way, been reversed. But this welcome reversal is hiding

some fundamental imbalances in our international performance. If the terms of trade had continued to decline in the manner they have in most of Australia's economic history, our trade position on the current account would be not just bad but disastrous. In addition, Macquarie Research Economics recently published an interesting analysis of three risks to the Australian economy all of which need to be taken seriously. They relate to the oil price, the possibility of a slow-down in the Chinese economy and collapsing house prices.

It is clear that these are challenges which we may need to face. Any reasonable economic manager must be looking at these issues. For example, we cannot foresee the implications of the instability in the Middle East for oil price spikes which would reinforce potential underlying inflationary pressures. Similarly, while I have a long term, very positive view about the Chinese economy, temporary measures taken recently could lead to a slow-down which Macquarie concludes could lead to Australian growth declining by around one percentage point.

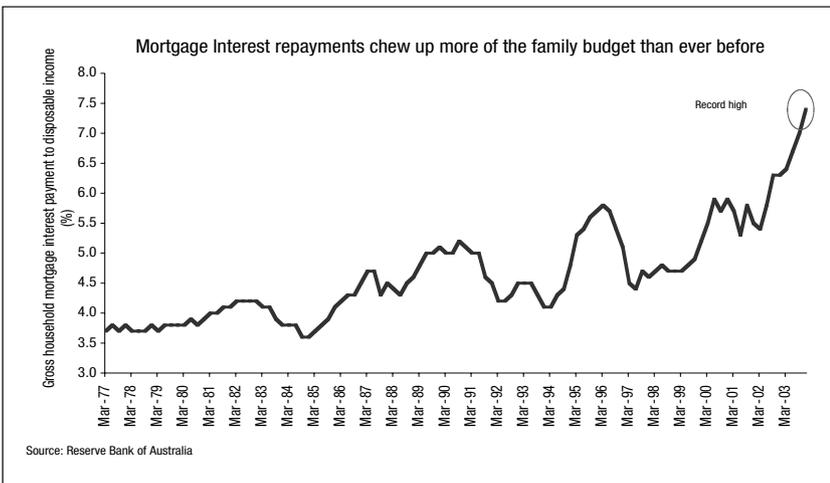


While Macquarie is less concerned about the broader consequences of housing price changes, it is salutary to recall that Shane Oliver from AMP used the dreaded “crash” word recently when talking about some aspects of housing prices – “Inner city apartments in Sydney and Melbourne are likely to experience a crash given their over supply problems..” The respected *Economist* magazine where I recently had the pleasure of an interesting lunch in London has, for



some time, been warning of serious consequences of the imbalances in the Australian housing market. In addition, the home loan affordability numbers are alarming in a social sense.

Housing has produced worrying indicators for over two years now – without any response from the government. This is a surprising lack of reaction, given that housing affordability affects everyone – home owners, prospective home owners and those people who struggle to find and keep a roof over their heads in the first place. For home owners, there is little doubt that their asset base has been



Source: Reserve Bank of Australia

greatly enhanced by the housing bubble. But we should bear in mind that average house prices relative to household income have almost doubled and that average monthly payments on new loans have increased by about 50 per cent – or about \$500. Many low income earners are under considerable “housing stress”, with over 400,000 low-income households paying more than 30 per cent of their income in housing costs.

Since the first half of 2002, housing affordability has been plummeting, and the proportion of first home buyers in the market has dropped by about 30 per cent and is at its lowest level for 10 years. And it’s often forgotten that over 60 per cent of first home owners earn less than \$50,000 per annum, so these families – who are struggling to get into and stay in the market – will not receive a single cent from the Government’s tax cuts. The housing affordability crisis has also hit those people who rely on community and public housing. Access to low rent homes has deteriorated and emergency refuges are turning away an average of 100 families each night.

While property booms in the cities have created an over-supply of rental housing at the top-end of the market, the stock of low-rent dwellings has not risen. This situation is not expected to improve, unless a concerned government is prepared to act. In fact, dwelling investment is forecast to fall in 2004–2005, further squeezing out low-income households.

While many analysts seem to be in agreement about the nature of the downturn (all other things being equal), there are plenty of pointers in the fundamentals which point to a long term decline in the value of housing which will have broader impacts for the economy.

A decline in the housing sector will undoubtedly impact on consumer spending, which has been responsible for about a quarter of the 4 per cent average growth rate over the last 5 years. AMP estimates that a 15 per cent fall in housing prices (not an unreasonable figure given that many estimate over valuation of housing at about 30 per cent) would reduce GDP growth by about 1.2 per cent p.a.

These are all issues which I believe have not been significantly factored into Government thinking in the current air of denial and complacency in the lead up to the election but which whoever is elected will have to face.

However, it is clear that notwithstanding these medium term challenges and some longer term indications that Australia is slipping down the international ladder on issues of great significance to our long term growth prospects, the Budget papers make it clear that we can look forward in all reasonably foreseeable circumstances to three more years of economic growth. This is what underpins the budget pledge which Mark Latham and Simon Crean have given. On the

basis of all the Government economic forecasts and the forward estimates, our budget pledge is actually quite straightforward.

The Labor Party is committed to reduce tax as a percentage of GDP over the three years of our first term. Given the level at which tax revenues are flooding into the Commonwealth, particularly when the GST is properly recognised as a Commonwealth tax, this is actually a very modest commitment. Certainly, in the context of offering broader and fairer tax cuts and superannuation tax cuts, it is a pledge which follows logically from our overall policy framework.

	Actual 2002-2003	Estimates 2003-04	Estimates 2004-05	Projections 2005-06	Projections 2006-07	Projections 2007-08
Revenue (\$b)	175.0	186.2	193.2	201.4	212.2	223.1
Per cent of GDP	23.2	23.0	22.5	22.2	22.2	22.1
Expenses (\$b)	169.2	183.1	192.3	200.6	210.0	220.9
Per cent of GDP	22.4	22.6	22.4	22.1	22.0	21.9

(Appendix A, 2004-05 Budget – Overview, Page 24)

Similarly, on the outlays side, the expected level of economic growth makes it reasonable, in fact probable, that spending as a proportion of GDP will not grow.

It is hard to imagine that in a 3-year term following a \$52 billion spending spree, an incoming government could not find sufficient capacity to reallocate the waste and wrong priorities reflected in the Government's massive spending program to fund even the most ambitious of social programs.

Recent events have shown that we are not only re-examining government commitments to allocate funds to priority purposes we are also reviewing our own previous commitments. Having done so, we have isolated one major change which we needed to make to ensure that funding of our ambitious social program is consistent with our economic responsibility commitments. This has led us to make and announce the decision to change our position with regard to the Pharmaceutical Benefits Scheme.

This is only the most recent example of the tough decisions we have had to make. Australians will start to see very soon some of the commitments we have been able to make as a result of the rigorous application of our spending priorities. I am confident that when people see the balance of the program, those things already announced and those to come, they will see that working families and low to middle income earners will have their needs and interests protected and advanced by a Latham Government – notwithstanding the need to continue to make tough decisions in the interests of good economic management. Nobody ever deserved the respect or support of voters without being prepared to make tough decisions. It is a necessary pre-condition to being ready and able to govern. A former French

Prime Minister, Pierre Mendes France summarised it as “gouvernir et choisir”, that is, to govern is to choose. And we are ready and able to make those choices. This is why we are confident we can fund our major social programs from within the existing pattern of forward estimates which reflect a declining percentage of outlays to GDP over the 3-year term.

This leads to the third element of the budget pledge the commitment to budget surpluses over the three years of the next term. Writers like Fred Argy have effectively and correctly criticised the surplus fetish which has emerged in Australian public economic debate. Basic economics make it crystal clear that there are times in the economic cycle when one should run surpluses and times when one should run deficits. As Ric Simes said in a recent *Financial Review* article:

....policy should allow fiscal policy to be applied in a countercyclical fashion. In practice, this has not been the case. Policy has become mildly pro-cyclical (or as leading economist Joe Stiglitz has termed it for Europe, “automatic destabilising”). For example, the three Budgets between 1999-00 and 2001-02 all injected considerable stimulus when, based on the forecasts at the time, they should have been neutral or slightly contractionary.

However, current economic forecasts make it clear that if one believes, as I do, that over the full range of the economic cycle, the Government should run a balanced budget then, logically, the sort of economic growth we can expect over the next three years should justify the Government running a solid surplus in each of those years. There is nothing in the forward estimates to suggest that a socially responsible program can't be funded within the existing revenue of the Government. After all, the surplus this year is not driven by frugality in spending but by massive revenue flows.

The fourth element of the pledge – the commitment not to increase public sector debt – follows to some extent from the first three elements of the pledge. Many critics of our pledge argue that there has been a flawed approach to consideration of public debt. That is true. But that no more argues for more debt now than for not borrowing when we need to. It is necessary in considering public sector debt to realise that Australian public sector debt has never been high by international standards in recent times.

In March 1996, Australia's debt to GDP ratio was approximately 19 per cent. Well inside the prudent recommendations of the Maastricht Treaty or the prudent level set by Gordon Brown as a reasonable debt level for the United Kingdom. It has now fallen to three per cent of GDP.

From a budget reporting and accountability perspective, getting the debate focused on net worth instead of net debt would be a big improvement. By focusing on the balance sheet as a whole, it might

not make so much sense to sell off assets to pay off debt, or focus policy efforts purely on debt while liabilities have grown in excess of 35 per cent since 1996. Absurdly, the debt debate took us to a precipice where there has been legitimate concern raised about the future of the bond market.

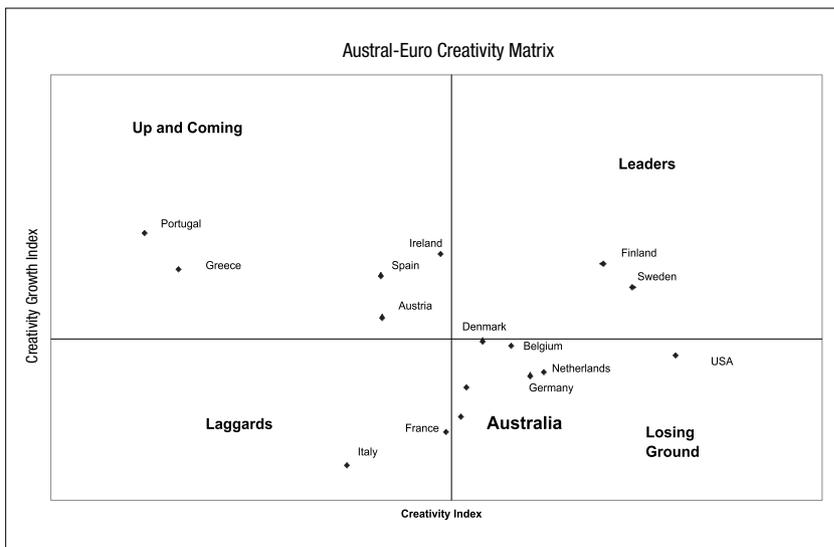
The Opposition has formed the view, which I hold strongly, that the bond market is an important institution which needs to be maintained. If we are going to run surpluses and maintain a bond market, then any Government needs to make sensible decisions about utilisation of the surpluses being generated when it is no longer appropriate to use the surplus to reduce the volume of bonds on issue. Of course, these surpluses will still have a positive impact on government net worth – a more significant measure, whether they are invested or used to pay off debt.

This is where the intergenerational fund comes in. It follows logically and inevitably from the contemporary view about the case for maintaining a bond market while running surpluses. Simes and Gruen have published significant work to show how much better a return the Commonwealth will get from an actively managed investment portfolio as against passive investment of more than long term trend requirements on deposit at the Reserve Bank. They argue that a suitably diversified basket of assets could be expected to yield average returns of at least 2 percentage points over bonds over time. Thus, for every \$10 billion the government held in such a diversified portfolio of assets would gain on average at least an extra \$200 million per annum.

Looking beyond these short medium term issues, a major long-term issue which needs to be addressed is the emerging issue of the importance of creativity in twenty-first century economic success.

The issue of creativity and its contribution to the economy appears to be more widely discussed in the United States and Europe than it has been in Australia. For example, Richard Florida's work in this area examines the contribution that his so-called creative class have made to the social and economic trends which are shaping modern America. And when he talks about the creative class, he includes all those who include creativity in their day to day work, such as scientists, engineers, architects and teachers. However, it appears Australia is slipping in this area as recent research which I commissioned to get an Australian perspective on the work of Richard Florida in this area illustrates.

Australia has slipped down the rankings for investment in knowledge and total spending on research and development. Business spending on R&D has improved since the 1980s. However, it still ranks at about half the level spent by high achievers such as the USA, Germany and about a quarter of that of Sweden. From a labour

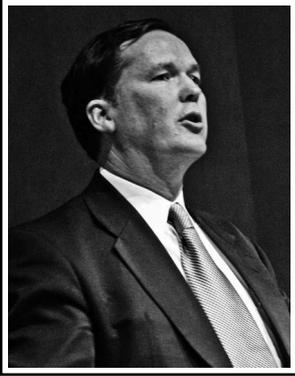


force perspective, however, Australia produces higher than average researchers per 10,000 in the labour force.

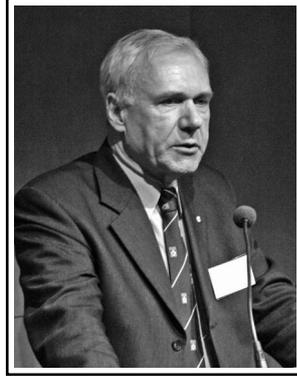
We are slipping because of complacency in the same manner that we slipped from the richest country in the world to number 16 during the period from the turn of the last Century to the 1980s. We were complacent. We thought we would be successful forever and we slowly and comfortably slipped down the global ladder. If we don't do anything about engendering greater creativity, we will repeat the same mistake.

I believe the commitments the Labor Opposition has made and the fiscal rules we have set for ourselves suggest that we are well placed to meet the challenge of being responsible economic managers as well as convincing the Australian electorate that they should trust us in this vital policy area. There will be no more massive interest rate hikes under a Latham Labor Government. That is an approach from a bygone era. We would certainly begin with a more qualified and experienced economic management team than any incoming government for decades. We are experienced. We are qualified. We have got the structure and processes in place. We have the freshness of leadership to drive the changes that a successful twenty-first century economy will need. The political challenge is to convince Australians of these facts.

If we can win the challenge of establishing credentials as safe, responsible economic managers, we will win the election.



Tony Coleman



Graeme Pearman

Photo – David Karonidis

Tony Coleman, Chief Risk Officer and Group Actuary for Insurance Australia Group, and Graeme Pearman, Chair of Sustainability Science at Monash University, addressed The Sydney Institute on Monday 5 July 2004, to launch the Australian Climate Group’s inaugural report, “Climate Change – Solutions for Australia”. The Australian Climate Group was convened in late 2003 by the World Wide Fund for Nature and Insurance Australia Group in response to the increasing need for action on climate change in Australia. The full report is available at both www.wwf.org.au and www.iag.com.au

CLIMATE CHANGE –

SOLUTIONS FOR AUSTRALIA

Tony Coleman

The Australian Climate Group has brought together the views of both representatives of business and the scientific community. It was formed about nine months ago in response to a need we saw for the community, to be better informed about the risks associated with climate change and, importantly, what can be done about it.

Climate change does represent a significant threat to our community. It can actually kill people. There were severe heat waves in Europe in August last year and the official French government estimate is that 11,500 people died as a result of extreme heat in that month. Climate change can also cause quite devastating droughts, which has major implications for our agricultural industry. It is quite likely to do very serious damage to the Great Barrier Reef, to the Kakadu National Park and to Australian ski fields. Apart from losing the icons represented by these sites, the significant number of jobs supported by the tourism industry in these locations are also at risk.

Climate change is a serious threat, but it's not yet too late for us to act. Certainly one of the things we want to talk about is what can be done about climate change. And what I'm talking about here is climate change which is directly associated with global warming, and global warming which is directly related to the increased emission of greenhouse gases into the atmosphere. The science around that process is now very well established.

Australia's greenhouse gas emissions essentially come from two main sources – coal fired power stations being a dominant source and transportation, the burning of fossil fuels in cars and trucks. So why is an insurance company interested in this subject, you might ask?

Essentially it's because climate change is predicted to increase the risks associated with a lot of the things we insure, particularly increasing frequency and severity of weather related events. It's likely to increase severe storms, heavy rainfall and floods, increase both the number and intensity of cyclones in cyclone prone areas, such as coastal Queensland, and extend droughts, which of course lead to bushfires.

If you look at our recent history, one of the worst and longest droughts in Australia's history occurred in 2001/2002. It is no accident that there were also significantly higher temperatures in the areas affected by that drought during that period causing higher rates of evaporation, which means that water lying on the ground doesn't last nearly as long and the drought gets extended. Of course that also leads to bushfire risk and we all know what happened in Canberra in January 2003.

We've done a lot of work looking at the detailed causes and behaviour of hailstorms in Sydney that follow a very definite pattern. It turns out that the incidence of hailstorms in Sydney is directly related to the temperature of the sea off the coast of Sydney. Slight increases in the temperature of the sea off Sydney causes more humidity, which is the basic feedstock of hailstorms when the right atmospheric pressure comes along. So higher temperatures with global warming are likely to lead to more hailstorms in Sydney. As storms increase in severity, we will start to see significant increases in damage due to higher wind speeds. Problems start occurring over about 50 knots. Damage goes up about six times just if the peak wind speed reaches 60 knots compared with 50 knots.

There's a very critical threshold there. Basically, buildings start falling apart, roofs start blowing off, trees start falling over onto cars and buildings, the damage multiplies dramatically. So more severe storms means a lot more damage in the community. From an insurer's point of view, of the 20 largest historic insurance events in Australia, 19 of them are due to severe weather events. The only one not weather-related was the Newcastle earthquake. The largest event was the April 1999 Sydney hailstorm, which was a \$1.8 billion event. So the numbers we're dealing with are not small.

As a professional risk manager and actuary, I often see the results of failure to mitigate risks in my work. Some risks are worse than others, appearing harmless at first, but ultimately they can have a devastating impact if they're not addressed quickly. I believe that climate change is one such risk. A parallel if you like, is the serious health risks that were associated in the past with both the use of asbestos and tobacco which were denied for many years, often by vested interests. The truth was finally realised and their impact on the lives of people today is well known.

The view of the Australian Climate Group is that climate change is another risk not unlike those two, which needs to be mitigated and we need to start taking action against it now. But we also need to recognise that there are opportunities here as well as threats. In particular, opportunities for new businesses and new markets, and particularly in Australia's case, in Asia. There are some huge markets and huge demands for energy in places like China and India as their

economies develop. There are lots of opportunities if we get the right technologies in place in Australia to be able to export into those situations.

I'll share one very simple example. Recently the largest cement company in Indonesia announced a project to replace coal as the main feedstock of their cement process with biomass, thereby ultimately saving ten million tons of CO₂ emissions into the atmosphere. Unfortunately, it was other nations that were supplying the know how for the Indonesians to do that, but that doesn't always have to be the case.

Climate change is established, evidenced by the increase in temperatures, and if anything the trend is accelerating. Four of the warmest years on record are in the last five years.

One of the other effects associated with climate change is the pattern of changes in rainfall on the Australian continent. In the case of Sydney, for example, it's not an insignificant change. It represents a decrease in the order of 200 millimetres over the last 50 years or 4 millimetres per annum in rainfall, where total rainfall on the coast of Sydney averaged about 1,200 per annum. So it's in the order of 16 per cent to 20 per cent of our rainfall that is not there anymore. The area around south-west Australia has also been particularly affected.

It's no accident that a lot of Australian cities are now discovering they don't have the water resources available for their populations. And many of the areas where there's less rainfall are also the areas where we have the greatest population and development. So we need to start dealing with these issues.

Now, climate change is clearly a global issue, so many people would say, "why should Australia start dealing with it now?" One of the answers is that Australia actually has one of the highest per capita greenhouse gas emissions of any country in the world. We are running at a rate of emissions per capita which is well above the average of all industrialised countries. Our total emissions represent about 1–2 per cent of global emissions, which is more than most European countries such as the Netherlands, Sweden, and Switzerland. Our total greenhouse gas emissions are around the same as Indonesia's emissions, even though our population is a tenth of the size. We're only about 20 per cent behind the UK.

So clearly we are contributing well above our weight to this problem and therefore it is incumbent upon us to do something about it and not wait for the rest of the world to do something first. At least that's the view of the Australian Climate Group. We believe it is important to act now.

Recent Federal and State government developments

Now, given that there have been some fairly recent developments in both Federal and State government policy we thought it was worth

quickly outlining the features of some of the most recent announcements so we can compare it to our recommendations. About three weeks ago the Federal government produced an energy white paper which had three key components.

The first component was the provision of \$500 million for new greenhouse technologies which would have to be matched by \$1 billion from the private sector. There was an expectation in the paper that quite a bit of that funding would be devoted to a technology known as geosequestration. In simple terms, geosequestration involves pumping CO₂ under pressure back down into geological traps, similar to the sort of reservoirs that oil or gas reside in at the moment. The difficulty with it is that when applied to power generation in particular, the technology is very much unproven and the costs involved are very uncertain.

The white paper also included a second initiative to provide about \$200 million for the development of renewable technologies, and part of that was \$75 million for a trial of three solar cities. Against that there was a \$1.5 billion reduction in fuel excise which will ultimately only increase the use of fossil based fuels in the community and lead to higher emissions. That was an interesting part of the government's white paper that clearly wasn't particularly greenhouse emission friendly.

Let's look at the estimated costs associated with geosequestration as an example. The Australian government's energy paper estimates the costs to be in the order of \$10 to \$50 per ton of CO₂ captured. That can be compared to two other studies that have been conducted recently; one by the International Energy Agency which suggests a cost of \$100 per ton and another study in a UK report which gives an estimate of \$80 to \$245 per ton.

The point about this is that geosequestration technology or the costs of that technology, (a) are very uncertain and (b) will need to come down for those technologies to really work. If we look at the cost of power generated in megawatt hours by coal, gas and various forms of renewables, then add the cost of the geosequestration at either \$50 or \$100, it drastically changes the relative costs of these various sources of power production. I'm not saying these costs will be the ultimate costs but it does illustrate how much more research needs to be done into seeing if this will work.

The point here is that the cost of power will rise from what is actually a very low cost in Australia, and that it is not at all certain which technology will ultimately be the most beneficial for producing clean power. One of our contentions is, given the uncertainty of the technology and the timing that it will take to deliver, what we need to develop is a policy that doesn't just rely on one technology but uses

a range of technologies because at this stage it's too uncertain to rely just on one.

One of the interesting things about the Federal government's policy is that it clearly says the government will consider least-cost approaches to constraining emissions which could include the possible introduction of measures such as an emission trading scheme. In the longer term, such a scheme will lead to better resource allocation and provide industry and individuals with greater flexibility in determining how to respond. And we would certainly agree with that.

Where our views differ from the current federal government is in regard to the role Australia can play. The federal government is saying they will not introduce such a scheme until there is an effective global response to the problem. In other words, they will be a follower of global positioning. The Australian Climate Group is advocating that Australia should be a leader and start adopting an emission trading scheme now.

By comparison, following the release of the energy white paper, the State Energy Ministers got together and issued a communique on the 26 June 2004. They are advocating very strongly for the introduction of an emissions trading scheme into Australia. They are also advocating a long-term emissions target to give the certainty required for the investments that have to be made in order to meet the growing demand for energy in Australia. They also believe it's important to have a national gas infrastructure policy. Gas is certainly likely to be one of the more competitive power sources going forward if constraints are placed on carbon emissions.

The State Energy Ministers also advocate facilitating a package of alternative renewable power generation and are strongly encouraging further initiatives to be put in place to enhance energy demand and energy conservation. It would be fair to say that they would share the view that some of those initiatives are not represented in the government's white paper.

An appropriate way forward for Australia

1. Reduce greenhouse gas emissions by 60 per cent

The Australian Climate Group is advocating that we should set a national target for a 60 per cent reduction in greenhouse gas emissions by 2050 – and we're talking about a reduction in total emissions from the present level. Now that's a fairly challenging target, but we believe it's very important to provide a long-term vision and framework for policy in this area. It also puts industry in a position where investments can be made with confidence – given that major investments will need to be made with 30, 40, 50 year life spans.

2. *An emission trading scheme by 2007*

Secondly, in order to facilitate a pathway to getting to that longer term goal we are advocating that an emission trading scheme should be put in place in Australia by 2007. Interestingly, the State Energy Ministers have committed to a target of building a framework for all States to sign up to by December of this year, which is a fairly essential preliminary step if we want to have a trading scheme in place by 2007. Trading schemes have been very successful in other areas. It's interesting that the Federal government themselves have introduced a not dissimilar scheme for the trading of water rights. A trading scheme has also been very successful in controlling the acid rain problem in the US over the last 20 years, and, of course, trading is being introduced from January next year in the European Union.

3. *Act now to use energy more wisely*

The third key step is that we believe it's important to encourage, and indeed educate, all Australians to take responsibility for their own emissions now. We can start doing many things now to address this problem: like installing efficient lighting in homes and offices which reduces dramatically the need for energy; purchasing renewable power, sometimes known as green power, which is available from most energy suppliers; the use of solar hot water rather than conventional off-peak systems will also help us to save energy. These are all things that are readily available now.

4. *Adapt now for inevitable climate change*

Fourthly, we need to start adapting to the fact that there is some inevitable climate change already coming; probably at least 1°C as a minimum. Some of the things we can do to manage this include: increasing water conservation and re-use, which apart from saving the water will also help save energy in some cases; changing our building codes so that houses are more bush-fire and severe-storm resistant. Once again, something that will take some time, but we have to make a start now. And certainly farmers will have to adapt by employing more drought resistant or resilient farming practices and less water intensive crops going forward.

5. *New business opportunities*

Our fifth key point is that we think it's important to develop and encourage new business opportunities to suit our low carbon energy future, such as energy efficient and less carbon intensive products and services. In some cases Australia is already at the forefront of these innovations, but we need to keep there and develop further, particularly in the areas of renewable energy and technologies that can be applied to the mining and use of coal. We can do a lot to help people in China and India with such problems. We already have hybrid cars available in Australia – the Toyota

Prius uses about 40 per cent of the fuel of a conventional car and is readily available in Australia, although it's selling with a very long waiting list because it's so popular. Energy efficient buildings – there is plenty of scope for designing new buildings that are more energy efficient. And obviously developing renewable energy, particularly more wind and biomass type developments, that can take the load off some of the base load technologies.

6. *Be a leader*

And finally, The Australian Climate Group believes it is important for Australia to be a leader in this area, rather than a follower. It will enable us, if we get this right, to position for new markets and convert what could be a threat into a real opportunity for our country. If we do all these things, and accept that doing these things will have some cost now, we will avoid the much larger costs and disruption to our lives that will be unavoidable if we defer action any longer.

CLIMATE CHANGE –

SOLUTIONS FOR AUSTRALIA

Graeme Pearman

Why has the Australian Climate Group chosen this particular point in time to take a stand on climate change?

Some of the members of the Australian Climate Group, like myself, have been working in this field for 30 years and have been considering the issues of climate change for a long time. But a number of things have happened more recently that have improved our understanding of change in the climate system and our observations are now more convincing in what they show. The modelling capacity of the scientific community, in terms of understanding the climate system, has improved tremendously in the last five to ten years. These changes underpin the concern that has led the Australian Climate Group to come forward and try to promote a new and more comprehensive approach to climate change. This is not directed at any particular government or industry. It's directed at all levels of government and all industries – and does, in fact, include each and every one of us as citizens in what we might do to respond to this particular issue.

Global warming

The evidence now is much more convincing that the climate of the world is changing. In 1985 the science community first made an announcement that climate change was more than an academic issue, but a community-wide problem. At that stage the predictions and projections were that we would start to see climate change become evident above the natural noise of the climate by about the year 2000. And that's exactly what happened.

Around about the end of the last century we could see the climate change signal appearing out of the noise and it has continued since. But if you think it's happening somewhere else, think again. We can already see the change that is occurring in Australia. Over the last 90 years, changes in temperature have occurred across the country. We've had about a 0.7°C warming in Australia, with a global average increase of about 0.6°C.

Are we causing this, or is this just natural climate variability that we don't understand? Over the last five to ten years, climate scientists have attempted to address this question by looking at all the factors that might change, or have changed, our climate in the past. On geological timescales the climate has never been constant. It has varied quite a bit and this has played a great role in the evolution of the natural ecosystems of the earth, and indeed humans and human society.

So why are we confident that greenhouse gases are causing these changes in our climate? We've systematically analysed the effects of changing solar output, of planetary positions and all of the things that on geological timescales have impacted on our climate. Then we conducted a risk analysis to find out what was most likely to impact on climate in the next 50 to 100 years. For most of these things the probability of them happening is zero or very close to it, such as being hit by a large asteroid, or the earth tilting on its axis. But there is a very high probability that the concentration of greenhouse gases in the atmosphere over the next century will increase, and associated with that is quite a significant projected warming of our planet.

We take the observations of the temperatures for Australia, and then we use these models to look at what should have happened based on the theory. We find that we get a lot of agreement between the changes that have occurred in reality and what we expect should have occurred due to greenhouse gases, and this gives us a lot of confidence that most of this general trend is due to greenhouse gases.

Rainfall patterns

It's more complex than just changes in temperature. It's not just changes in temperature that we're looking at, but a whole series of parallel changes to the climate system that result. We've had this general warming around the planet of about 0.6°C , but simultaneously we've also had changes in rainfall patterns. Much of the southern and eastern parts of Australia have experienced lower rainfall, and we've had higher rainfall in the north-western part of the country. This is reasonably consistent with what our regional climate models are now saying should have happened and will continue into the future. For large parts of the country there will be lower rainfall.

Because these changing rainfall patterns are accompanied by increasing temperatures, there is a potential for that to influence the evaporation side of the equation, or water balance. It's a complicated issue, but it may be part of the reason why some of the droughts that we have seen recently appear to be more severe than they have in the past.

We also have evidence from observations and climate modelling that in an environment where there is less rainfall, when we do get it,

it will occur in more intense events. That feeds into all sorts of issues such as: are you as effective in capturing that water if it comes in large doses?; does it cause soil erosion?; does it impact on siltation of dams?; and a whole pile of flow-on effects that potentially come out of having a more intense storm. In addition, these storms generate higher winds, particularly in low pressure systems, which brings about higher sea-level rises underneath the storms. Together with stronger on-shore winds, these storms have the potential to cause larger inundation effects on the coast.

With regard to water, we know that Australia already has a water problem and both our observations and modelling indicate that for much of the country this will be exacerbated as we go forward by lower precipitation and potentially higher evaporative losses.

The frontal patterns that bring rainfall to the southern parts of the country have changed in their frequency, as has the frequency of extreme events. These are the sorts of things that the insurance industry is seeing, but only some sectors of the community are starting to respond to that.

The consequences

So what does it really mean to have a 1°C rise in global temperature? At this time, we're already looking at a built in temperature increase of about 1°C no matter what we do. We can't avoid this increase because of the greenhouse gases we've already added to the atmosphere. This may sound like a "so what" to many people. After all, everyone in the community experiences variations in temperature on a daily basis, from night to day, from day to day and from season to season that far exceed this.

However, seemingly small changes in our global average temperature can have a significant impact on the climate system, on ecosystems and on geography. If you look at the change in Australia's coastline from the last ice age to the present interglacial period, you'll see Australia looks totally different. Over thousands of years the temperature changed by about five degrees, causing massive realignments of the coastlines of the world, relocations and changes to ecosystems, the loss of species, and the emergence of new species. We are looking at the potential of experiencing changes in the same order (maybe 20 per cent of ice age/interglacial change if it's one degree), but in the space of just a century.

Many scientists, including the Australian Climate Group, think this is a dangerous level of change – we can't just assume that a few degrees won't matter. The change in sea-ice extent over the Arctic since 1979 is just one example where massive changes are already taking place as a result of global warming.

So far, we've seen about half a degree (or 0.7°C) change on average over the earth, but that's already more than 10 per cent of what happened between a full glacial period and a full interglacial and we've done it in a very short period of time. So small changes in average temperature can have a very big impact on our world.

Course of action

So what can we do? The positive message in this is that we can still prevent some of the very extreme sorts of changes people have talked about recently if we take action now, as a global community, to mitigate climate change. Australia has a role to play in this because we're not small players in terms of our emissions. We also can be influential by showing leadership in our global community.

Higher levels of global warming, similar to the changes that took place between the last interglacial and glacial period, could happen if we don't mitigate greenhouse-gas emissions early. The reason we have to mitigate early is relatively simple. When you put a molecule of carbon dioxide into the atmosphere it actually takes about 80 years before it gets absorbed into the deep ocean and taken out of circulation. This gives you a feel for why we're setting a target of a 60 per cent reduction in greenhouse gas emissions by the middle of the century.

Why cap emissions at 60 per cent by 2050? In order to maintain the concentration of greenhouse gases in the atmosphere from going too high, and containing temperature changes to the order of $1\text{--}2^{\circ}\text{C}$, we would have to reduce our greenhouse gas emissions quite significantly as a global community over this century. We need to do this during a period where there are two billion people on earth who don't have access to energy anywhere near the per capita level we have, and they want it. In the same period, the earth's population will grow by another two billion people and those people will also want energy.

So when we talk about reducing emissions, many of the scenarios look like we're reducing them way below what the developed world is emitting. However, on a per capita basis we'll actually still be emitting more because the third world has a larger number of people.

This argument has led some countries around the world to start talking about emissions targets for the developed world of around 60 per cent reduction by the middle of the century. It's a target. If we find sometime during the next two to three decades that we're actually coping with changes better than we thought, we could relax it. If we find that the imperative to control this issue becomes stronger because 1°C change is more significant than we thought it was, we can then tighten the target. A target sends a strong message to everyone about how serious this problem is and the magnitude of reductions required to address it. We can't just fiddle at the edges. This is a major

challenge to the energy sector, and to all of us, to be able to achieve these targets.

Conclusion

It is clear we can't go on warming the planet – we need to modify the way we do things. Change always invites detractors and debate. No more so then when the issues are as complex as climate change and impinge on something fundamental to our way of life – our use of energy.

However, the facts are; climate change is already happening, it's not a theoretical thing; and a small change in our global temperature is very important. It is difficult to control emissions, so we need to set a target, and we need other avenues such as emissions trading to help us reach those targets.

The Australian Climate Group has come together to redress the growing disconnect between the popular understanding of climate change and the decisions being taken by both the public and private sectors and to try and encourage a community-wide response to this important issue.

FUNCTIONS - 2004



Photographer: David Karomidis



Photo – David Karonidis

Gary Hardgrave

Since it was passed in 1948, the Australian Citizenship Act has undergone much change. None more so than in the last few years. Australia now allows dual citizenship and has updated many of the Act's provisions to reflect a more multicultural and global citizenry Down Under. To explain some of the most recent reforms, the Hon. Gary Hardgrave MP, Minister for Citizenship & Multicultural Affairs and Minister Assisting the Prime Minister, addressed The Sydney Institute on Wednesday 7 July 2004.

AUSTRALIAN

CITIZENSHIP: THEN AND NOW

Gary Hardgrave

Tonight I will talk about Australian Citizenship and national identity, and the Howard Government's commitment to bringing the 55-year old Citizenship Act into line with the reality of modern Australia. The changes I will announce this evening, focus on maintaining the integrity of our national unity and the status which comes from becoming an Australian citizen while broadening eligibility to welcome back into the family many of those who may have lost their birthright while living overseas. Firstly, I will provide the context and set the scene for what Australian Citizenship means and has meant to us as a nation.

Our migrant heritage

Australia is a nation enriched and strengthened by our cultural diversity, a result of successive waves of migrants to our shores. Since 1945 we have welcomed more than six million immigrants to help build the nation we enjoy today. Migrants have come to Australia because of the freedoms we cherish, our democratic system, and the values of equal opportunity and hard work on which our nation has been built. Any socially cohesive society must feature the principles of rights and privileges balanced by respect and responsibilities. In Australia, individual cultural heritage is predicated upon an overriding loyalty to Australia and the basic structures and values of Australian society. There is no doubt there are threats to Australia and our way of life in the post 9/11 era. There are those whose aim is the destruction of our way of life and values. Terrorists hate the freedoms of our democracy.

As a people, we come from around 200 countries of origin. Yet despite our linguistic, cultural and religious diversity and with 23 per cent of us born overseas, we have worked hard to maintain our strong sense of national unity. As foreign conflicts divide the world, our community seems to have a renewed sense of common purpose, which brings us closer. The key to national unity is citizenship. The glue holding our culturally diverse society together.

One way to help protect Australia in these uncertain times, is through a coherent set of national values, the unifying effect of the

common bond of Australian Citizenship and a focus on building a shared future which we all have a stake in.

National values

As Australians we have a responsibility to uphold and to take an active part in our vigorous democracy and system of government. This means valuing parliamentary democracy and the Australian Constitution, freedom of speech and religion, the rule of law, acceptance and equality, and English as the national language. The great success of Australia's cultural diversity has been built upon our Western Christian society. Though we have a distinctly Australian culture and national identity, there is no point in denying our nation's history and its roots. Just as Indigenous Australians have contributed significantly to our country, we must also acknowledge that British-style parliamentary democracy is at the heart of the framework of our national values and laws. At the same time, there is no doubt migrants from many countries and cultures have enriched our society and built our modern, culturally diverse nation.

Diversity brings with it significant economic benefits. We are now part of a global trading environment and the importance of trade and investment to Australia's prosperity continues to rise. Australia's diverse population and workforce are providing us with language skills; cultural understanding and knowledge; business networks and knowledge of business practices and protocols in overseas markets. Not to mention low-cost intelligence about overseas markets, including intimate knowledge of consumer tastes and preferences. Some twelve of the top 15 Australian export markets are non-English speaking countries. Around 8.8 million consumers or 43 per cent of the domestic market are either born overseas or have at least one parent born overseas. I believe this makes us unique and that as a result Australia is, arguably, one of the most successful culturally diverse nations in the world.

Recommitting ourselves to the values which underpin us as an open democratic society, particularly those of respect, good will and understanding between Australians of all backgrounds should be encouraged. These are the values which have attracted migrants from all over the world. This is particularly important not only in the promotion of civics but in helping to instil pride in our great nation. We inform migrants about Australian values before and after they arrive and ensure they understand our culture and the concept of mutual obligation. Schools need to reflect broader society and should be places where our national values are emphasised. It is particularly important for young Australians to be given opportunities to develop an appreciation of what it means to be an Australian as well as celebrate our national identity and the values that unite and underpin us as a nation. Singing our national anthem, "Advance Australia Fair" and raising our national flag in schools and

at appropriate public occasions are also symbolic as a unifying force for all Australians. Commemorative days and national celebrations have also become important in forging our national identity and all Australians, including newly arrived migrants and refugees, should feel free to observe and participate in days of national importance such as Anzac Day.

The Anzac tradition and the values it symbolises, such as mateship and the shared defence of freedom and democracy, belong to every Australian. As a nation, we are united by our common values, by our national identity and by our Australian Citizenship which encompasses all that it means to be Australian.

Australian Citizenship

Successfully managing our diversity means emphasising the unity we have and we do this through public citizenship ceremonies. Australian Citizenship is the cornerstone of our society and the bond which unites us as a nation. Australian Citizenship is the unity ticket – the passport to membership of the Australian family.

The Australian Citizenship pledge is about loyalty to Australia and its people, its democratic traditions, respect for each others' rights and liberties and a promise to uphold and obey our laws. It's about responsibilities as well as the benefits of belonging and reflects our national ethos of "a fair go" for all. These values are also reflected in the affirmation that was developed five years ago in response to the many requests from Australian citizens who had heard the Pledge made by new citizens and wished to make a similar statement.

Since 1949, more than 3.5 million people from all around the world have become Australian citizens. Australian citizens must vote in elections, and take their turn if called on for jury service. They may apply for appointment to public office, stand as a Member of Parliament, represent Australia in sport, or join Australia's armed forces. They can also apply for jobs in the public service, which are generally limited to Australian citizens. Only Australian citizens may obtain an Australian passport, and be assured of assistance from the Australian Government if required when travelling overseas. If their children are born overseas, they may register them as Australian citizens. As the first ever Federal Minister for Citizenship, one of my greatest privileges is to read the numerous letters and e-mails sent to me by both current and potential Australian citizens. Usually the authors of these letters are passionately proud of their Australian citizenship, or excited about the prospect of becoming part of our great family. But I also receive letters from people who are enthusiastic about citizenship but are frustrated by some aspects of how the law and policy work which limits their access to Australian citizenship.

I'm talking about the people who have lost their Australian citizenship by taking out another nationality, often unknowingly, and desperately wish to resume it to maintain their connection to Australia, but don't have plans to return to Australia to live in the immediate future. I'm also talking about people who cannot access their Australian heritage because they or their parents found out too late about the need for registration as an Australian citizen by descent, and the age limitations for such registration. And there are also the people who cannot meet the requirements for the grant of citizenship even though they have lived in Australia for many years and have been closely involved in their local community.

This evening I am delighted to announce some measures which further enhance our national unity and will go a long way to completing the task of bringing the *Australian Citizenship Act 1948* into the twenty-first century. These measures will also respond to the challenges of participating in a dynamic global environment by:

- giving former Australian citizens and their children access to their Australian heritage subject only to the requirement that they be of good character;
- removing the age limits for registration of citizenship by descent;
- requiring spouses of Australian citizens to meet the same requirements for grant of citizenship as other adult applicants;
- strengthening the integrity and improving the consistency of the discretions to waive the residence requirements in certain circumstances; and
- Aligning the age at which people are exempt from the requirements relating to English language and knowledge of the responsibilities and privileges of citizenship.

Setting the context

However, before I tell you more about the changes, I want to canvas very briefly the history of Australian citizenship law and policy.

In 1948, when the Act was drafted, the population of Australia was around 7.8 million, Australia was in the early stages of post-war reconstruction and we were about to witness one of the most remarkable movements of people, which over the next decade saw almost one million migrants and refugees settle in Australia. Not since the Gold Rush period of the 1850s had Australia witnessed such a wave of humanity settling in our country in such a short space of time. Since then our population has grown to over 20 million, we have become one of the most culturally diverse countries in the world, and our citizens are very mobile, pursuing seemingly endless opportunities for work and/or travel overseas.

This past Australia Day 2004, Australian Citizenship had its 55th anniversary, having come into effect on 26 January 1949 with the

passage through parliament of the Nationality and Citizenship Act 1948. This was no spur of the moment or unplanned legislation. This was prompted by a spirit of nationalism and the desire to advance our Australian nationality. Until the Act was amended in 1969 and renamed the Citizenship Act, Australian nationality had no official recognition, in fact up until the amendment Australians were required to declare their nationality as British. In 1984, following the most extensive review of the Act since its introduction, we became Australian Citizens only and ceased to be also British Subjects.

Australian citizenship policy and law has changed over time in line with our diverse population and society to remove discriminatory provisions and unnecessary barriers. For example, the distinctions between British subjects and Irish citizens and “aliens” were dropped to establish equality for all migrants who wished to acquire Australian citizenship. In 1955, the Act was amended to include reference to husbands of Australian citizens, as well as wives, and in 1984 the two terms were replaced with a reference to spouses.

In 1973 the Act was renamed the *Australian Citizenship Act 1948* – the name by which we know it today. In February 2000, the Australian Citizenship Council, chaired by Sir Ninian Stephen, published a report entitled *Australian Citizenship for a New Century*. In the report, Sir Ninian and his distinguished fellow Council members sought to identify how notions of citizenship could “best serve Australia and Australians”.

The Council’s report concluded that Australian citizenship was a success story and that Australian citizenship policy and laws were working well. However, the Council also agreed that our citizenship could be better utilised, both in its broad and legal sense. In particular they believed that more could be made of our Australian citizenship as a unifying force. To this end, the Council made a number of recommendations broadly based around invigorating and strengthening Australian citizenship. Two of the most significant recommendations were:

- to repeal Section 17 of the Act to allow Australian citizens to acquire the citizenship of another country without losing their Australian citizenship; and
- Development of a nation-wide campaign to promote the take-up of Australian citizenship by eligible permanent residents and increase the awareness of the value of Australian citizenship in the broader community.

The government embraced almost all the Council’s recommendations. The repeal of Section 17 was accorded the highest priority, and this was achieved as promised at the 2001 election with effect from 4 April 2002. Priority was also given to the promotion of citizenship and a highly successful campaign has been in place since 2001.

Changes

Following the repeal of Section 17 in 2002, planning for the “tidy up” of the Act and development of a Readers’ Guide commenced. However, it became evident that further changes to the Act would be desirable as a consequence of the repeal of Section 17, and to address some anomalies, which in themselves are minor but for the individuals concerned are of great importance.

Correspondence I have received as the Minister for Citizenship and Multicultural Affairs has highlighted the need for further changes to the Act, and the need for a tidy up and restructure provides an ideal vehicle to effect those changes. Prior to the repeal of Section 17, around 600 people per year came to the attention of my department as having lost their Australian citizenship by becoming citizens of another country. The effect of the repeal of Section 17 has been very well received, as evidenced by the following comments:

- Thank you very much for giving me this wonderful opportunity to live my life as an Australian overseas.
- My mother, an Australian living in Canada, is so excited with this amendment! She has been waiting for it for 30 years.
- My love for Australia will not be jeopardised by my seeking citizenship of Canada. As a dual citizen I can continue to work towards stronger bonds between both nations.

Resumption

Repeal of Section 17 was not retrospective because we could not guarantee that there would not be unintended adverse consequences for Australians who had lost their Australian citizenship under Section 17 prior to April 2002. These former Australians continue to be able to apply to resume their Australian citizenship.

Of particular concern to former Australian citizens living overseas and seeking to resume their Australian citizenship is the requirement that they must intend to reside in Australia within three years. Over the last 18 months alone I have received some 340 representations from people who lost their Australian citizenship under Section 17. Many of them did not know they had lost their Australian citizenship until they applied to renew their passport or register their children as citizens by descent.

Some of them were children when they lost their Australian citizenship as a result of the actions of their parents.

Most have written about the importance of Australian citizenship to them, that they have close family and other connections with Australia, but for employment or extended family reasons they do not have plans to reside here in the immediate future. In the post repeal of section 17 environment, the requirement to intend to reside in Australia within

three years is out of step with the effect of the repeal: it achieves very little; it cannot objectively be tested; and in any event it is accepted that people's plans and intentions change over time. It is time to align the resumption provisions to reflect the policy rationale behind repeal of Section 17. The government will amend the Act so that a person applying to resume Australian citizenship in these circumstances need only meet a good character requirement.

Another group of former Australian citizens who have written to me about the resumption provisions are people who renounced their Australian citizenship to *retain*, rather than acquire, another citizenship. Some countries require or have in the past required Australian citizens living in their country to renounce their Australian citizenship between the ages of 18 to 21 to retain their citizenship of that other country and access certain benefits and services.

Malta was one of these countries. In February 2000, Malta amended its law to allow for dual citizenship but before then thousands of Australian citizens living in Malta, many returning to Malta after the Second World War with their Australian born children had to renounce their Australian citizenship at the age of 18 to access entitlements and services such as free tertiary education; employment in the public service, armed forces, banks, etc; purchase of property and access to social security benefits. As a proud Australian citizen, I can only imagine how difficult it must have been for young Australians settled in Malta to have to give up their Australian citizenship. I think this letter which I received from a former Australian citizen living in Malta sums it up:

I was born in Sydney to Australian parents who divorced when I was still very young. My mother remarried to a Maltese national, which resulted in our moving to Malta when I was 12 years old.

In order to stay with the only family I knew, I was forced to take up Maltese citizenship at the age of 18 – or else leave the country by my twentieth birthday. This obviously resulted in the loss of my Australian citizenship – much against my free will... Although I could not officially remain an Australian, I have always considered myself to be one, and have kept many ties as well as making new ones...

I have been trying since 1990 to find a way by which to regain my Australian citizenship, and yet still be able to stay with the only family I know. At that time, any attempt to regain Australian citizenship would have resulted in the loss of my Maltese citizenship – with the subsequent return to the state of affairs at my eighteenth birthday. This situation has since been resolved by both the Australian and Maltese Governments accepting the concept of dual citizenship... I earnestly desire to regain my Australian citizenship so that I can legally call myself Australian once more as per my birthright.

To assist young people under 25 years of age in these circumstances, special resumption provisions were introduced into the Act in July 2002. The alignment of the 25 years age limit with the age limit for registration of citizenship by descent was reasonable at the time. However, it provided no relief for those who had spent much of their childhood in Australia and regard themselves as Australian. The Australian government has reconsidered this issue and decided that the principles underlying the resumption provisions should apply equally, regardless of whether the purpose of renunciation was to acquire or retain another citizenship and regardless of a person's age. The government will amend the Act accordingly, and include a requirement that the person be of good character.

Currently there are no resumption provisions for the small number of people who renounce their Australian citizenship for a purpose other than to acquire or retain another citizenship. Some people are required, by their other country of citizenship, to renounce their Australian citizenship to get a security clearance, or to secure employment, in the country of their other citizenship. The Australian government will cater for such people by amending the Act to allow for resumption of Australian citizenship by people who renounced their Australian citizenship to avoid significant hardship or disadvantage.

Children of former Australian Citizens

Loss of Australian citizenship by adults, under the former Section 17, had even greater impact on children born after the Australian citizen parent lost their Australian citizenship. These people – and I say people and not children because in many cases they are now over the age of 18 – are in no different position to any non-Australian citizen living overseas. They are effectively denied access to their Australian heritage.

In October last year, I announced a policy change to allow for the grant of citizenship to children born to former Australian citizens. This change was very significant for those who had lost their Australian citizenship under Section 17, subsequently resumed their citizenship and were seeking to return to Australia with their children. Following this change I received a letter from a Mrs Lorraine Dearden. She said: "I really appreciate your efforts in changing the law so that one of my sons could join his brothers in being Australian citizens. ... Our family is now making plans to return to Australia permanently and this is in no small part due to the change in law on citizenship which will make this process much easier."

However, there is no provision for people 18 and over, who were born after their parent or parents lost Australian citizenship. Just imagine, you could be 19 years old, with siblings aged 15 and 17. You may all have had the same upbringing, all been born in the same country to the same parents. And yet you have a different citizenship,

a different passport and different rights and privileges to your siblings simply because of your age. The Australian government will provide for the grant of citizenship to persons of good character and over the age of 18 years who were born overseas after their parent lost Australian citizenship under the former Section 17.

Registration of citizenship by descent

Another area requiring change is registration of citizenship by descent. Currently, Australian citizen parents living overseas are able to register their children born overseas as Australian citizens. However, the provisions reflect the unintended consequences of incremental changes over a number of years. For example, Section 10B provides that a person can be registered as an Australian citizen by descent before their 25th birthday. Whereas Section 10C allows people born between 26 January 1949 and 15 January 1974 to register as a citizen by descent, if they can show they have a satisfactory reason for not registering before their 25th birthday, under Section 10B. People born after 15 January 1974 are not covered by Section 10B and must be registered before they are 25 years of age. This is crazy and all rather technical. Its best understood if we consider for a moment a family affected by the application of these provisions.

Mrs L is an Australian-born Australian citizen who moved to Israel and had three children. She and her family made the decision to leave Israel and resettle permanently in Australia. In 2003 she applied for registration of Australian citizenship by descent for all three of her children. At the time of the application, her children were aged 18, 27 and 29. Only two of Mrs L's children – the eldest and the youngest were granted citizenship by descent. Her middle child is not eligible to be registered as a citizen by descent. You see, the eldest child was eligible for registration under Section 10C, having been born between 26 January 1949 and 15 January 1974. The youngest child, was eligible under Section 10B having applied before the age of 25. Yet the middle child was not eligible, having been born after 15 January 1974 and being over the age of 25 at the time of application.

This could not have been an intended outcome of the descent provisions. There were no doubt cogent reasons for the time limits for registration for descent when they were introduced, and there was clearly an assumption that those affected would know of the introduction of the provisions and decide whether or not to apply. Mrs L genuinely did not know of these limits and frankly who could expect her to even in this Internet age. I am aware of other families who are in the same position. The legislation could not have been intended to divide families, as it has in Mrs L's case but did.

So the government will amend the descent provisions to remove the age limits and require only that if the applicant is 18 years of age or over

they must be of good character. The requirement that if a parent of the applicant acquired Australian citizenship by descent the parent must spend a total of two years in Australia as a lawful resident prior to the application will remain unchanged.

Discrimination against children born outside Australia before 26 January 1949 to women who became Australian citizens on 26 January 1949 must also be rectified. There is no such discrimination for children whose fathers became citizens at this time. Section 11 of the Act was intended to fix this anomaly, but only allowed a five year window of opportunity, that is between 18 June 1991 and 17 June 1996. There was an assumption that the people concerned would be aware of the time limit. The Act will be amended to provide for the registration of Australian citizenship by descent for people born overseas before 26 January 1949 to a mother who became an Australian citizen on commencement of the Act on 26 January 1949 with no sunset clause.

Age limit for the English language exemption

Another quirk of the Act, also related to age, is the difference in the age-based exemptions from the requirements that applicants demonstrate an adequate knowledge of the responsibilities and privileges of Australian citizenship and a basic knowledge of the English language.

The Act, when originally drafted, provided an exemption from the English language requirement for applicants of any age who had lived in Australia for a minimum of 20 years. We could speculate that this was on the basis that if one had not learnt English by then it was never going to happen. In 1969 the exemption was ceased and brought into line with the age exemption from the requirement to have an adequate knowledge of the responsibilities and privileges of Australian citizenship, that is 60 years of age or over. However, older people continued to have difficulty and in 1984 the age at which a person was exempt from the English language requirement was reduced to 50 years of age and over. Since then, all newly arrived migrants and refugees with less than functional English have been given a legal entitlement of up to 510 hours of free English language tuition.

In March this year I removed Labor's old five-year time limit within which the AMEP entitlement can be accessed. In recognition of the English language tuition available to new arrivals and the importance of English language to full participation in our society, the exemption from the English language requirement will now also be returned to 60 years of age and over.

Spouse provisions

The provisions for a person applying for Australian citizenship as the spouse of an Australian citizen also reflect the times in which the Act was drafted, and need to be updated.

In 1949, the Act provided for the grant of citizenship to the “wife” of an Australian citizen. There was no legislative requirement that the wife meet any of the requirements applicable to other applicants, such as being of good character and being a resident of Australia. There was also no requirement that the wife have a basic knowledge of English or an adequate understanding of the responsibilities and privileges of citizenship, so long as her husband had satisfied these requirements and was clear that there would be on-going support for the wife in those areas. Provision for the grant of citizenship to the “husband” of an Australian citizen was not made until 1955.

1984 saw the introduction of the term “spouse” and 1994 (only 10 years ago) the introduction of a requirement that the spouse be a permanent resident. Current policy requires that applicants for citizenship on spouse grounds satisfy the same requirements as other adult applicants, and many spouses of Australian citizens do apply in their own right. In the twenty-first century, it is reasonable to expect an adult to qualify for citizenship in his or her own right and, with one exception which I will cover shortly, not rely on a relationship with another person. The government will therefore amend the Act to require spouses of Australian citizens and permanent residents to meet the same criteria as other adult applicants.

Discretion to count certain periods as permanent residence in Australia

The necessary exception that does rely on a relationship with an Australian citizen spouse is for the spouses of Australians who spend considerable periods of time working overseas. I’m sure we all know people who have worked overseas moving from one posting to another in connection with their employment with the Australian Government, an international organisation such as the United Nations, or even with the private sector. Some of them have non-citizen spouses and may even have Australian citizen children. Some of the spouses are very keen to acquire Australian citizenship but would have great difficulty meeting the usual residence requirements applicable to other applicants because they live overseas with their spouse and children.

The policy objective underpinning the residence requirements is the development and maintenance of close and continuing ties with Australia. The government accepts that in the case of spouse applicants for citizenship, this policy objective can be achieved through the applicant’s relationships with their Australian citizen spouse, children and extended family, and through return visits to Australia. Consequently a spouse specific residence concession, based on a demonstrable close and continuing association with Australia and not residence in Australia, will be introduced.

To bring the Australian Citizenship Act into line with other Commonwealth legislation, including the *Migration Act 1958*, a definition of “spouse” will be introduced to include a de facto spouse where the applicant was granted permanent residence as the de facto spouse of their current partner. There are a number of existing discretions within the Act to waive the requirements for specified periods of permanent residence in Australia. These discretions need to be strengthened and applied more consistently to reflect the reality of globalisation and contemporary Australia.

Let me explain. Under one of the residence discretions, a permanent resident applying for Australian citizenship may have time spent overseas treated as though they were present in Australia, if they were a permanent resident before departure from Australia and were engaged throughout their time overseas, in activities beneficial to the interests of Australia. Over time, the Administrative Appeals Tribunal has broadened the scope of this discretion well beyond the policy guidelines. The result is that a person could conceivably spend just one day in Australia to become a permanent resident, and then be eligible for grant of citizenship two years later. All they would have to do is establish that there was some benefit to Australia as a result of their activities overseas.

On the other hand, a person who has spent considerable periods of time in Australia on a temporary visa must establish that they would suffer significant hardship or disadvantage if not granted citizenship and, under policy, must have been present in Australia continuously for twelve months as a permanent resident prior to application.

The temporary visa categories under the *Migration Act 1958* are structured to allow people to reside in Australia on a temporary basis for specific purposes that benefit Australia. Such people include business executives and investors, academics, skilled professionals, persons with distinguished talents in the cultural world and some medical practitioners.

During their periods of temporary residence, many of these people and their families establish close connections with the Australian community and make a tangible contribution to the interests of our country. They may not suffer significant hardship or disadvantage by having to wait two years after the grant of permanent residence to apply for Australian citizenship, yet a further two years’ wait after several years in Australia serves no real purpose in establishing their connection with Australia.

The government has decided to improve the equity and integrity of the residence discretions by:

- requiring applicants who, following the acquisition of their permanent residence, have been engaged in activities overseas which are considered beneficial to the interests of Australia, to have

been present in Australia for a total of twelve months prior to their application for citizenship;

- introducing a discretion to allow for a period spent overseas involved in activities beneficial to Australia, following the acquisition of permanent residence, to be treated as time spent in Australia if the applicant would suffer significant hardship or disadvantage if citizenship were not granted;
- introducing a discretion to allow for periods of up to twelve months spent in Australia on a temporary visa prior to application to be counted as permanent residence if the applicant was involved in activities beneficial to Australia during that period; and
- remove the current policy requirement for twelve months' permanent residence prior to applications, for applicants who would suffer significant hardship or disadvantage if their periods of lawful residence other than as a permanent resident were not counted as permanent residence.

Conclusion

The need for the changes I have announced this evening is perhaps best reflected in the level of detail I have covered in outlining the rationale for the changes. I am confident that the changes will improve the overall integrity and consistency of the *Australian Citizenship Act 1948*. I am also confident that Australian citizenship will continue to play a critical role in maintaining Australia's success as a culturally diverse, strong and independent nation with clearly defined national values.

The government encourages all Australian school children to celebrate the values that unite us as a nation and to use national symbols, songs and statements, such as the Australian Affirmation. As Australian citizens you too have a role to play in promoting the value of citizenship within the wider community and particularly to the 900,000 or so residentially eligible non-citizens sharing our Australian way of life.

In this time of global change and upheaval, our newest migrants, particularly refugees and their families from war-torn Africa or from the former Yugoslavia, are recognising the value and status of Australian Citizenship which they are grabbing hold of with passion and enthusiasm as a statement of stability, of belonging, and of faith that the future will be a better one – filled with peace, harmony and prosperity.

There has never been a better time to become an Australian Citizen.



Photo – David Karonidis

Michelle Grattan

In 1909, journalist and war historian Charles Bean travelled to western New South Wales and wrote a series of articles on the wool industry. His writings were later published as *On The Wool Track*, which went on to be an Australian classic. A hundred years later, Australian journalist Michelle Grattan has traced Bean's footsteps to rediscover the Western Division in the twenty-first century. Young people might be leaving the West, but urbanites are settling there, drawn by the tranquility – and the price of real estate. As one long time resident says: "Even if you left this land, it would never leave you." Michelle Grattan addressed The Sydney Institute on Monday 12 July 2004.

BACK ON THE WOOL

TRACK: IN THE FOOTSTEPS OF C.E.W. BEAN

Michelle Grattan

This book, *Back on the Wool Track*, at first blush, might seem an odd concept. It follows the steps of C. E. W. Bean, best known as the Australian historian of the First World War, not in that war, but beforehand into outback NSW, which is called the Western Division. It grew mainly out of my interest in the country. When years ago, I came upon the Wool Track book it whetted my interest to travel the area that he had journeyed through. I'd already heard, through family, of many tales from just one corner of the West, and the rest of it sounded fascinating. But increasingly, as I got into it, it became as well a book about Charles Bean himself.

So how interesting is Bean, and, even if he is, why should we bother with his writings before the war?

Bean not only wrote the story of Australians in the first World War, but he has in effect written himself into Australia's history, because of his role in helping craft the Anzac legend. He did this through his journalism, his official history and his role in the setting up of the Australian War Memorial.

A journalist with the *Sydney Morning Herald*, Bean was chosen in a vote of Australian journalists as the official war correspondent. His dispatches went back to all the newspapers. He was at the landing at Gallipoli but, in something that must have been a huge frustration, he could not file immediately on that, because he was not yet accredited. Only a journalist can really understand being beaten, as he was, on that story by a British war correspondent, Ellis Ashmead-Bartlett.

Perhaps Bean consoled himself that if he did not have the first word, he'd have a last one, sort of. When he was chosen as official correspondent, part of his task was always going to be to write the official history, and from early on he had a mind to this. That history, running to some dozen volumes, was later to consume more than two decades of his life after the war. He wrote half of it and supervised all the rest. The history encapsulated the Anzac legend. Bean was also tireless in his work towards the War Memorial. Some of the war

history is a bit turgid but if you want a great read I do suggest *Gallipoli Mission*, the story Bean wrote years later of the visit back to Gallipoli he made with a history team in 1919 to collect relics which went to the memorial and to retrace the campaigns, and also interview Turks.

You couldn't find a more diligent journalist or historian than Bean, and nowhere does this come out more clearly than in the account he gives of interviewing a Turkish officer Zeki Bey. After several days of helpful and intensive discussion Bean still had things to pursue but he felt the Turk was anxious to get away. The poor man was obviously sucked dry!

In writing the history, Bean was deeply affected by his prewar experiences of outback Australia. He saw the country influence as a vital core of the national character, and especially at the heart of the Anzac fighting force. Some of this has been much disputed by subsequent experts, and even Bean slightly adjusted his argument at times. But his central thesis remained. So, apart from anything else, for those interested in Bean and/or Australians in World War One, the prewar country experiences of the war historian are important.

Bean was born in country NSW, at Bathurst, a few years before Ben Chifley, the most famous son of that town. But when Charles was a child, his father, who was headmaster of All Saints' at Bathurst, took the family back to England, so young Charles spent his youth and early manhood there. Returning to Australia, he brought an English eye but also a great love of Australia that developed into the deep patriotism we see in his later writings. He worked first as a judge's associate and travelled the circuit in parts of NSW. But he was a rather shy character and felt he wouldn't make it at the bar so he joined the *Sydney Morning Herald*, where he blossomed as a writer.

In 1908 he was sent out to report on competing proposals for routes to extend the railway in outback NSW. The following year he was assigned to do a series on the wool industry. At first he was reluctant, seeing it as a dull topic. But then he thought, if he could portray it through the eyes of the people involved, it could be livened up.

And that's what he did. He went to the great sheep station "Dunlop", travelling down the Darling on the paddle steamer "Jandra", and observed the shearing. His "Wool Land" articles ran in the paper, but had their major impact when he put them in book form in *On the Wool Track*. Later when he was the *Herald's* correspondent in London, he gathered together material from both the 1908 and 1909 trips for a book called *The Dreadnought of the Darling* (the "Dreadnought" was the riverboat "Jandra"). This was the period when the bush was being romanticised by many writers. In the late nineteenth century and early twentieth century Will Ogilvie, Banjo Paterson and Henry Lawson were making the bush part of Australia's popular

culture of the day. And around the time Bean was making his journeys Dorothea Mackellar was writing her famous "My Country" poem.

Bean was a great story teller, and let me share with you two that give a flavour. He recounts the time he was travelling in a train with three shearers who were deep in a discussion of wet sheep. One started to tear off the corner of the newspaper. Watched in fascination by Bean, the man started to roll himself a cigarette and, as Bean describes it, "Finally he roughly squared off a piece of newspaper the size of his hand, wrapped it cigarette-wise round the tobacco, licked it to make it stick, put it in his mouth, and began to smoke the *Sydney Morning Herald*".

And everyone likes the story of a station hand called Slimy Sam. Bean didn't meet him so no doubt the story lost nothing in the telling.

Slimy Sam "lived in a hut near the track. One day he came back to his hut, and found writing on the door of it. It struck Sam that it might be an important message. Unfortunately, he could not read. So Sam took the door off its hinges, carried it five miles to an hotel along the road, and had the message read. It was: "Slimy Sam, of Mumblebone, was the dirtiest beggar ever known".

Both Bean's books are out of print but quite a number of people in Western NSW have some knowledge of them. They have read *On The Wool Track* or heard of it, or *Dreadnought*. One young couple who live near Cobar and practise holistic farming say they found it useful to consult Bean's descriptions of the Western land as it used to be.

In Bean's day Australia was well and truly on the sheep's back and stayed there for decades more. We've fallen off now. An interesting statistic makes this point. The sale of education services abroad brings in more export income than does selling wool. But wool remains a bright fibre in our national tapestry.

A hundred years ago the West was isolated although also quite busy, as the paddle steamers plied the Darling and the Cobb and Co coaches rattled over rough tracks between staging posts that could only be as far apart as the horse team could go. Today the isolation is relative. Life is easier, of course. But that life, at least compared with the cities, is still testing.

Drought is one of the great definers of the West. Bean travelled several years after the devastating drought of the turn of the century; its ravages were fresh in people's minds. When, during the recent drought, people described it as the worst in a hundred years, they were going back to that one spanning the years before and after 1900.

A century ago the Western "runs", as the grazing properties were called, were huge, and often had substantial communities living on them. The great "Dunlop", for example, was over one million acres. One fence went for 43 miles in a single direction. Properties would have 50 or more people living there. They were mini-townships in

their own right, with a Chinese market garden providing the vegetables and fruit. On some places, like "Toorale" down from Bourke, grand houses were built, even though they might be occupied by a manager rather than an owner.

These stations had grand shearing sheds too, with 40 or 50 stands. One of the sheds on the famous "Momba" run had 58 stands. You won't find a recently-built shed in Australia, even the biggest, that would have such a number. We visited a huge shed north of White Cliffs, reputed to have cost more than \$1 million, and it had only 16 stands.

In the years after Bean the trend in the West was to smaller properties, but recently land holdings have been consolidating (though not back to the vast areas). This country is simply not conducive to closer settlement even when that meant properties of over 20,000 acres. Today, ironically, life can be quite lonely despite the better communications. Some stations have only a married couple on them, coping with all the work and with little time or energy to often drive off and socialise.

There is a special story in the women of the West. Bean tells us little of the women (of whom there were relatively few). Any modern writer is struck by them and their role. In drought time especially, some women provide the cash flow, going off to earn while the husband maintains the property, although the further you go outback the harder it is to have a commuting partner.

Some women can be seen as a new sort of pioneer: we met a woman in Bourke who came to Australia from China about 15 years ago and, with her husband, operates a cafe in the town. She's recently bought an old hotel that was there in Bean's time, in which she has started a Tai Chi centre.

The West is truly marginal country. Some argue it should be taken over and made into national parks, and indeed some people have sold out to the parks. But others hang onto their places and adapt. The cotton industry has moved in, and brought controversy because of the amount of water it uses. Less controversial and a very important sunrise industry is tourism. Good roads and reasonable accommodation have encouraged what they call the "grey nomads" to travel the country. Some stations have moved into providing farm stays. And at Bourke, they have a brand new "Jandra" which takes visitors to what Bean called the Old Port for short trips on the river.

The more I worked on the book the more interested I became in tracing down the individual stories of those we met and looking for their descendants. This would have been easier a generation earlier but still Margaret and I had some successes. I want to share a few of those stories tonight.

One of the most fascinating tales we came upon was that of the Villa Rossis. When Bean passed through the small town of Ivanhoe in 1908 he had a meal with the local storekeeper Francesco Villa and his wife Antonietta. He didn't use their names but he gave this description. It was, he said, "the most delightful meal the Sydney passenger [as he called himself] enjoyed in all his time in the West. The table, the courses, the manner of their service, and especially the host and hostess seemed to belong rather to some refined, cultured country society in old Europe than to this village on the outskirts of the Empire. It will be long before the Sydney passenger will forget the delicious coffee his hostess gave him with the dessert."

When Margaret and I arrived in Ivanhoe we didn't even know the name of the couple. A local history soon yielded that – only one of the two storekeepers had a remotely Italian-sounding name. Then Margaret found a little book in the library at Wagga Wagga where she lives, telling the story of the Villas and the Rossis.

Francesco Villa, who'd trained as a language teacher, arrived in Australia in 1880 from northern Italy. He seems to have come for health reasons. According to family legend a map was put in front of him before he left home, and he said that wherever in Australia his finger landed he would go. He was blindfolded; his finger landed on the unlikely spot of Ivanhoe, which is out from Hay.

When he arrived in Melbourne he went to a trading company, where he ran into young Maffio Rossi, who hailed from the same area in Italy, although the two had not known each other. The young men joined forces and became hawkers, setting off with their wagon to go north. Hawkiers were travelling storekeepers and a vital part of outback living, bringing goods to the stations. The men established stores in Ivanhoe and Hillston. They were then ready to marry the women they had left behind in Italy.

Francesco waited for his bride to arrive in Australia while Maffio went home to wed. Just before, the two shared a meal at the Ivanhoe hotel. Again, according to family legend, over a toast to each other and their future brides, Maffio had said how great it would be one day if a marriage of their offspring brought together "a friendship that has known the vicissitudes of creating a successful business in this new and wonderful country".

Well, that's what happened. The Villas' daughter Esterina married the Rossis' son Italo.

All that would be a lovely story in itself, but we found that was only the half of it. I caught up with what happened later, when I had a Sunday meal with Theo Rossi, grandson of Francesco Villa, and his wife Mary who live in Sydney. Italo Rossi had been born in Australia. But bizarrely, during the Second World War he was interned, after a spurious complaint from a woman who said he had a statue of

Mussolini saluting (which actually was Apollo saluting the sun). Italo was sent to Hay, which is relatively close to Hillston and Ivanhoe.

Theo told me the story of the family getting permission to take Italo to Christmas dinner at a hotel in Hay. The condition was that he had to have a military escort. So a Sergeant Major Duffy went along, with his rifle over his shoulder and a tin hat. Sergeant Major Duffy enjoyed himself. When they returned to the camp, Italo and the sergeant had a little way to walk to the gate. The sergeant needed some help. Theo remembers his father with the rifle over *his* shoulder and the tin hat in hand, escorting Sergeant Major Duffy.

Among those who come through vividly in Bean's pages are the Brown brothers, who ran the "Jandra". Captain Walter had a cockatoo which he used to have beside him in a cage, and Cocky was a personality in its own right to those who travelled on the river. He could demand and get an almond any time, but only if he addressed the captain or his brother by name, "Mr Brown". Cocky did this under protest. The famous bird lived until he was around 40, dying in 1928.

I made some desultory efforts to find relatives of the Browns, but without success. Then suddenly, as happened more than once with this book, a family member turned up at the last moment. Pattie Hall, niece of the brothers, in her 90s and living in Sydney, had seen written up a few months before a little book that had been published on the Bourke cemetery and sent off a letter to the Bourke library seeking a copy. The librarian, Ann McLachlan, knowing my interest in Brown relatives, rang me in a high state of excitement. When I contacted Pattie I found she had in the family a first edition of the *Dreadnought*, with the inscription, "To Capt. Brown and the Skipper's Brother from CEWB (in remembrance of the best trip he has yet taken)".

One relative I found amazingly close to home. At the river town of Menindee, Bean was given hospitality by a young couple of the Maiden family. A descendant of that young couple is the present licensee. We met members of the Maiden family at Menindee, but then, in the absolute final stages of checking what we were doing for the book, one of the researchers said, "I wonder if Sam Maiden is one of that family?" Sam Maiden works for *The Australian* and just across the corridor in the press gallery. It turned out she was the great grand niece of the young couple.

A century ago, there were many Afghans in the West. At least they were all called "Afghans" – a lot came from the area that's now Pakistan. They had camel trains which transported wool and other goods, and some were hawkers.

One fascinating story we came across was of the bride who was sold, aged 13, by her mother to an Afghan Morbine Perooz. Perooz had a tin mosque behind his house in Bourke, which is now to be seen in the Bourke cemetery. I found his grand-daughter, who has his

prayer books. Perooz's wife Myrtle, well over 100, was still living in a Cobar nursing home.

One story illustrated the pull of family down nearly a century. Bean stayed at Kilfera, just near Ivanhoe in 1908 and we visited the property too, where the old homestead still stands, but only just. In the same year that Bean was there, the family of an earth moving contractor living on the property at the time lost two children in quick succession. In 1994, three sisters in their 80s and 90s, accompanied by their nephew, came to the property in search of the grave of their brothers. The Linnett family, who live at Kilfera, had thought the little cemetery on the place might contain another, unmarked grave, but weren't certain.

When the women got to the homestead the eldest sister, who'd been about nine when the family left, knew precisely the direction of the cemetery. They located the grave, of which the family had a photo from the early days, and even a horseshoe from the pony of one of the children, which had been placed there at the time of the funeral. The grave now has a new plaque: the three women, who said their goodbyes to their little brothers, have all since died.

Today's West has more than its share of characters. One is out at Mossgiel, near Ivanhoe, and her name is Loma Marshall. I first met her years ago. My cousin Bill has a property out nearby, and I did a profile on Loma for *The Age*. She's a resilient outback woman who has for years lived in the decommissioned Mossgiel post office. This is the one building that remains from the old town – the rest of it has gone completely. Loma's house has a gruesome history. When I originally met her I stayed a night or two there; and soon after that I read Jill Ker Conway's *Road from Coorain*. Ker Conway tells the story of a man, Pommy Goodman, who was postmaster there in the 1940s, and hanged himself in the building. Writing about Loma for *Back on the Wool Track*, I set out to get more information about the hanging (which proved elusive). Instead I came upon the story of another hanging, by another postmaster, in the 1930s. His name was D'Ornay and it seems to have involved unrequited love.

A great friend of Loma's is Billy Baird, an 86 year old who drives the mail truck between Hay and Ivanhoe, twice a week, rising at 4 am to load the truck. When I met him he was railing about the fact fresh tenders were being called for the mail run and the authorities in Broken Hill wanted to interview him. He was determined to drive as long as he could. "I've got nothing else to do," he said. It's got to be the ultimate example of John Howard's argument about people working longer.

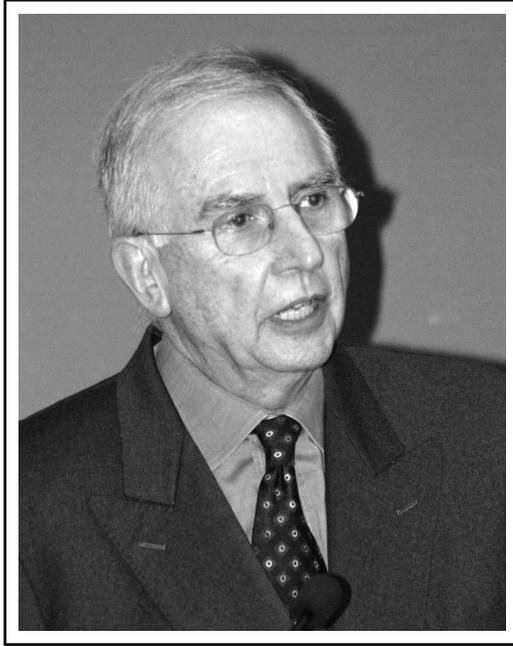


Photo – David Karonidis

Hugh Mackay

Hugh Mackay is a psychologist, social researcher and has written widely on the attitudes and behaviour of the Australian community. For the past 23 years, he has published his research quarterly series, *The Mackay Report*. Hugh Mackay has written four bestsellers in the field of social psychology: *Reinventing Australia* (1993), *The Good Listener* (originally published in 1994 as *Why Don't People Listen?*), *Generations* (1997) and *Turning Points* (1999). His most recent work is *Right & Wrong – How to decide for yourself* (Hodder Headline) and to reflect on this latest study, Hugh Mackay addressed The Sydney Institute on Tuesday 13 July 2004.

RIGHT & WRONG: HOW

TO DECIDE FOR YOURSELF

Hugh Mackay

Some of you must be wondering who would be mad enough – or arrogant enough – to write a book called *Right & Wrong*. In fact, the subtitle, *How to decide for yourself*, contains the key to the meaning of this book. It is not my personal catalogue of good or evil, or my prescriptions about how anyone should act. It is not a judgemental book: quite the reverse.

Right & Wrong: How to decide for yourself was written in response to a recurring theme in my social research: the sense that Australians are finding increasing difficulty in making confident moral decisions. Parents report that they are finding it harder to establish a basis for the moral instruction of their children; people complain that they don't have the same sense of "shared values" in their neighbourhoods and communities as they once did: there is a growing feeling of hesitancy in our approach to moral dilemmas.

This has become such a persistent theme that I can only assume it is a reflection of reality. I assume that people are, indeed, experiencing more difficulty on their pathway towards moral enlightenment. The question is, why might this be so? I think there are at least three possible explanations.

First, there has been a loss of respect for the moral authority of institutions – especially the church. Church attendance in Australia has plummeted: we're now down to about 15 per cent of Australians who attend church regularly and, although church attendance is by no means the only indicator of respect for the institutional church as a moral authority, it is perhaps a symptom. (For a start, many Australians now believe that some branches of the church have enough moral issues of their own to contend with, without suggesting how the rest of us might live.)

But it's not only the church: political, judicial, commercial/corporate and cultural institutions are all suffering from a decline in public trust (at least partly because intuitional dirty linen is now so commonly exposed to the glare of media publicity).

The second factor contributing to a loss of moral clarity arises from the connection between the sense of community and the sense of morality. If you believe, as I do, that the moral sense is a social sense – that is, we gradually develop a moral framework out of our experience of learning how to rub along with other people – then it would follow that if communities are less stable and less cohesive than they used to be, moral confidence would be a casualty of that: feeling as if we are members of a community is the prerequisite for accepting some responsibility for each other's well-being.

The evidence suggests that Australian communities are, indeed, less stable and less cohesive than they used to be. The increasing ethnic diversity, the high rate of marriage breakdown, the plummeting birth rate, our shrinking households and the mobility of the population all contribute to this sense of neighbourhoods being more fluid, more transient and perhaps more “wounded” than in the past. The widening gap between wealth and poverty in Australia is also threatening our confidence in the idea of an egalitarian, broadly middle-class society in which we all share roughly the same values and the same way of life.

When about 45 per cent of contemporary marriages end in divorce, this is a hugely destabilising factor in community life. The plummeting birth rate, similarly, takes its toll: in most neighbourhoods, children act as a kind of social lubricant, facilitating social connections between their families. As the birth rate continues to fall, that “lubricant” is in shorter supply.

The third factor that might be dulling our moral clarity is the fact that we seem to live in a more complex moral universe than the one inhabited by our parents and grandparents. There are simply more moral dilemmas facing us and more moral choices to be made. A sexually permissive society raises new questions about sexual behaviour. A pervasive drug culture – especially among the under 30s – raises questions about illicit drug use never imagined by previous generations. With such a high rate of marriage breakdown and re-partnering, we are facing more complex decisions about entering and leaving relationships, and all of them are charged with moral valency because they have implications for the wellbeing of others.

But it doesn't stop there. The field of biotechnology is constantly bringing us news of ethical dilemmas from the frontiers of science. Until the controversy about embryonic stem cell research erupted last year, who would have imagined that Australians would have been engaged in a debate about arcane biotechnology, with scientists, doctors, theologians, lawyers and politicians all having their say and members of the general public forming an opinion about a matter which might previously have been regarded as none of their business.

And what will we say about human cloning? Once cloning technology is perfected, how will we respond if our children or grandchildren decide, for whatever reason, that they wish to reproduce themselves via cloning, rather than via conventional sexual reproduction. These things seem remarkably controversial now – but so did contraception, once, and so did the process of in-vitro fertilisation (though the first IVF baby, Louise Brown, has now passed her 25th birthday).

Warfare, too, is subject to new moral arguments. You will recall that we were invited to regard the invasion of Afghanistan as not being a conventional military invasion leading to a conventional war: it was to be regarded as part of the “war on terror” which did not follow the old rules. It was about the pursuit of Osama Bin Laden and the overthrow of the regime said to be shielding him. Since the moral framework was new, the US announced that the Geneva conventions did not apply, so prisoners taken in this new kind of war were not to be regarded as “prisoners of war”, in the traditional sense – hence, Guantanamo Bay.

When you consider the loss of institutional moral authority, increasing fragmentation and transience of communities that once sustained our moral code and the increasing complexity of our moral universe, it is perhaps not surprising that so many people report a loss of confidence in their approach to making moral choices and ethical decisions.

So how should we respond to this loss of confidence? It is already clear that Australians are responding in three ways.

First, there is the *pro-regulation lobby* urging us to remove as many decisions as possible from the province of the individual conscience by passing laws and creating rules and regulations that will control people’s behaviour. We are already accustomed to the idea of anti-vilification laws having invaded an area we once thought was a matter of individual moral responsibility. Similarly, we have taken the question of smoking behaviour out of the hands of smokers and passed laws to control their behaviour. In everything from corporate governance to advertising directed at children, the mood favours more control, more regulation. It is as if we are saying: “we can’t trust each other to make sensitive moral choices so we’ll hand such matters over to the legislators”. I understand there is even some discussion about the possibility of legislation to define the role and responsibilities of parents.

This is a counter-productive approach. Anyone who has raised children knows that if you simply produce a long list of prohibited activities, the children become preoccupied with loopholes or else they decide that “if it’s not on the list, it must be okay”. So you have to keep lengthening the list. There is some risk that Australian society is heading in the same direction and it’s a trend I believe we should

resist. For a start, there is all the difference in the world between morality (which is about fairness and freedom to choose) and law (which is about justice and obedience).

A second, more enlightened approach to our present difficulty comes from those who are saying that if our sense of morality depends on our sense of connectedness with communities, then we need to do more in the area of *community development*. Anyone involved in the development of community life is, in effect, making a significant contribution to our moral health as well as our social and emotional health. Urban planners, adult educators, organisers of discussion groups, book clubs, choirs... anyone who is bringing us together is likely to increase our willingness to accept responsibility for each other's wellbeing.

But the third way is the best way: ultimately, we have to acknowledge that *the responsibility for the moral health of our society rests on each of us, individually*. We have to *want* to do the right thing; we have to *want* to make better and fairer moral choices; we have to *want* to offer a better moral example to our children, our neighbours, our colleagues and friends. In other words, it is ultimately up to us to decide for ourselves what's right and wrong – even though we know the process will be influenced by the context in which we are making these decisions.

Once we start thinking about how to decide what's right and wrong, any number of people are available to advise us. Even Ernest Hemingway – not normally regarded as a moral authority – once delivered himself of the opinion that “what is moral is what you feel good after and what is immoral is what you feel bad after”... which is no help at all, of course, because you won't know until after.

The wonderfully cynical US journalist and commentator, HL Mencken, once observed that “conscience is the inner voice which warns us that someone may be looking”, which seems wide of the mark! It's not unusual to hear politicians and business leaders talking about the sobering effect of public exposure on their decision making, but the reasoning is flawed: if we are only refraining from doing something because public exposure would humiliate us, this is very different from avoiding it because it is wrong. I argue throughout the book that we should be doing the right thing for no reason other than that we know it is the right thing to do.

My favourite quote about ethics comes from the field of business ethics which is perhaps the most significant chapter in my new book. It is clear that many Australians – especially young people – feel they are being asked to cut moral corners at work: it is now widely accepted that if there is a collision between commercial imperatives and moral imperatives in the workplace, the commercial imperatives will prevail. If there is tension between the bottom line and the social conscience,

the bottom line will win. It is becoming apparent that, in a climate of harsh “economic rationalism”, many people feel as though they operate in something of a moral vacuum at work, even if they are quite clear about the moral framework for their personal lives.

PriceWaterhouseCoopers published a survey last year in which they found that 47 per cent of Australian businesses had experienced corporate crime in the previous two years: that is, crime committed against the organisation by its own employees. Such crime ranges from the kind of corruption that led to the collapse of HIH, or the infamous King Brothers’ bus company which apparently had 300 phantom Mercedes buses running around country NSW (they didn’t exist, but they were fully financed by a bank), all the way down to people who are fiddling the petty cash or manipulating a computer payroll for their own advantage.

If there is as much corporate *crime* as that, what does that say about the climate for ethical decision-making? US research has suggested that moral issues do not get much of an airing in the workplace, where many managers suffer from so called “moral muteness” – believing that even if they are acting out of strong ethical principles, they shouldn’t say so lest they be regarded as wimps or bleeding hearts. Thus, many people experience the workplace – and the business of management – as “morally neutral”, which is why Justice Neville Owen, in his report on the Royal Commission into the collapse of HIH, lamented the fact that ‘this seems to have been an organisation in which no one ever asked the question “Is this right?”.’

Clearly, it is time to put ethics on the business agenda and to encourage moral reflection among our employees. Occupational Health and Safety now has a permanent place on the agenda of most business meetings: isn’t it time for “ethical issues” to become similarly ubiquitous?

But to return to the quote I was about to read you. It comes from one of my favourite philosophers, Groucho Marx: “The secret of success in business is honesty and fair dealing. If you can fake that, you’ve got it made.” (It was, Groucho, of course, who also said, “Those are my principles! If you don’t like them... I have some others.”)

Needless to say, that is not the basis on which I have written *Right & Wrong: How to decide for yourself*. Rather, I’m suggesting that each of us might strive to achieve “moral mindfulness”. Shamelessly borrowed from Buddhism, “moral mindfulness” refers to a state of mind in which our moral antennae are constantly twitching, in which we are constantly reflecting on the moral lessons our experience has taught us and visualising the possible outcomes of actions we are contemplating taking. “Moral mindfulness” is an amalgam of meditation, contemplation and introspection.

Many of us have developed intuitive tests for encouraging this state of mind. The Rotary organisation, for example, has a four-way test: "Is it the truth? Is it fair to all concerned? Will it build goodwill and better friendships? Will it be beneficial to all concerned?" That's a good test because it doesn't set out rules we have to follow; it enunciates principles we can embrace and apply in any setting.

Some parents encourage their moral mindfulness by imagining whether they would want to encourage their own children to behave in the same way as they behave.

Another good test to encourage moral mindfulness is to ask "what's in this for me?" That's a question we normally ask in a spirit of self-interest, but it can also be asked in a spirit of moral sensitivity: is there so much in this for me that it is blinding me to the moral issues involved?

All such tests are useful, but I believe we need more. Let me offer you a metaphor, borrowed from Martin Heidegger, to illustrate what I mean.

In an autobiographical essay, Heidegger was describing the experience of walking along a path on the outskirts of the village where he had grown up in rural Germany, and suddenly coming upon a magnificent oak tree on the edge of a wood. Standing and contemplating this oak, Heidegger noted how it was both "open to the sky and rooted to the earth". This led him to write: "everything real and true only prospers if mankind fulfils at the same time the two conditions of being ready for the demands of highest heaven and of being safe in the shelter of the fruitful earth."

That is a poetic way of saying the very thing that lies at the heart of my new book. I am suggesting that, in order to approach the state of moral mindfulness, we need to pursue two quite different lines of questioning. First, the classic utilitarian questions about consequences: What will be the effect of this action on other people? Will it do more good than harm? Will it produce the greatest possible happiness for the greatest possible number? Will it produce more pleasure than pain? Or, more testingly, will it produce *any* harm? *Any* pain?

These questions are important because they "root us to the earth". They are the questions about the consequences, implications and effects of our behaviour on the community to which we belong.

But I believe the utilitarian questions are not enough. Moral mindfulness demands that we also ask questions that "open us to the sky" – idealist questions about goodness, virtue and personal integrity. These are not questions about consequences for others, but for ourselves: we can easily imagine an action that has no negative consequences for others but still tarnish our own sense of our own integrity. So we need to ask: Is this action in harmony with my idea of

virtue? Will this action bring me closer to my ideal of goodness? Will I admire myself – is this the way I aspire to behave? Is this the action of the kind of person I want to become?

So if we pursue both the *utilitarian* and the *idealist* line of questioning, we will give ourselves the best possible chance of achieving the state of moral mindfulness...of achieving moral confidence, whether we are deciding how to treat asylum-seekers, or whether to invade another country, or whether to pass on a juicy piece of gossip, or whether to leave an unsatisfactory relationship, or whether to assist a terminally ill person in great pain and distress to a premature but comfortable death. Whatever the circumstances, we need to consider both the consequences for others and the implications for our own sense of our own integrity.

But will this dual line of questioning guarantee that we will always know what is right for us? Will it guarantee the moral clarity for which we yearn? Unhappily, not always. We will still sometimes find ourselves having to choose the lesser of two evils. We will still find ourselves existing in a state of moral chaos in which we will sometimes know what's right but not do it – perhaps because we are swept by more powerful passions of one kind or another.

We may draw some comfort from the words recently written by Simon Blackburn, Professor of Philosophy at Cambridge, in his book *Being Good*: “If we are careful, and mature, and imaginative, and fair, and nice, and lucky, the moral mirror in which we gaze at ourselves may not show us saints – but it need not show us monsters, either.” Perhaps that's as high as we can aspire. When we look in the moral mirror we don't want to see monsters and we may never see saints, but presumably we would like to see someone who is striving towards the ideal of moral mindfulness.

I suggested at the outset that *Right & Wrong* is neither a prescriptive nor a judgemental book. It is not my personal catalogue of rights and wrongs, but it does draw some conclusions. Like most people who study the matter, I conclude that when we seek our own happiness at the expense of someone else's, we'll generally fail. I conclude that moralising usually does more harm than the behaviour it criticises: when we make judgements about other people's behaviour, we are usually adding more to the sum of human unhappiness than they are.

I conclude that lying can be justified under many circumstances. (For example, I don't think “that was a lovely evening” is a heinous crime, even if you were bored rigid, nor do I think I should tell the truth to a violent husband who is knocking at my door wanting to know the whereabouts of the battered wife I have concealed in my attic.) But I think we know where to draw the line with lying: lying is *always* wrong when it involves the exploitation of someone else for our own benefit.

The book also argues that the end rarely justifies the means and that every action undertaken on the way to a morally acceptable goal should itself be morally acceptable.

I want to conclude by reading the final paragraph of the book.

Even when we share the same values and try to live in harmony with the same virtues we won't always agree with each other about what's right and wrong in particular cases. But wise moral decisions will always acknowledge our interdependency: our moral choices are ours alone, but they bind us to all those who will be affected by them. So deciding *for yourself* what's right and wrong does not mean deciding in *isolation*. Though we may sometimes feel like independent little boats bobbing about on the surface of some trackless ocean, we are actually more like the strands of a vast, evolving web. We depend on our connections with each other for our sense of identity, morality, emotional security and psychological-wellbeing; in that sense, we belong to each other.

That sense of interconnectedness is both the wellspring and the lifeblood of any moral code because it is the pre-requisite for accepting responsibility for each other's wellbeing.

FUNCTIONS - 2004



Photographer: David Karonidis

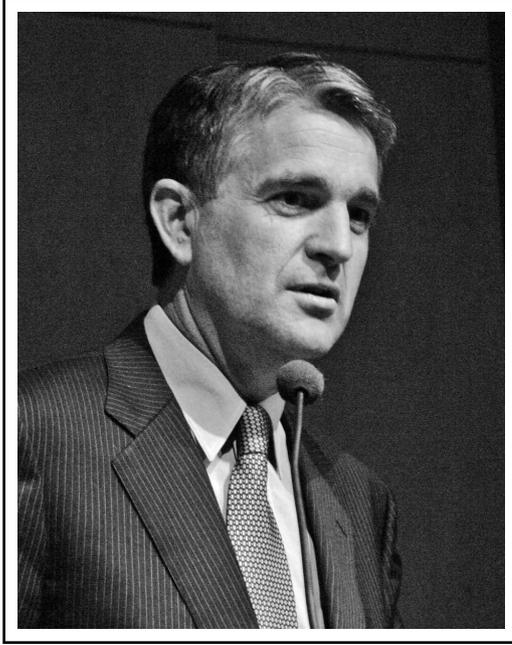


Photo - David Karonidis

John Anderson

The Hon John Anderson MP, Deputy Prime Minister, Minister for Transport and Rural Services and Leader of the National Party addressed The Sydney Institute on Wednesday 21 July 2004. After months of political debate on the issue of parenting and the role of government, initiated by Opposition leader Mark Latham, John Anderson chose to offer some of his own perspectives on what he sees as a growing alienation in the community with respect to politicians and political leadership.

INDIVIDUALISM,

DEMOCRACY AND THE DEBATE WE HAVE TO HAVE

John Anderson

Many commentators and journalists are telling us that the upcoming federal election will be one fought on values and ideas. No bad thing. We've now seen Mark Latham's recent forays, interesting as they have been, into areas such as families, parenting and children. These have been described as the stimulus for such a debate in many quarters, despite it not being a new phenomenon. In fact, it is the natural consequence of a long-running debate that has bubbled along within Australian public life for some time now. And I do want to say that this is a very important debate, a critical debate for the future of Australia. It's crucial for Australia because it is the surface manifestation of much deeper and far reaching questions. I have myself sought to openly discuss the need to deepen and widen this debate, arguing that it opens up a whole discussion on society, on government and the role of the individual.

I've commented many times, and some of you will have heard me say, that in this country our traditional, healthy scepticism about the political process and the players in it, is in danger of spilling over into a very unhealthy cynicism, a destructive and disdainful cynicism that we need to be very concerned about. Not least of all because it's starting to discourage otherwise good and capable people from thinking about taking part in public life.

We frequently have school groups that come to Canberra under a subsidised arrangement so that young people can see the parliament in operation. These can be highly entertaining visits. Students come from all over the country. Usually they make a week of it and they go on to the snow if it's there. They'll go to Questacon, visit Old Parliament House, they'll go to the Telstra Tower and a range of places around Canberra. At the parliament itself, I'll meet with them whenever I have the opportunity because it is important to engage them and to try to talk through some issues with them.

I have a standard question that I put to them in a variety of ways. In essence it is, "how many of you, before you came down here, were

told by your mums and dads that Canberra is a place full of hopeless politicians who get things wrong.” And in fifteen years I haven’t seen a kid’s hand that hasn’t immediately gone up. In one sense, that is quite concerning. They have all been told that the government is hopeless, that we’re making a mess of it. Then I lead them through an exercise, saying, “Well, what sort of a government do we have? You know, we have a democracy. Name me a country in the world that you think is as free and as prosperous and offers you as many opportunities as does Australia.” And from there we lead back to the fact that none of them can identify any great societies to live in where they don’t have to vote. But we shouldn’t have to go there, and yet we do.

We have a debate in Australia now that says the next election is going to be about values and what we believe and how we can restore democracy. It seems to me that in being seen to be responsible for raising these issues, Mark Latham has failed to rise to the challenge to broaden them. Even the media, dare I say it, have fallen all too often to cheap populism. Labor has skated over the very real issues that do need to be explored here.

Serious issues have been reduced to the suggestions that we legislate parental reading habits, that we enforce parenting education and discipline through parental responsibility contracts, that we legislate TV viewing habits to cut down on childhood obesity. Mr Latham has ridiculed my comments, arguing that I “belittled” the issue with comments about the nanny-state and the roles and responsibilities of the individual. But I would argue that these are the issues we need to debate. Mark Latham’s trivialisation of an important topic for the nation ignores the fact that the questions we raise in parliament are indicators of a far deeper and wider issue that is central to the future of our society, our government and, indeed, the role of the individual. If, as many say, this federal election is to be about values and vision, I really believe we need to grapple with the relationship between the individual and government. So let’s paint the picture.

At a time of very great prosperity – arguably a time when government has delivered in a way that no previous generation would have imagined possible, at a time when Australia’s economy is the strongest it has been in living memory, at a time of outward success – our society, we’re told, has been stricken by high levels of anxiety, a belief that all is not well and a grasping at a need for a “vision” and “direction”. Whilst this may have led to a coarsening of public discourse and relationships, I think the malaise is much deeper than just rude manners.

Both Ross Gittins, a leading economics writer, and Richard Eckersley, a leading social researcher, have identified this social dissatisfaction.¹ Large numbers of our youth, whilst growing up in prosperity and affluence, suffer anxiety and depression. They suggest

a certain disconnect between our prosperity and our sense of well-being. They detect a pessimism about our future and that of our children. They argue that social indicators highlight a lack of connectedness. They clearly identify a powerlessness among youth about their roles in the future of society.

Now, alongside this internal dissatisfaction, there has been a growing cynicism towards the political process, political representatives and public figures. In many ways, this is expressed as a dissatisfaction with government, that government has somehow failed to deliver what it should. Allan Fels commented on this in *The Sydney Morning Herald* late last year and said:

Respect for politicians has sunk even lower than for the usual bogeyman – used car salesmen and lawyers – according to recent polling by Roy Morgan.

Twenty-five years ago about one in five Australians rated their federal politicians “high” or “very high” for ethics and honesty. Only one in ten now hold the same opinion.²

I would suggest that, taken together, bad manners and public political cynicism are indicative of a deeper selfishness and introspection that has fundamentally misunderstood – even reversed – the roles and responsibilities of the individual and government.

An incident recently brought it home to me. A sense of this reality – that some people have very little idea of their own responsibilities and none of what they might reasonably ask from government. It came from a young fellow in one of my country towns. I was strolling down the street in a little place called Mendooran, a little place of about 300–400. There was a little four-wheel drive chugging down the street and the driver, a young man, saw me. He did a U-turn in the street, yelling out, “Hey! Just the bloke I want to see!” And he backed up and he jumped out of his ute. The first thing I noticed how fit and athletic he was, and that he had on a T-shirt and shorts and it was winter. He had sneakers on and muscles on him. He bounced over to me and said, I want to see ya! I said, what do you want to see me about? And he said, “Me disability pension.” So I asked him why he needed a disability pension? He said he had fallen down five flights of stairs in a pub in Wollongong and his doctor said he could never work again. I said, that was very tough and asked what he did to fill in his time? He pointed at his ute, full of chopped firewood. He told me he cut firewood and gave it to the pensioners around town for a few extra bob. He had no concept of his responsibilities, no concept of how inappropriate all this was. It hadn’t even occurred to him that, somehow, he was not accepting his responsibilities.

We need, inevitably, to re-examine the roles and interactions of the individual and of government. Gittins and Eckersley suggest that

selfish, capitalistic individualism is the problem. In some senses I agree. The individualism too often emerging out of capitalism today is a gross parody. I would argue, though, that we need to go further. We need to gain a right understanding of individualism – individualism which is both robust and responsible, self-serving and self-reliant, that is both relational and independent.

Ironically, at a time when individuals are loudly proclaiming their own rights, we seem to have lost sight of the true nature of individualism, replacing it with a cheap and shabby selfishness which obscures the proper relationship between me and the democratic government – and society – that stems from my individualism. In other words, the malaise and the pessimism associated with our current prosperity actually stems from a misunderstanding of our democratic system and the role of the individual in it. And I would suggest that this is in stark contrast to the schemes being proposed by Mark Latham.

The picture his statements conjure up are almost comical, if not for the fact that such a serious issue is at stake. Just think of a Labor Cabinet sitting about a table discussing the books that parents should read to their kids? We've got *Possum Magic* which he said was his favourite book. The problem with it is that it's all about food, much of it junk food. We come then to his other favourite writer, Dr Seuss and *The Cat in the Hat* books. Well, I don't know what a Labor Cabinet is going to decide about whether children ought to read those because Dr Seuss was an early-American pre-emptionist who had managed to become aggressively assertive in the face of the rise of Nazism.³ So he'll be off the list. And then you'll have them discussing the right way to parent and discipline children, while they acknowledge the right of unions to dictate to individual employers how to run a business. Is that really going to take precedence over how we manage the national books, on how we run an efficient transport system and look after security in an age of terrorism, as was suggested yesterday by Mark Latham? This is a fundamentally flawed approach and it brings a new understanding to the constant Labor statement about the "civilising role of government". We need to return to a right understanding of the individual and democratic government. So let's dig a little deeper.

The starting point for any discussion about the individual, has to start with two crucial features. Firstly, the innate equality of individuals. Individuals are equal in value and worth. Individuals are equally valuable and equally worthy. That, of course, comes from the dominant Western Judeo-Christian perspective and the idea that we're all created in the image of a God.

Secondly, the innate responsibility of individuals means that we don't operate in a vacuum. We are relational, operating in a web of relationships and ties. And, combining our social nature with our natural worth and equality leads invariably to responsibility, and an

acknowledgement of that responsibility and a carrying forward of that responsibility. We are responsible for ourselves, we are also responsible for those we relate to – family, community and society. This understanding of individualism is critically different from that lamented by Gittins and Eckersley. The individualism we need to regain is innately relational, innately equal and, hence, innately responsible for those we relate to. It is out of this individualism that voluntary associations emerge – the crucial basis for society. Families, societies, clubs, voluntary bodies, all emerge from this individualism. And if we accept, as I think we must, that this is the essence of the individual, then we can see the inevitable links to democracy:

Firstly, innate equality leads to a valuing of each person's right to an opinion. As the future of the nation is mapped and plotted, each individual's opinion and views must be heard. But secondly, innate responsibility means that our responsibilities to each other, to our relationships, influence the exercise of our choices, our opinions, our vote. It means that our participation in the political process must be discerning and responsible, not only to ourselves but to others.

Such a discussion is conservative in philosophy. It is a statement of individuals, society and democracy that transcends time, and it leads inevitably to an understanding that individuals today have a partnership with the past and with the future, a distinctly Burkean conception. My party stands firmly in such a tradition. We recognise the innate value of individuals and their foundational role in voluntary organisations and in democratic government. And it seems to me that you cannot argue with the proposition that such an inevitable partnership – between the relational individual, society and democracy – has a massively positive impact:

Firstly, it creates a political environment in which the individual is respected. When the work of individuals is recognised, when it's understood that they are crucial cogs in the social and political process, when the opinion of the individual can influence political and social decisions, people feel respected, and that's important. Secondly, it creates a political environment in which the individual is nurtured. The Prime Minister talked recently of an "enterprise culture" – democracy is exactly that. In recognising the worth of individuals it allows them the space to indulge their enterprise. Thirdly, however, the innate connection between the individual and democracy also creates a political environment in which the worst excesses of the individual are restrained. The worth and responsibility of each individual works to restrain those who extend their desire to the point of dominating others – because all are valued, all are responsible, then, all are limited by the value and responsibility of those around them.

It is a complex and an intricate relationship between the individual, society and a democratic government. Essentially then, it

is the individual who is the heart and foundation and the basis of democracy. It is from the individual that democratic governments emerge, never the reverse. This, in itself, establishes a certain order and priority about the roles and responsibilities vis-à-vis democratic rule.

However, the relationship becomes even more complex when one considers that individuals and their voluntary associations surrender certain responsibilities to democratic government in order to guarantee key freedoms, for example defence and the building of infrastructure. In that surrender, the relationship between (and roles fulfilled by) individuals and democratic government become one of delicate tensions. In a sense, that classic statement of Christ's, "give unto Caesar that which is Caesar's, and to God what is God's", can be applied to individuals and the democratic government: their roles and responsibilities become distinct and must be maintained as such, with government always flowing from the individual and never the reverse.

This tension, however, can often over-balance into a blurring of roles and responsibilities. Over a long period of time now, we've had an unfortunate tendency for, on the one hand, politicians and government over-inflating, over-promising their ability to deliver and creating expectations that are impossible to meet and, on the other hand, the individual expecting more of government than government can, or should, attempt to deliver, seeing in it, somehow, the ability to civilise and mould society.

On the level of expectation, government expects less of the individual and the individual expects more of the government than is appropriate. Secondly, on the level of responsibility, the individual abdicates responsibilities innate to their nature (self, family and community), placing the onus on government to regulate such relationships. And thirdly, on a level of reliance, the individual becomes more reliant on government and government less reliant upon the individual.

You can see the inevitable danger and consequences – the very relationship between the individual and democracy – so crucial for society. Democracy becomes inverted, subverted, even reversed. More specifically, as government is continually and increasingly unable to deliver on overblown promises and over-inflated roles, the corollary is a growth in public cynicism, scepticism when it comes to politicians, public figures and the political process. And, as scepticism grows, individuals become less willing to be involved in a political system that they see as fatally flawed and unwilling/unable to "help" them. And thirdly, we then see an over-reliance on government developing, and that leads to the government becoming the source, somehow or other, of meaning and vision and purpose, something governments just can't do.

At a fundamental level, the individual is no longer the essence and foundation of democracy. Instead the government becomes the tool by which individuals are regulated and informed and told how to live. And that is deeply worrying. Instead of society and relationship and government emerging from the individual, government tends to become responsible for socialising and civilising people. In blunt terms, government begins to civilise society, rather than civil society – constructed by individuals – civilising government.

The political implications of all this are far-reaching, and need to be carefully contemplated. Such thinking must be practically applicable if it is to be of any use or have any impact on the life and future of Australia. At this point, I ought to say that political principles must be used as imperatives if society and government are to improve.

Mark Latham has constantly discussed “recapturing democracy”, as he puts it, for the ordinary Australian. His solution has been greater discussion and increased forums, returning dialogue to a folksy meeting in a weatherboard hall, which I’ve been doing for seventeen years. It’s nothing new; where shins are occasionally kicked and opinions openly and honestly aired.

Similarly, Mark Latham has trumpeted the “Third Way” of politics, arguing that true democracy can only be recaptured if power is decentralised to create social capital. Now I want to say that whilst a “civic conversation” and power decentralisation is important for democracy, these can only be achieved when democracy is rightly based upon the individual and a proper understanding of our roles and responsibilities. And, moreover, this can only take place when government and individuals recognise their distinct and interlocked responsibilities and roles.

If we are to be truly focused on democracy then we must return to the individual, instead of imposing a dialogue on individuals. We need to accept that individuals are the basis of the dialogue and therefore for government. In truth, as this takes place, and to the extent that we carry it forward in the future, responsibility and democracy are recaptured.

If you take, for example, the issue of responsibility as individuals. It can only happen to a person at an individual level, it’s not something that can be legislated. However, it can be fostered, through a framework of policy that enables individuals. As we recapture responsibility as individuals, then we recapture a true, democratic participation. On a personal level, we start to exercise our individual choices responsibly, “mutual obligation” we call it, and on a political level, we start to exercise our voting responsibilities, without cynicism.

In terms of responsibility in social units, as we recapture social responsibility, then we recapture volunteerism as an ethos for society and politics. That’s a theme that people like the Treasurer and

the Prime Minister have focused on to a great degree over the last five years. For example, the Prime Minister opening the National Emergency Services Memorial a few days ago, the key role volunteers play in protecting communities and people was acknowledged and praised. In turn, this sort of thing may very well help deal with the public cynicism about politics and public figures as well as filling any future dearth of public figures.

In turn, we can start to regain the notion of partnership between individuals and the governments they give substance to. And this, I think, is achieved, for example, through the crucial support that the Nationals, as a conservative political party, give to strengthening the voluntary bodies formed by individuals, communities, families and organisations. We run a number of programs which are designed to partner local communities seeking to find a stronger way forward for themselves. We don't impose solutions from Canberra to specific local problems, we encourage local communities to find their solutions, to build the social capital necessary to identify and bring forward the leadership necessary and then we partner with them.

And in terms of our responsibility as economic units, if we recapture economic responsibility alongside social responsibility, then we recapture corporate social responsibility addressing corporate greed and environmental irresponsibility. So, for example, the work done to provide a strong economy and the reforms for small businesses to encourage initiative and innovation can only help.

As we recapture responsibility within the political process, then we recapture political participation. Furthermore, as we recapture the true separation of the spheres of individuals and government, the point at which government respectfully states that it must bow out of individual affairs becomes easier to find and more readily accepted.

So let me then, in conclusion, make a point that Wayne Swan argued here, in July 2002 at The Sydney Institute, that our agenda is largely symbolic, using symbolism to distract people from the realities of life. In truth, it is our return to individuals as the basis of a civil and democratic society that lays the foundation for real life. This isn't symbolism, it's a reality.

Furthermore, Wayne Swan argued that social problems today are the result of market forces, rampant capital individualism and small government. Yet, this is to shirk the fact that we are all responsible, as individuals, for the society that we create. And interestingly, his views find a parallel in the way in which the extreme Right seeks to absolve people from any responsibility from their own failures by blaming international bankers or conspiratorial "new world order" governments. Mark Latham and Wayne Swan cannot drive people up the ladder of opportunity without expecting us, as individuals, to accept our responsibility in building and maintaining the ladder – that is our

job as members of society. True “bottoms-up” politics stems from the individual, not the government.

Whilst some commentators dismiss these ideas I have expressed as “conservative”, I want to say to you that they are legitimate. I happily wear such a label. It is critical to the party I lead and to the ethos and vision we have for Australia. The Nationals are innately conservative if by that is meant the preservation of the right relationship between individuals and democratic government. Nisbet states that:

Disraeli, Newman, Tocqueville, Bourget, Godkin, Babbitt, all of them, down to conservatives of our own day such as Oakeshott, Voegelin, Jovenal and Kirk, have stressed nothing if not the bounden necessity of the political state holding as far back as possible from meddling in economic, social and moral affairs; and conversely, in doing all that is possible in strengthening and broadening the functions of family, neighbourhood, and voluntary, cooperative association.⁴

So I would want to insist on a need for individuals to fulfil their responsibility. I would want to insist on the need for government to recognise its rightful and appropriate limits; I would want to insist on government recognising its reliance upon individuals in relationship; I'd want to insist on supporting voluntary organisations and individual associations; I'd want to insist on security and encouragement for individual achievements. As an American once noted, in relation to America, but it can be paraphrased for us: in the end, the nation is nothing more and nothing less than the sum total of the individuals that make it up.

Thus my honest contribution to a debate that I think Australia needs to have. In common, I should say, with probably every other Western democracy on the face of Earth at a time of unparalleled prosperity, that cynicism should have reached such endemic proportions in our community is a great concern. We need, then, to re-evaluate carefully, and I hope I've put some thoughts of some value to you tonight.

Footnotes

1. For example, see Gittins, R. “Activity is the Goods for True Satisfaction,” in *The Sydney Morning Herald*, 18 February 2004. Viewable on www.smh.com.au or R Eckersley “The Quest for Happiness,” in *The Sydney Morning Herald*, 31 January 2004. Viewable on www.smh.com.au
2. Fels, A. “The Rival No Politician Can Defeat,” in *The Sydney Morning Herald*. 30 October 2003. Viewable on www.smh.com.au
3. Theodor Seuss Geisel was an editorial cartoonist for a New York newspaper before the United States entered World War II. See Minear, R. T Geisel (et al) *Dr Seuss Goes to War: the World War II Editorial Cartoons of Theodor Seuss Geisel*. New Press, New York, 1989.
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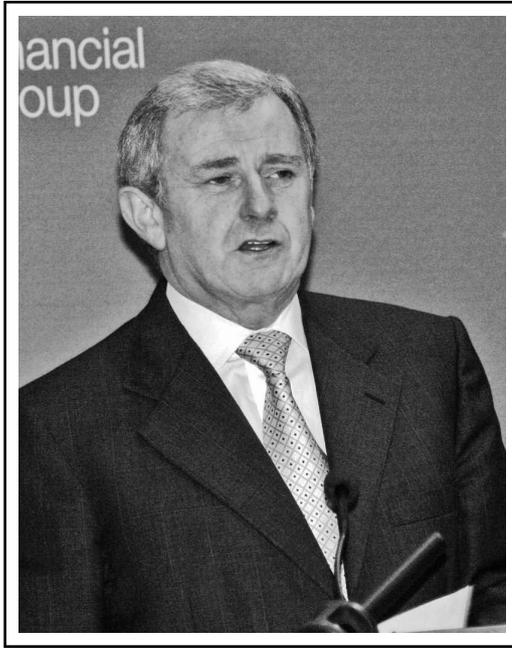


Photo – David Karonidis

Simon Crean

On Monday 26 July 2004, the Hon. Simon Crean MP Shadow Treasurer addressed The Sydney Institute. Taking as his theme the idea of economic reform for future growth, the Shadow Treasurer acknowledged the benefits of reform over two decades of both Labor and Coalition government. In Labor's next phase, however, Simon Crean believes that it is "only by investing in opportunity for all – in the education, skills, health and well-being of our people – that we encourage participation and enhance freedom".

PROSPERITY WITH A

PURPOSE: A NEW AGENDA FOR ECONOMIC REFORM

Simon Crean

It is a pleasure to be back here at the Sydney Institute. Yours has grown into a forum within which our leaders debate the competing policies and values that will, in one way or another, shape the nation's future. This, in itself, provides ample incentive to be with you again this time to address the topic "Prosperity with a Purpose".

This is a topic about the future – about transforming government to take a long term policy view. Our challenge to secure the future is to take the economy onto a higher growth path – but a growth path that extends opportunity to all, and a growth path that is sustainable both in economic and environmental terms. Despite 13 years of economic growth, there remain too many qualifications on our nation's progress. Australian families have never been under such record financial stress – with record household debt, mortgage repayments chewing up more of the family budget than ever before; and a record low savings rate.

They are burdened not only by the highest taxing government in our history but one which has steadily abandoned investing in the vital services they need – services like bulk billing and education – not only taxing more; but charging more too. Australian families are working harder than ever but are finding it harder than ever to make ends meet. They spend their lives running between work commitments in an increasingly demanding world and their family commitments. Too many now feel that they are forced to choose between being a good worker and a good parent. This is why, after 13 years of economic growth, Australian families are asking the question: if the economy is doing so well, why am I and my family missing out?

More than ever, Australia needs a new economic agenda for the future. We need a more integrated approach to our economic, social and environmental development. We need to overcome the disconnect between the challenges we face – that are long term in nature – and an annual budget process which tends to cater too much to our three year political cycle. We do not need an agenda for government to just spend more money. We need a new agenda that ensures that government

decisions are based on a sound savings and investment framework. A framework which enables government to take the pressure off families today by providing real tax relief for the forgotten people and restoring vital services in the areas of health and education, but in a way that also provides benefits into the future.

After 13 years of economic growth, under both Labor and Coalition governments, the momentum for economic reform has stalled. For the conservatives, balancing the books is the be all and end all of economic policy. For Labor, that is just the starting point. Economic policy for Labor starts with good budget management, but builds on this with an economic reform agenda that boosts productivity to lift the economy onto a higher and sustainable growth path. Labor governments have always been builders – we initiate the structural changes that take the nation forward. A Latham Labor government will be reformist with a growth agenda to boost the productivity of the nation by investing in the productivity of our people.

Alongside Labor's agenda for infrastructure renewal based on sound cost-benefit analysis and our strong commitment to competition policy, this represents the best way to structurally lock-in low inflation, low interest-rates, and maximise future employment growth. Labor's agenda of prosperity with a purpose is about meeting the nation's economic needs – not just for today; but for the future.

It is interesting that the Secretary of the Treasury, Dr Ken Henry, last week touched on this broader purpose of public policy¹. Dr Henry positively refers to Nobel Prize winning economist and philosopher, Amartya Sen², and his work on “development as freedom”. Sen's point is that by providing people with real opportunity (what he calls capabilities), we give people freedom. Sen argues that this freedom – substantive freedom – is a measure of progress.

Real opportunity necessitates access to the basic services that underpin social and economic participation – services like education, health and housing. This is why Labor is so committed to policies that restore services like bulk billing in the area of health – services that not only foster greater personal well being but support economic participation.

Labor's agenda is not one of opportunity and freedom, but one of opportunity for freedom. It is only by investing in opportunity for all – in the education, skills, health, and well-being of our people – that we encourage participation and enhance freedom. It is only by investing in opportunity that we make real progress. Prosperity with a purpose recognises that we are a better society when opportunity extends to all. It recognises that we are a better society when we provide world-class public services. And it recognises that we are a better society when we combine growth with sustainability.

A Latham Labor Government will restore aspiration to the Australian story. This reflects a fundamental difference between Labor and the Coalition – the difference between those who want to make our society better and those who want to preserve the status quo. We know that governments don't have all the answers, but they can make a difference.

The lessons of reform

Indeed the economic reforms undertaken by Labor governments in the 1980s and early 1990s have shown us that reforming governments can make a big difference. While the Australian economy has witnessed strong economic growth under both Labor and conservative governments for 13 years now, this has been no accident. The driving force of this growth has been the big step-up in productivity and the taming of inflation. It is widely acknowledged³ that this is a consequence of the structural reforms of Labor governments in the 1980s and early 1990s which:

- opened up and modernised the economy,
- pursued an activist multilateral trade agenda,
- deregulated our financial markets,
- moved our industrial relations system away from centralised wage fixing to that of enterprise bargaining, and
- introduced competition across the economy.

We looked to the future, boosting national savings through compulsory superannuation, and making major investments in education and research. As a result of reforming policies, and the adaptability of the Australian people, we have transformed the Australian economy. But we cannot be satisfied with the status quo. We cannot and must not retreat from the reform challenge.

Our opponents have vacated the field of economic reform. They have run out of ideas and are out of puff. They have mistaken the Prime Minister's goal of making the Australian people relaxed and comfortable as one of making themselves relaxed and comfortable. It's time they made way for Labor's new economic agenda.

Responsible budget management

The foundation of Labor's economic policy is responsible budget management. It is why all Labor policies are fully costed and funded, to ensure that they do not put upward pressure on interest rates. To date, we have announced investments, particularly in health, education, and families, which total just over \$9 billion and have identified savings of the same order. We have done this by redirecting funds from the government's policies to fund Labor's better priorities; and by eliminating government waste and mismanagement. You only need to see the

\$123 million two month pre-election government advertising budget to understand the waste and mismanagement point.

The Prime Minister and his Treasurer have untruthfully tried to claim that Labor promises lower taxes, increased spending, bigger surpluses than the government and then have money left over to spend on an Intergenerational Fund. For the record, and to correct the Prime Minister and his Treasurer, Labor's Budget Pledge over the next parliament will:

- First, deliver budget surpluses and reduce net debt.
- Second, reduce Commonwealth tax to GDP. Tax to GDP is higher today than when the Howard Government entered power. Indeed, before we announce our tax policy, Labor is already ahead with its commitment to cut the contributions tax on superannuation.
- And third, reduce spending as a proportion of GDP. It's why our spending going to the election will be covered by savings and our agenda is to lift growth.

Let me reiterate: our spending to date is covered by savings; we will continue to ensure that this is the case. It is not about more spending or bigger surpluses – it is about re-ordering priorities. This is our pledge; it can't be clearer than that; and on the Budget figures available we will achieve it. Labor's Budget pledge is a stricter discipline than any Opposition has imposed in the modern era. I firmly believe that Budgets are about choices. This inevitably means making hard decisions. As most of you would have seen in recent times, Labor is prepared to make those hard decisions to deliver on our services agenda. The same principle – fiscal responsibility underpinned by a preparedness to make tough decisions – will apply to our tax policy. But economic policy only starts with good budget management. The larger task of economic policy is to secure the future – with policies that lift the economy onto a higher growth path.

Investing in the drivers of growth

There is nothing more important to the productivity of a nation than the productivity of its people. Herein lies the answer to the great intergenerational challenge of an aging population and the looming decline in labour force participation that have been raised by Treasury researchers. In contrast to the Treasurer's intergenerational report⁴ and its baseline of lower productivity growth relative to the past decade, Labor's response is to meet our challenges by lifting productivity. Indeed, this is also the conclusion of an IMF study⁵ into Australia's intergenerational challenges released just this month.

The economics literature – particularly the literature under the rubric of new growth economics – points the way forward. The evidence⁶, as Alan Greenspan has been championing for some time now, is clear. The future for developed economies lies in:

- greater investment in its human capital, in education and skills development,
- its research and innovation capacity,
- modern infrastructure to provide efficient platforms for growth
- strong competition; and
- greater openness to trade.

Over the past two decades, it has been the adaptability of the Australian workforce that has proven to be our economy's greatest asset. In the years ahead, the big challenge for Australian will be our willingness to develop the skills of our people, and to fully utilise these skills. And if we are serious about addressing the twin challenges of lifting both our labour supply and its quality, then investing in education and skills⁷ and lifting labour force participation⁸ must be critical components of economic policy.

Investing in the skills of our people

All of my working life, I have understood the importance of investment in both capital and labour; of the need to invest in skills and training to improve the capacity of the workforce to embrace change and introduce new technologies and practices. When our growth potential depends on the interplay between capital and labour, we are compelled to reject the conservatives' viewpoint that labour is just a cost. In a world where brain matters more than brawn⁹, the effective diffusion of research and innovation breakthroughs demands a highly skilled and adaptive workforce. Labour, in fact, is the embodiment of the most potent form of capital – human capital.

While this is becoming entrenched as a fact in macroeconomics, the microeconomic research now demands that we move away from a linear narrative of education and skills to a more integrated approach to learning over a lifecycle¹⁰.

The literature on the economics of human capital is compelling. Indeed, ANU growth economist Steve Dowrick¹¹, having noted the faster rise in educational attainment by our competitors, suggests that an increase of 0.8 in the average years of schooling of the labour force would make us comparable with the US and Scandinavian economies and lift economic growth by 0.3 percentage points per annum. And, as the new growth literature argues, increases and improvements in human capital can generate even greater returns to growth when combined with technological change and greater openness to trade¹².

It's why Labor believes that our schools must do better. It is why we are committed to a better needs based funding system for our schools. It is why we recognise the importance of schooling in overcoming locational disadvantage. It is why we have invested in 20,000 new TAFE places and 20,000 new university places and opposed the 25 per cent university fee hike imposed by the government. The inter-disciplinary

literature is conclusive: learning begets learning¹³. That is why Labor's agenda starts with early childhood development encompassing early education, preventative health¹⁴, and better work and family policies for parents.

The World Bank gives us five good reasons why we should invest in young children¹⁵. First, it builds human resources in a proven way. Second, it generates higher economic returns and reduces later social costs. Third, it achieves greater social equity. Fourth, it increases the efficiency of other investments. And fifth, it helps families as well as children. While John Howard and Peter Costello ridicule early childhood development policies such as "reading to kids" as non-economic, researchers in brain science reveal it as important in developing the neural connections in children to maximise brain development. When we stimulate the mind early, the benefits last a lifetime. Benefits for the individual – yes – but beneficial for the economy as well.

The research shows that investing early can have significant positive dynamic effects and save on expensive remedial programs that parents and society would face in the future. As Mark Latham again pointed out on Saturday, reiterating the research¹⁶, one dollar invested now can save up to seven dollars in future budgeting. The lessons from the economics literature is that the cost of not making these investments in development and education will be even higher.

While John Howard speaks of getting the big things right, Australian families know that it is from little things that big things grow. For Labor, early childhood development is the start of the investment cycle in human capital – an investment which maximises opportunity for individuals, maximises the productive capacity of the economy, and minimises personal and social vulnerability. Labor's commitment to education and training is not only good for the individual; it is good for the economy; and it is good for the nation.

Increasing participation and rewarding effort

Just as we can't secure our economic future if we fail to develop the skills of our people, we can't make best use of those skills if we do not also maximise the opportunities for economic and social participation. As a nation, we cannot accept large numbers of Australians stuck on welfare. This is a waste of human potential, economically inefficient and a failure to give meaning to our notion of a fair go. It fails the individual; fails the economy; and fails the nation. We need to extend the reach of opportunity – to all citizens in all communities. We need to boost workforce participation. This imperative underpins Labor's policies to lift the participation of those groups that need it most:

- Through our Learn or Earn policy, Labor will lift the participation of our young people who are in neither any form of education or employment.

- Through our strategy for Mature Age Workers, Labor will be putting the systems in place to ensure that retrenchment does not mean retirement.
- And through Labor's work and family policies, Labor will support women returning to work by ensuring that workplaces are sufficiently flexible to cater to their needs.

These policies are all designed to enhance attachment to the labour force, increase labour supply and improve its quality. Our tax and welfare system remains a serious barrier to workforce participation – even after the government's most recent changes in the Budget. Unless we get the incentives right, and reward people for their hard work, our investments in skills will be wasted. But in its pursuit to play short term politics, the government gave up on this reform opportunity in the 2004 May Budget.

Professor Peter Dawkins from the Melbourne Institute has looked at the participation effects of the government's budget¹⁷. He has concluded that the government's changes to family benefits will encourage 20,000 people to leave the labour market; they will actually reduce workforce participation.

At a time when economists are arguing that we need to increase participation to help meet the costs of an ageing population, it is hard to believe that a government could spend \$35 billion and yet forsake the opportunity for long term reform. The government's package represented a wasted opportunity to get the incentives right; to reward hard work. Labor will do better. We will offer not only a broader package of tax relief, but reforms that improve work incentives and increase participation. Along with sound work and family policies, as Professor Peter McDonald from the ANU has pointed out, getting work incentives right are critical economic policies that will not only be good for the individual; but good for the economy and good for the nation.

A long-term approach to decision-making

While I have focussed on how Labor's savings and investment framework drives our economic focus on education and participation, let me briefly turn to how this framework should be reflected in the structure of the Budget itself – a topic I raised recently at the National Press Club. If we are facing rising fiscal pressures tomorrow as described by the Treasury's intergenerational report¹⁸, then we should be acting to address it today, just as other nations do. A point highlighted by the IMF in its recent study showing that lifting productivity and getting the budget structure right can lift growth. I believe that we need a coherent strategy for the long-term, one that involves:

- Developing a savings mentality in the Budget and putting aside savings today so that you have enough when you need to address problems tomorrow; and

- Making the investments today – such as early intervention, education and participation – that moderate fiscal pressures tomorrow.

Just as Labor introduced compulsory superannuation for Australian workers – a savings fund which can only be drawn upon to meet defined future needs of our people – budgets, too, should reflect this principle. Governments should set aside funds to deal with clearly defined future fiscal pressures – I describe it as superannuation for the nation – and it should make investments today to reduce the cost of our longer term fiscal pressures. Labor will bring the long-term considerations of savings and investment to the heart of the annual Budgeting and reporting process. In doing so, we will bring a long-term perspective to how governments think and act. This commitment to saving and investment is not new for Labor.

We introduced the most significant intergenerational policy of all, that of compulsory superannuation. At the time, the conservatives rallied against us. And yet, this policy has given workers a stake in their future, and introduced them to a culture of economic ownership. A long term approach to budgeting is long overdue in this country. It is time we put the nation's long-term interests ahead of short-term politics.

Conclusion

Over coming weeks and months, Australians will have to make an important choice. They will have to choose between a conservative government asking to be re-elected based on the status quo; and a Latham Labor alternative that has eschewed the small target strategy, and is offering a new direction for the nation. Through responsible fiscal policy, by investing in education and by boosting participation, by embracing an agenda for early intervention, Labor will lift our economy onto a higher growth path. We are convinced that it is by developing the talents of our people and fully utilising those talents, that we can best deliver for individuals, for the economy and for the nation.

The Howard-Costello government has run out of ideas. Their vision doesn't look to the future – it only has them talking about the past. By addressing the needs of our people, the economy and the nation, Labor will offer a better future. By investing in opportunity for all, a Latham Labor Government will restore aspiration to the Australian story. National leadership demands that we have the courage to continue on the path of reform. This is how we give our prosperity a purpose.

We should aspire to nothing less.

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Helen Trinca



Catherine Fox

Photo – David Karonidis

Helen Trinca, editor of *The Australian Financial Review BOSS* magazine, and Catherine Fox, deputy editor of *AFR BOSS*, are the co-authors of *Better than Sex: How a whole generation got hooked on work* (Random House, 2004). When they set out to investigate the new world of work, they found a generation that looked to work for meaning as well as money. To discuss all this and more, Helen Trinca and Catherine Fox addressed The Sydney Institute on Wednesday 28 July, 2004.

BETTER THAN SEX? –

A GENERATION HOOKED ON WORK

Helen Trinca

I've been a worker for more than 30 years – I have worked full-time and I have worked full-on. I have changed jobs often, within papers and between papers and other media organisations. I've been stressed, I've been challenged, I've been amused and horrified.

I've had a very wide range of different experiences in those three decades of work but I have never before seen so much focus on the *way* we work, never seen such interest in how we go about our jobs, what we think of work, how we should manage it against the rest of our lives.

Every day we pick up material about workplaces, about good bosses, bad bosses, about companies that get it, about companies that don't get it. There are stories about bullying in the workplace, about romance in the workplace – and sometimes equal weight seems to be put on both of those!

There are stories about “the work hoax” – how the promise of less work has turned sour – about leaving work to downshift. There are stories about managing up, about creating a portfolio career and more recently about working into very, very late middle age.

You get the picture. Work is the topic *du jour*.

We talk about work constantly – about what we are doing, about how hard we are working, about what it means to us. We debate many areas of our lives through the prism of work, and we come to understand ourselves in part through an understanding of how we work.

The language of work has invaded our personal lives: we talk about “seeking closure” after a love affair gone bad; we schedule meetings with our kids to discuss key issues, and we program our leisure in much the same way we program our packed working lives.

So much talk about work and yet so much *denial* about it as well. Our attitude to work remains – in the jargon of the day – conflicted. We look to it for satisfaction and meaning but many of us still talk about it as the thing we have to do to make ends meet. We sacrifice our personal lives for the bigger job, the more satisfying careers and yet scarcely dare to admit that at least in part, we have chosen this.

Many of us arrive at work on Monday relieved to have left the domestic chaos and disappointments behind – secretly delighted at having got away just in time – but rarely game to admit it. Some of us know only too well how often the structure and the order of work has saved us from depression or just deflected us from simple sadness. It’s been our safe harbour in times of personal stress or confusion. But I would suggest that it remains deeply unpopular – as co-author Catherine Fox and I have found these past few weeks – to talk about paid work as a source of meaning.

To suggest that we look to paid work to affirm our values is seen as dangerous. Applauding paid work does not fit with the view of victim workers exploited by the boss. Nor does it jell with the image of ourselves as laid back Aussies. The mantra is that we’d rather be sailing, even when we’re hooked on our jobs.

We have found many people uncomfortable with our book’s central thesis – that it’s time to confront the realities of just how much work means to us in the 21st century. They are angry at us for not writing a different sort of book. Some of them have even called us smug and naive for not writing a different sort of book! The book they *wanted* us to write, it turns out, is one that has been written several times already – the one about work as oppression, about a system that forces us to work long hours against our will. They wanted a book about how we are trapped by work.

We didn’t write that book, partly because we felt that there is plenty of material already out there that makes that case. But largely we didn’t write it because it only tells part of the story.

What we wanted to do was to come at working life from a different angle. Not one that glorifies work – we too have a dread of those rah rah books from the United States – but one that acknowledged the way paid work is central to our identities, and how dependent we are on it for satisfaction and meaning.

So we wanted to write a book that described what was going on around work – where we thought organisations were failing; where the pressure points are; where we think employers are going too far; why it is that companies have been able to “sell” this engrossing story around work so successfully in the past couple of decades.

When we started writing *Better than Sex* we would tell people we were doing a book on work and their eyes would glaze over. When we told them the title – they immediately got the point. There was almost always a sense of recognition. It wasn’t that people thought we were really saying work was better but they knew too well how work’s dominance was squeezing the private, the intimate, the domestic out of their lives. And there was often an aha! moment around the notion that we’re no longer so sure it’s bad to love our work.

Since the book has come out, many people have seen themselves and their lives reflected in its pages – they have told us of their relief in finally reading a book that described how they felt about their jobs. One senior woman who runs a big company told me that she had given it to her mother to read so she could finally understand why she worked the way she did and why she loved it so much. Thus for some people who can't quite connect with the story of workers as victims, *Better Than Sex* has been – in its own small way – liberating.

But there's another side to all this that adds up to a tension between really desiring the affirmation of work and the feeling that we are sinking into our jobs, in fact, becoming our jobs. The tensions emerge in various ways at a time when work is in transition and our society's attitudes towards work are shifting.

On one hand we are told to open up and be creative at work, to take more responsibility for how we do our jobs and even for the end results – the bottom line. Yet at the same time that we hear the rhetoric of autonomy, we are at risk of being performance-managed and measured to death.

On one hand our boss gets warm and fuzzy – sits in the open plan office – negotiates with us about what work we might want to do. Yet the power differentials are delineated very precisely in terms of pay and status. On one hand we are told we can manage our own careers yet the company reins us in, in terms of behaviour, and dumps us unceremoniously when it feels like doing do. Increasingly workers confront the paradoxes between informality and control, between freedom and restriction.

Perhaps the biggest tension is the sense that many of us are on the job even when not physically present at the office. This fusing of the public and private life is now virtually complete across our society. We use the email at home for work purposes – but we use the work email to book our holidays. It used to be a hanging offence to make a personal phone call in the office: now our lives would collapse if such calls were banned. We complain about the way work has colonised our private lives – but it cuts both ways. The personal has colonised the office as well. It's a seamless fit between work and home. We impose time management and schedules on our private lives and we spend hours at work talking about our emotions.

This apparent integration of our private and professional selves is however a bit of a con job. There's a lot of talk about bringing your whole self to the office yet anyone who has worked in a corporate environment for any length of time knows how simplistic that is. It was cultural theorist and critic Meaghan Morris who in fact gave us one of my favorite phrases in the book – the notion of the “the viable personality” – to sum up the idea of how we are supposed to behave in the office.

On the surface, one of the big changes around work in the past 30 or 40 years is the notion of being our whole selves at work, of being complete at the office. It's a very different idea from that promulgated at the start of the twentieth century through the time and motion ideas of scientific management and "Taylorism". And those ideas of being a different sort of person at work were very strong when I entered the workforce 30 years ago. As a young woman, I learnt very quickly that the personal was supposed to be kept out of sight because too much emotion would upset the work equilibrium.

Thirty years later and all the talk is of emotional intelligence, our biggest companies launch culture change programs which are largely built around – for want of a better phrase – "getting in touch with your inner worker".

So the image we are meant to carry of work is of a much freer, more emotionally open zone. This at least was the promise of the 1990s – the idea that work would change as employees became more independent and constructed their own careers from the debris of the downsizing years when so many people lost their jobs.

The promise was that you could be a different sort of worker – one who could be more honest, whose values and beliefs could be met and nurtured and encouraged by the employer. The language here was all about alignment of values and sharing the goals and purpose of the organisation. The implied promise was that you would also share in the success, or at least find a new level of satisfaction that went beyond mere material gain.

The reality of course, as Meaghan Morris has pointed out, is a little less clear cut. Her words about the "viable personality" we felt really summed up the extent to which behaviour is still constricted in the workplace:

You can't be needy, you can't be a drama queen – except in some specific areas where that is rewarded. You can't be boring, or flaccid, you can't be down, you can't be dull. You have to be cool – but warm.

There is an homogenous personality evolving in our CBDs, people who not only dress alike but who have the correct demeanour for the new world of work: a sort of "corporate cool mixed with flight deck warmth".

Layered over all this talk of emotion is the demand by employers to deliver to them our "emotional labour" – the level of engagement demanded by service jobs, for example, where workers are expected to be not just personable but constantly empathetic and upbeat. In this context, work becomes more and more engrossing, as it takes up more and more space, claims our energies and to some extent our passion. And yet we are expected to conform in quite precise ways: we are

encouraged to bring a very partial self to the office. There is less and less room for the dissident.

At the same time, workers are encouraged by the boss to “bring me solutions, not problems”. You need to be “on the bus” or “on the balcony”. (The geography seems to vary but I am sure you get the idea.) The old hierarchies have broken down – they couldn’t last so very long after organisations were hollowed out in the 1980s and 1990s as middle managers were sacked under the pressures of globalisation and competition. The hierarchies disappeared, the message went out that “command and control” would no longer cut it at the office. But the idea that workers’ lives are not scripted and prescribed is clearly not correct.

There are many reasons why we are all putting such a premium on work – everything from the weakening of our key institutions like the church, the family, the political sphere to the sheer power of the market place. The corporation demands our love because it can do so now without challenge. There’s also the impact of women in the workplace and the endorsement that their choices have delivered to paid work.

It can all sound bleak but understanding the extent to which work reinforces our sense of self – as well as understanding how exhausting our long hours culture has become – means we can work towards changing our organisations and recalibrating the way we work.

When Catherine and I started our working lives we thought we could control work. As we say at the end of the book: “We saw our jobs as beasts to be tamed and ourselves as people we had to bring into line to perform successfully. If we failed to do this, if the untidy elements of organisations or roles persisted, it meant we were neither smart nor resilient enough. Or maybe we were just not spending enough time at the office.”

It’s taken us a while but we’ve come to understand that work – like human behaviour – can also be unpredictable, uncontrollable and unmeasurable. In short, it’s not controllable in the way we thought and nowhere as logical and rational as the management textbooks would have us believe.

Yet our work at *AFR BOSS* and our work on this book have shown us that we are not powerless against the organisation. We are entering a time when the work model will continue to be challenged and will continue to evolve. We’ve been the generation that got hooked on work but social attitudes are not static and the story of work continues to unfold.

BETTER THAN SEX? –

A GENERATION HOOKED ON WORK

Catherine Fox

Now that Helen has done such a good job of positioning the book, I'd like talk to you about my reasons for writing this book with her. While we are close colleagues and of course worked together on the book, we have brought some different perspectives to this thesis.

Some of our differences are around the intensity of our relationship with work. And some spring from the different paths our lives have taken. I am a mother of three and I work part-time (three days week). It wasn't always like this of course. I spent many years in full-time work, and returned to full-time work after the birth of my first child. When she was two years old, I had twins and my life changed so dramatically I could no longer pretend otherwise. At this point I switched to a three day-a-week job with the *AFR*. I have remained a part-timer ever since.

It was at this stage, however, I really had to think about what I was doing with my life and why I was remaining in the workforce. It was a watershed of sorts for me. Work was something I had enjoyed and I felt very lucky to have a decent job. But even working three days was difficult with three small children. And there was virtually no money left over after childcare costs. Switching to part-time was not a simple option for the workplace or me. I had to redefine what it meant to be successful and do a good job.

Some of these thoughts around productivity and how we are often assessed on quantity before quality got me thinking about the organisational obsession with long hours and the informal and formal ways our performance is measured in organisations. Doing anything different to the norm – working part-time for example – is not a particularly good career move. So many of us have internalised the need to work 12 hour days that we beat ourselves up if we don't keep up the punishing routine or compare ourselves with others. Australians, as you probably know, are now among the hardest workers in the OECD. Certainly we are superficially very busy but are we more productive? A *Harvard Business Review* article, "Beware the busy Manager", pointed out 90 per cent of managers squander their time

in all sorts of ineffective activities. And recent US research found more than 50 per cent of the time spent by knowledge workers and managers is in unproductive “busy work”.

But, as Helen noted, the horrors of overwork and long hours is a story we’ve all heard before. What we are suggesting in the book, however, is that acknowledging the importance of paid work in our society – and the fact it can deliver a sense of purpose and meaning – doesn’t necessarily mean a total obsession with the office or investing all waking hours in the task. And it doesn’t mean you always love your employer, or want to be told how to behave at work or the kind of “culture” you need to work in.

That’s an assumption, however, that has been subtly – and sometimes not so subtly – reinforced in many organisations. It’s not unusual to find our input to the job, not just our hours (although that’s a given) but our attitude, our professionalism, our enthusiasm is being watched and assessed. Indeed, as we examine, our behaviour as workers is increasingly being prescribed these days through recruitment practices (looking for that “good team player”), performance reviews and even through team building seminars, coaching and ubiquitous vision statements, where the right way of performing is steadily reinforced.

There are some very disturbing risks, we concluded, if measurement is applied to everything we do at work. And, as we point out, trying to find the right kind of personalities to slot into particular jobs is also dangerous. Relying too much on prescriptive recruitment or promotional practices narrows choices. Streaming people who appear to have the right kind of attitude from those who don’t could end up in something we call the “designer employee”. It’s restrictive and it reinforces the status quo, a very dangerous path to follow for a business these days.

The increasing reliance on measurement and attempts to embed a one-size-fits-all culture in the workplace are widespread, however, and are failing to attract the kind of analysis they should. There’s no real challenge to this trend and it shows how far our thinking about work has changed. It’s another way that work is the bench mark of our worth as members of society. How rattled we are when we realise how much we have become the “company person”. At one level, as we point out in the book, many of us don’t mind – we feel part of the main game, in the power structure – but at another we really should.

It’s easy to laugh at some of the absurd language of management, the latest craze (from “Who moved my Cheese” to emotional intelligence) and the bland mission statements. But there’s a risk that we dismiss or trivialise the impact of these efforts. How far should the organisation be allowed to go in its quest to control the employees and to construct a corporate culture? We’ve been fascinated by the wave

of cultural change programs running in companies around Australia, where the talk is all about getting with the program and bringing your hearts and minds to work.

Along with our central message about the extent to which work now defines us and is a central source of meaning for many, we're wary about these attempts to prescribe and control our behaviour at work. Many are beguiling – after all it sounds like a pretty good idea to talk about workplace democracy, greater freedom and treating people well. They are noble sentiments. But few are possible in today's workplace. And the fact remains the workforce is made up of human beings responding differently at different times – an homogenous approach to any workplace change is of limited value. It's a mechanistic even robotic response to the untidy and unpredictable realities of work.

A bit more scrutiny of these practices seems overdue.

And what then of the future? Our call is that the feminisation of the workforce is continuing to have an enormous impact, and this will continue to play out over the decades ahead. The ageing workforce is similarly likely to have a dramatic effect on work practices in the future.

More specifically, we believe there will be fragmentation around the traditional job and the linear career. We will see more part time work, flexibility and options such as sabbaticals and extra unpaid leave. Downshifters are already contributing to this fraying around the edges. There may even come a time when there is a formal market in part-time jobs. In reality most jobs can be part-time and women are beginning to test the system on this – although progress has been slow to date but older workers will find they can push the envelope as the labour shortage starts to bite.

Our prediction is that organisations will continue to be a powerful force in society. It seems to us it's naïve to suggest organisations will change dramatically or quickly despite some of the rhetoric. But we think individuals with some bargaining power – their expertise or intellectual capital – will have more chance of changing the system than waiting for many large business organisations to suddenly transform.

Few of us will opt for freelancing, telecommuting or hot desking. We will still be turning up at the office or the counter and working in big companies. But managing your career and redesigning jobs to suit you will be on the increase. More of us will work out how to negotiate our way around the new world of work – not always through part-time work or even by starting up a small business but maybe through zig zag careers and not the linear trajectory. The pressure to recruit and retain an educated workforce will also deliver some leverage to employees we believe. And within larger companies there may be

more moves by employees to self organise or splinter into sub units and groups to harness some of the advantages of a small business without losing the safety net or economies of scale of the large.

And yes, we believe the company efforts to turn us into model employees will not go away – if anything stand by for more elaborate efforts to get inside our heads. This often crosses a line that should not be crossed. Sometimes the organisational efforts in this area are subtle and sophisticated but it's important we recognise what is ours and be wary of efforts to transform us lock stock and barrel into corporation people.

We will all be better armed to tackle this, however, as we become more work literate – in society as whole. And we are far more educated and analytical about work already, as Helen has stressed.

This leads us to predict the emergence of a more diverse range of job options and therefore a more diverse workforce. When I started work it was the norm to resign if you were pregnant and women with families who continued to work were definitely the exception. That's no small shift. There will be more and more of that fragmentation of work patterns. Although I am saying this as someone who wrote, 15 years ago, that there would be more women in management – so feel free to throw this back at me in a few years time.

As we write at the end of the book, the transactional worker is also on the rise, where any effort must be matched by an outcome. This is partly the result of an environment where loyalty to the organisation or the employee has virtually disappeared as has the job for life. Transactional workers will put in just enough labour to get to the next rung of the ladder and do not invest in their jobs without immediate rewards. We are certainly seeing more of this in our office today and it may have quite an impact on how the workplace is structured in the future.

The topics covered in *Better than Sex* have triggered lots of debates and animated conversations. As we concluded, it is a multi-layered subject that cannot be reduced to simple answers or addressed by neat management formulas. It's complex and messy because it's about humans, and we all have opinions and experiences to contribute. But that's what has made it for us such a fascinating journey.

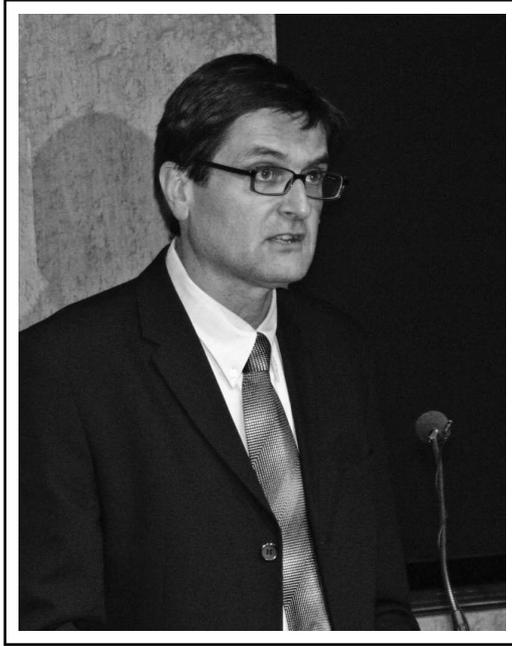


Photo - David Karonidis

Greg Combet

In the run up to the 2004 federal election, industrial relations reform and what a Latham Labor Government would do to workplace agreements was clearly an issue. In a speech to The Sydney Institute on 4 August, 2004, ACTU Secretary Greg Combet argued that in spite of a decade and more of economic growth in Australia, much of that growth had been at the expense of workers' conditions. The increased pressure on the job, the growth of casual positions and a lack of investment in workplace skills and vocational training were denying working people opportunities and undermining the future productivity of the economy.

THE ACTU AND LABOR

Greg Combet

It is pretty widely accepted that, although we don't yet have an official federal election date, Australia already has an unofficial federal election campaign. All the signs have been there. Mark Latham has been down to the set of *Big Brother* to capture the youth vote. Peter Costello has hugged a python and kissed a crocodile. And the Liberals have rolled out their off-the-shelf campaign of misinformation about industrial relations. The only difference that I can see between an "official" election campaign and what we have at the moment is taxpayers footing the bill for the Liberal Party's political advertising – \$100 million of it. So with this in mind I want to address this evening the issues of work and workplace regulation in the context of the upcoming federal election.

James Hardie

But before I do I want to say a few words about James Hardie. What has happened at James Hardie is, in my view, one of the most repugnant acts in Australia's corporate history. This company made solid profits by selling deadly asbestos products to Australians for almost 80 years – a product that causes a form of cancer which kills within 12 months of diagnosis and for which there is no cure. Mesothelioma has already killed 7,500 Australians and is expected to kill 18,000 Australians by 2020. And rather than face up to its responsibilities for this human tragedy James Hardie skipped town leaving just \$293 million to fund compensation liabilities now estimated at \$2.3 billion.

I see this as a defining issue. We will fight as hard and long as it takes to ensure justice is done and asbestos victims get proper compensation from the company that is responsible for their injuries. Every Australian government, regardless of its political persuasion should do what is necessary to right this outrage and ensure it can't happen again. The reason I raise the issue at this moment is to place in some scale and context the issues about industrial relations I will cover this evening. Here we have a truly sickening corporate act but the silence of both business and the federal government to date has been deafening. I ask you to imagine the outcry if a union had done anything even remotely comparable.

Even the possibility of Labor restoring the ability of the AIRC to insert provisions for blood donor leave and the like last week drew howls of outrage, with the Prime Minister warning that this represented “the most anti-business agenda in a generation”. But not a word about thousands of deaths that will go uncompensated if James Hardie’s scheme prevails. A week ago counsel assisting the James Hardie inquiry released submissions accusing James Hardie of treating asbestos victims with “disdain”; words like “dishonesty”, “misleading and deceptive conduct”, failure “to exercise due skill and care” were used.

Reporting the reaction to these findings the next day, *The Australian* quoted a building material stock analyst as saying: “Ultimately, questions of negligence or other misconduct by company executives are only of interest to the extent that they affect shareholder value.” Another analyst in *The Age* declared the business community had complete confidence in James Hardie CEO Peter MacDonald – he’s a “nice guy, he runs the company well”. These are exceptionally callous and insensitive remarks that would sicken the families of asbestos victims. I know that this attitude is not reflective of the views of most people in the Australian business community. But business needs to make it clear that it does not condone the actions of James Hardie.

If you expect responsibility from the union movement, expect us to play a responsible role in the economy and the shape of the industrial relations system, you’d better stand up for some corporate responsibility too.

Economic change

Any analysis of the contemporary Australian workplace must start with an examination of economic change. It is this story that captures a sense of where the country has been, and where it’s going. Like business, unions have played an important role in the process of economic change, particularly during the Hawke and Keating years when much of the heavy lifting on economic reform was done. Currency and financial deregulation, discipline exacted by competition in a range of markets, and the move to a decentralised workplace bargaining system have produced impressive economic results.

Over the past ten years Australia’s GDP growth has averaged over 4 per cent a year – outstripping G7 and OECD averages and adding \$200 billion to the economy in real terms. Employment has grown at an average of 2.2 per cent per year compared to an OECD average of 1.1 per cent. Productivity growth has exceeded 2 per cent a year, each year over 10 years. Inflation has remained low at an average of 2.5 per cent a year. Company profits have grown an average 13.5 per cent year on year for the past decade increasing by 233 per cent in real terms.

(Another bumper company reporting season is expected). Per capita income has also lifted by about 4.2 per cent a year – Australia has moved ahead of the UK, France, Germany, Japan and Sweden.

This strong economic performance is very important. It is the context in which unions operate in determining union policy. Unions support a strong economy. We want to create jobs and we want to create wealth. But economic change has also impacted adversely in the workplace, and generated inequality in the society.

Contemporary workplace issues

Unions have extensively researched the issues relevant to people in workplaces and industries across the country. We have found that the single most important dynamic affecting employees is the intensification of work – caused by the drive by business for improved competitiveness and flexibility.

For large numbers of employees this has meant a proliferation of low paid, part time and insecure jobs. Although we have experienced prolonged economic growth, 87 per cent of the jobs created during the 1990s paid less than \$26,000 per year. Amongst these people is an army of more than 2 million casual workers – nearly 30 per cent of the workforce. Since 1988 more than half of all new jobs (54 per cent) created have been casual – people in these jobs are making up a US-style working poor.

But for many other employees the biggest problem can be long working hours, stress, and dissatisfaction with the pressure work places on family life. In this environment Australia is not investing enough in workplace skills and vocational training – competitiveness is largely sought through cost cutting and cheaper labour practices. This is denying working people of opportunities and undermining the future productivity of the economy.

Union achievements

These are the issues that are driving the union agenda. Since my election as ACTU Secretary I have set about trying to make practical improvements for working people in these areas. We have been achieving tangible results.

The ACTU has lifted minimum award wages by \$94 per week since 1999. In bargaining campaigns unions have delivered new standards like nurse to patient ratios in the health system, smaller class sizes in schools, new family rights, better health and safety standards and improved superannuation contributions. Union campaigns have secured a government guarantee for employee entitlements in the event of company collapse. We have significantly improved severance pay for the many workers made redundant by economic change and achieved

new rights for casual workers to access permanent work and parental leave.

The ACTU is currently running the first ever work and family test case in the Industrial Relations Commission to improve rights for working parents. After a sustained union effort to attain paid maternity leave for women, it is now effectively the policy of both major political parties going into the election.

We have worked hard to make gains for people in these areas but we also believe that important changes in workplace regulation are needed. They are needed so that Australia's economic prosperity and competitiveness is underpinned by an effective safety net and a modern set of employee rights. It is this goal which is central to the ACTU's expectations of Labor.

Industrial relations legislation

Howard Government talk of a union or Labor plan to re-centralise workplace regulation in Australia is nonsense. Australian unions are committed to a decentralised system of collective bargaining. We supported its introduction in 1993 and we support it now. Unions want to see more workers access the bargaining system not less. To do this we need to get rid of John Howard's divisive and unfair AWA individual contracts and establish a genuine right for Australian workers to bargain collectively. Our award safety net also needs to be strengthened. This is vital to ensure that those workers with little labour market or bargaining power are not denied their fair share of the nation's wealth. Unions also believe that the Industrial Relations Commission should have the authority to make decisions, resolve disputes and encourage workplace fairness and cooperation.

A fair collective bargaining system

Australia is the only country in the democratic world where an employer can refuse to negotiate with a union to which its employees belong, demanding instead that employees sign individual contracts removing their collective bargaining and representation rights. Employees who refuse to sign an individual contract generally do not receive the wage increases and other benefits which go to those who do sign, and can even be locked out by the employer until they do, as occurred three years ago at the G&K O'Connor meatworks in Victoria.

Undermining union representation and collective bargaining in this way contravenes internationally recognised rights and we are bitterly opposed to it. Far from strengthening enterprise bargaining it undermines it. For this reason, the ACTU strongly supports Labor's pledge to abolish Australian Workplace Agreements (AWAs). AWAs are secret and unreviewable. The only way to challenge a decision of

the Employment Advocate who is responsible for secretly reviewing AWAs is through the High Court on a question of law.

Workers who want to bargain collectively with their employer should be legally empowered to exercise that right. To make that right real and effective the ACTU supports the introduction of good faith bargaining. What this means is that the Industrial Commission should be empowered to ensure that all the industrial parties bargain genuinely and in good faith – that it be able to order the parties to achieve this goal.

Before I leave the subject of AWAs I want to briefly address the issue of AWAs and productivity. The Business Council of Australia – the business group representing Australia's largest 100 companies – recently released a report prepared by Access Economics claiming to detail the effects of Labor's workplace relations platform on the Australian economy. The many and serious flaws in the report are too numerous to detail here. But one of the key claims made by the BCA and Access was that abolishing AWA's would have a negative impact on the productivity of Australian workplaces and the economy.

The principal evidence presented to support this claim was that the mining industry has the highest concentration of AWAs; and that this industry had strong productivity growth between 1994 and 2002. But when you examine the facts of this claim you find that it says very little about any connection between AWAs and productivity. Rather it speaks volumes about the shoddy research and selective use of data that is characteristic of the whole BCA/Access Economics report.

Access's first fudge is that it chooses to examine productivity growth between 1994 and 2002. AWAs did not even exist in 1994. They did not exist in any practical sense until the middle of 1997. And why did Access stop their analysis of productivity in 2002 when figures for 2003 are publicly available? It is because 2003 figures show a significant downturn in mining productivity and this would have undermined the conclusions they wanted to draw from the data.

A fair dinkum examination of any connection between AWAs and productivity would examine data from 1997 through to the most recently available 2003 figures. What this would show is that in the mining industry, where 18.6 per cent of employees are on AWAs, average annual productivity growth was 2.5 per cent compared to an all industry average of 2.1 per cent.

Over the same period annual average productivity growth in manufacturing was 3 per cent. Yet just 2.1 per cent of employees in this industry are covered by AWAs. In wholesale trade average annual productivity growth was also 3 per cent. Only 0.8 per cent of employees in this industry are on AWAs – 0.8 per cent. In electricity gas and water supply where AWAs cover a comparatively high 13.4 per cent of employees' productivity went backwards by 1.4 per cent.

The available evidence simply does not sustain the BCA and Access Economics contention that AWAs are a formula for high productivity.

Strong award system

Effective employee collective bargaining rights need to be underpinned by a strong system of awards. A strong award system is not about union power or imposing complicated and inflexible workplace arrangements. It is about ensuring all workers have access to basic and fair workplace arrangements. The majority of workers who rely on awards are low-paid. Award wage workers make up almost 25 per cent of the Australian workforce but only receive 12 per cent total national wage income. Many of these workers simply do not have the bargaining power to get a fair go. As the Commission President said when handing down the recent minimum wage decision: "... no one would suggest that all employees are capable of bargaining. Bargaining is not a practical possibility for employees who have no bargaining power."

The average hourly rate of pay for award-only workers is about a third less than those on registered collective agreements. This gap is inequitable and needs to be narrowed. Nor should the award workers be locked out of accessing family friendly work arrangements or basic entitlements like leave from work to donate blood. That is why unions support Labor's policy to remove the government's restrictions on what the Industrial Commission can include in awards. To remain relevant and effective, awards must be able to deal with contemporary workplace issues like work and family balance and casual employment.

Unions do not want to go back to the days of omnibus over-the-top awards. But nor do we want to entrench a US style two-tiered workforce where the working and living standards of low-paid award wage workers are pushed further and further behind those of the rest of the community.

An effective industrial relations commission

The community would also benefit if the Industrial Relations Commission was given greater power to fulfil its proper function in settling industrial disputes. Under the current legislation the IRC is prohibited from providing assistance in too many disputes that would benefit from its intervention. Sometimes industrial action drags on to the detriment of both the business and the employees, when it could be ended by conciliation backed up by arbitral powers to be used if necessary. The dispute settling role of the Commission has strong support in the community who rightly see this as essential to ensure fairness, efficiency and stability in our industrial system. These changes would not undermine the competitiveness or efficiency of Australian businesses.

Vocational education and training

A much more real threat to our competitiveness and continued economic growth is this government's failure to sufficiently invest in vocational education and training. And on this business agrees with me. A recent survey of business attitudes by the ACCI has, for the first time in the survey's history identified the "availability of suitably qualified employees" as the number one constraint on business investment. Resistance to workplace change came in a distant eighth place.

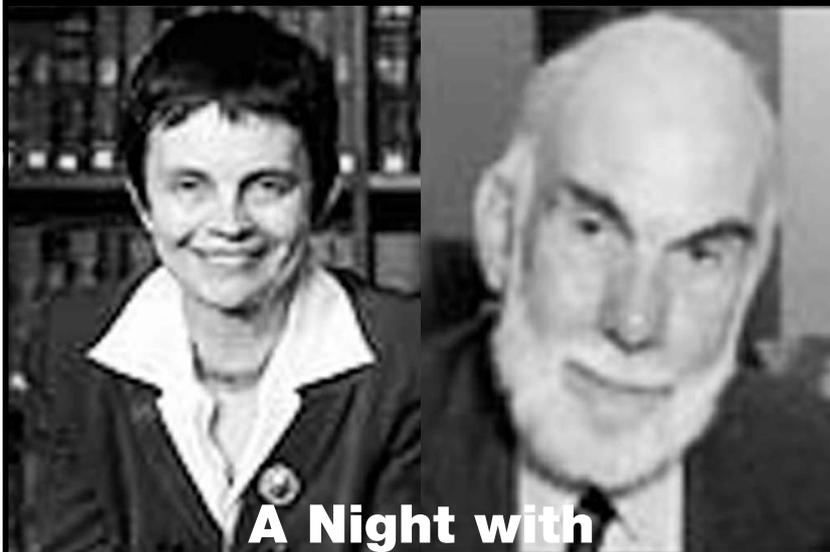
The Australian Industry Group has also been vocal about this problem. There are serious skill shortages in many of the traditional trades. In the next five years it is estimated that up to 170,000 tradespeople will leave industry and only 40,000 will enter it. Job vacancies in the traditional trades have already risen 20 per cent in the past year and are now at their highest level for 15 years. Despite the growth in the Australian economy and workforce the training rate of traditional apprentices has declined by 15 per cent since 1987. Less than one third of the apprentices in the government's much trumpeted New Apprenticeships program are in the traditional trades – two thirds are apprentices and trainees in non-traditional areas such as hospitality. Program incentives are biased against employers prepared to invest in a full four-year apprenticeship – the same \$4,125 incentive is also given for a one-year trainee.

This is a key area where many larger businesses, like some of those represented by the BCA, are not pulling their weight. In 1990 more than 42,000 apprentices were training in workplaces employing more than 100 employees. This represented 26 per cent of all apprentices in training. By 1997 less than 17,000 apprentices were training in large workplaces – just 13 per cent of total apprentice numbers. This is the foundation of 10 per cent of productivity improvement in the late eighties compared to only 3 per cent in recent years. This is a real worry for the Australian economy.

These are the sort of challenges unions, employers and governments used to work together on. I would like to tackle not only this but also other pressing issues – investment in infrastructure, building superannuation savings, plotting a course for a competitive manufacturing industry, rebuilding bulk-billing, making sure young people can access higher education based on their merit not their capacity to pay.

What I would be seeking from a Latham Labor government would be the commitment that we could once again work together in the interests of the country. To look after people better, to foster economic growth; and to distribute the benefit of economic prosperity more fairly.

AN AUSTRALIAN REPUBLIC WHAT NEXT?



A Night with

CHERYL SAUNDERS & GEOFFREY BOLTON

- SPEAKERS:** PROF. CHERYL SAUNDERS AO
(Professor of Law, University of
Melbourne) &
PROF. GEOFFREY BOLTON AO
(Chancellor, Murdoch University)
- CHAired BY:** JIM BAIN AM
(Founding Donor, The Sydney Institute)
- TOPIC:** *Constitutional Change:
What Chance Now?*
- DATE:** Tuesday 14 December 2004
Bookings from 30 Nov only
- TIME:** 5 pm for 5.30 pm
- VENUE:** Metcalfe Auditorium, State Library of
New South Wales, Macquarie Street,
Sydney
- RSVP:** (02) 9252 3366 or email

GUEST SPEAKERS AT THE SYDNEY INSTITUTE June – August 2004

Dr Lenore Coltheart (Academic & researcher & editor of *Jessie Street: A Revised Autobiography* [Federation Press]) -
Remembering Jessie Street

Michael Rubin (Author, Resident Scholar – American Enterprise Institute)
US Foreign Policy and the 2004 Presidential Election

The Hon Murray Gleeson AC (Chief Justice, High Court of Australia)
The National Judiciary

Margaret Fitzherbert (Author *Liberal Women: Federation to 1949*, [Federation Press])
Liberal Women: From 1901 to 1949

Professor Coral Bell (Visiting Fellow, ANU & author, *A World Out of Balance: American Ascendancy and International Politics in the 21st Century*, [Longueville Books])
Exits From Wars

The Hon Bob McMullan MP (Shadow Minister for Finance & Small Business)
The Place of Economic Management in the 2004 Election

Tony Coleman (Chief Risk Officer & Group Actuary, Insurance Australia Group)
Dr Graeme Pearman (CSIRO Atmospheric Research)
Climate Change: Solutions for Australia

The Hon Gary Hardgrave MP (Minister Assisting the Prime Minister; Minister for Citizenship & Multicultural Affairs)
Australian Citizenship: Then and Now

Michelle Grattan (Political Editor *The Age* & author of *Back on the Wool Track* [Vintage, 2004])
Back on the Wool Track: In the Footsteps of C.E.W Bean

Hugh Mackay (Social researcher & author of *Right & Wrong: How to decide for yourself* [Hodder] 2004)
Right and Wrong

The Hon John Anderson MP (Deputy Prime Minister, Minister for Transport & Regional Services, Leader of the National Party)
Individualism, Democracy and the Debate We Have to Have

The Hon Simon Crean MP (Shadow Treasurer)
Growth for Prosperity: Labor's Economic Framework

Helen Trinca (co-author, *Better than Sex* [Random] & Editor, AFR's magazine *Boss*)
Catherine Fox (co-author *Better than Sex* & Deputy Editor, *Boss*)
Better than Sex? – A Generation Hooked on Work

Greg Combet (Secretary, ACTU)
The ACTU and Labor

