

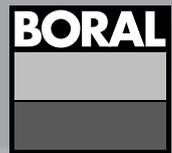
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BORAL



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Photo – David Karonidis

Paul Skidmore

During a visit to Sydney, Paul Skidmore, Senior Researcher at London's Demos, addressed The Sydney Institute on Thursday 28 October 2004. Recalling that former US President Bill Clinton had much to do with the promotion of the language of the "Third Way" in political conversations of the 1990s, Paul Skidmore reflected on how quickly it had all faded into history. According to Skidmore, the language and principles of the Third Way were "designed for an era in which globalisation was basically about markets, the movement of people, finance and goods and services". And all this, he argued, disappeared or became irrelevant following the attack on New York on 11 September 2001.

WHATEVER HAPPENED

TO TONY BLAIR'S THIRD WAY?

Paul Skidmore

A couple of years ago Britain's Labour Party gathered for its annual conference in Blackpool, one of the three seaside towns which every autumn take it in turns to receive a different set of disgruntled activists, bored party hacks, and professional political operators and lobbyists gossiping and dealing over over-priced gin-and-tonics in the only half-decent hotel in town.

On the Wednesday the talk of the town was the international guest speaker who had arrived the previous night, accompanied by his security detail and a somewhat bemused looking Kevin Spacey. At two in the afternoon, to tumultuous applause from the gathered audience, former US president Bill Clinton rose to deliver his speech. "The ultimate case for the third way," he said, "is that it works." Turning on the folksy charm, he drew a distinction between a modernised left driven by "ideas" and a reactionary right driven by "ideology": "We have to operate on the basis of evidence, and be open to argument. Their politics is based on ideology and power, and they don't like evidence and argument very much," he said.

I begin with that story partly because Clinton can claim much of the credit for injecting the language of the third way into political conversation, and therefore his account of what it stands for and his case for its ongoing relevance matters. But more importantly I mention it because I think it was the last time a political figure of any standing stood on a platform in Britain and bothered to mention the third way at all, let alone make it his central focus. The image of this retired president in a faded, dilapidated seaside town somehow seems a rather fitting metaphor for the fate of an idea that seemed to promise so much, but has now all but disappeared from British politicians' public language and philosophising.

The topic I want to explore is "whatever happened to Tony Blair's third way?" As Labour in Britain looks towards a likely election in May 2005, in which it is expected comfortably to secure a third successive victory, it's worth reflecting on what role – if any – third way thinking will play in their third term plans. And whatever your

view of what has happened in the UK over the last few years, the question also carries particular resonance here in Australia at the moment as the Australian Labor Party searches for a political elixir that will cure its present malaise.

I want to begin by briefly framing what I see as the key principles that underpinned the third way as it emerged in Britain, and then to offer four propositions or hypotheses about how and why those principles have come unstuck over the last few years.

Principles

The first point to make is that the third way was more often than not defined negatively rather than positively. It was almost always cast less by what it stood for as what it did *not*: not the old left, not the new right.¹ But it would only be a slight caricature to say that what that meant was: not the *values* of the new right, not the *methods* of the old left.

I do not subscribe to the view that the third way is indistinguishable from Thatcherism, but I would agree that as it emerged in Britain the third way involved an accommodation with significant elements of the Thatcherite settlement, notably around:

- Restrictions on trade unions (relaxed but not removed under Labour)
- Acceptance of a “mixed economy of welfare” involving private and voluntary sectors in the delivery of social services
- Privatisation of publicly owned assets and enterprises (extended under Labour)
- Deepening “choice” for citizens as consumers of public services
- Commitment to economic liberalism and free trade

To rationalise this accommodation with Thatcherism, third way advocates made three primary assertions:

- First, that it was possible to distinguish the values or goals of a political project from the means or governing principles used to achieve them;
- Second, the world had moved on, and that irreversible and irresistible social and economic changes had made the traditional means and governing principles of the social democratic left unviable;
- Third, that when it came to the impact of state action, less would be more; the legitimacy and effectiveness of public intervention in the “social sphere” of what might be called the public realm required its wholesale withdrawal from the economic sphere of the market.

As we will see, what is striking about these premises is how little they say about the kind of society the left was seeking to fashion, and how fixed they took people’s expectations of politics and what it could

deliver to be. In practice, these assertions were made concrete in a set of five governing principles:

Competence

The first and most crucial principle was competence. When Blair became leader the Labour Party had spent 15 long years in opposition thanks largely to the Conservative Party's ruthless exploitation of the poor economic and industrial relations record of the Wilson and Callaghan Labour governments in the 1970s. In election after election, and most gallingly in the 1992 election, that for a time it looked like Labour might win (striking parallels to Australia 2004 I think), the Conservatives were victorious as much because of the lack of governing credibility of Labour and its leaders as because of its own performance in power.

Particularly vital was building a platform of economic credibility through:

Fiscal discipline

- the commitment before the 1997 election to retain the Tories' spending plans, even though they were extraordinarily miserly;
- the creation of a rigid set of rules to govern government spending and borrowing (only borrowing to invest, not to fund current expenditures);
- using the £22.5bn windfall from mobile phone licences to pay down the national debt;

Monetary discipline

- handing control of interest rates to the Bank of England, an obvious and long overdue move but one which did much to cement the new government's credibility;

The five pledges

- a final innovation was the so-called five pledges, five goals which looking back seem staggeringly unambitious but which, printed on the back of small cards being given out everywhere at the time, seemed to send the signal that this was a party on a mission.

Pragmatism

The next principle is pragmatism. Blair's third way was an anti-ideology ideology. Its mantra was that "what matters is what works".

One of the most durable elements of Blair's third way, and one that you can still hear in his speeches today, is the premise that the values of a political movement are logically distinct and separate from the institutions and policies ushered into being to make them real. "Policies flow from values," said Blair, "not vice versa." On this view, the left's values had always been correct; they had just been applied in ways that were no longer relevant.

In that sense, the third way was an attempt to ally new Labour with the historic values of the party and capitalise on voters' affections

for the reforming zeal of earlier periods without associating itself with their preferred methods, and particularly not with public ownership.

So unlike the old left there would be no prior commitment to the public sector and unlike the new right there would be no prior commitment to the private sector, and unlike either there would be much more willingness to involve the community and voluntary sector.²

Triangulation

The third principle is what Clintonites in the US dubbed “triangulation”: the strategy of invading, occupying and defending a middle ground so broad as to squeeze out the political room for manoeuvre of opponents to right and left. In the UK, this aspect of the third way is alive and well and has been pursued fairly relentlessly by the Blair government on questions of crime, security and immigration. Asylum and immigration laws have been tightened more or less every year since the late 1990s when public concerns about the issue first surfaced. Post-9/11, the government has introduced some fairly illiberal anti-terrorism legislation and as a result has not been outflanked by the right on this issue, although it remains to be seen what would happen if (or unfortunately probably when) the UK were targeted in a major terrorist attack. And the recently announced legislative program for the coming year included no less than eight bills on crime and security.³

Rights and responsibilities

The fourth principle is rights and responsibilities. This has always been the most interesting part of the third way agenda, but also the one that has been hardest to make concrete in terms of visible policy commitments and institutions.

It was hugely influenced by communitarian thinking emerging out of the United States in the 1990s.⁴ This analysis began from the proposition that both Left and Right had over-emphasised rights (albeit of different kinds) whilst neither had paid proper attention to how responsibilities were acquired, and in particular to the role of informal, traditional institutions like families and communities in giving people a sense of civic virtue, decency, respect and mutual obligation.

This principle was most successfully applied in the context of welfare reform, where the government's programs to extend job opportunities and training particularly to the young and long-term unemployed, to make work pay through targeted support, and to make benefit entitlements conditional on a commitment to active job-seeking through the “New Deal” have been both practically and politically successful.

One no, many yeses

The final principle is what you might call “one no, many yeses”. This was ultimately an ideology that had no big idea. Instead, it tried to unleash an explosion of political creativity – to let a thousand flowers bloom. Julian LeGrand described the process as “a steady accumulation of small to medium-sized ideas which together could perhaps add up to something big.”⁵ Those ideas included:

- “joined-up government”, which for a time seemed like a new and exciting way to get disparate public agencies to work together to tackle shared problem;
- tight inspection and standards regimes in the public services to promote improvements in service quality and responsiveness;
- measures to empower communities by devolving some funding and authority to make decisions in areas like economic regeneration;
- constitutional reform – notably the introduction of the new parliament in Scotland, the new Assembly in Wales, and proper local government in London, a Human Rights Act and Freedom of Information legislation;
- new emphasis on skills and lifelong learning – the sense that in the modern world the left had to focus less on income redistribution and more on equipping people with the assets, tangible and intangible, which they would need to look after themselves.

Principles under pressure? Four propositions

Yet a quick glance at the record, both in Britain and in other parts of the world, reveals that the third way has been greatly more useful as a route-map for helping the left find their way back into power than it has been a compass for identifying the direction to take when they get there. To explain why, I want to offer four propositions or hypotheses about what happened to these principles under the strain and scrutiny of office.

1. First is, “how under-promising got overtaken”. The assumption was that the electorate was asking Labour to prove it could be trusted to govern. Actually it turned out that they were asking for a lot more than that. They were asking whether *anyone* could be trusted to govern. Arguably a first term always needed to be somewhat cautious to allay fears about governing competence. And it is important to recognise that reversing the public expenditure calculus and shifting the parameters of the political debate away from tax cuts and interest rates towards the shape and quality of the public realm was a hugely significant achievement. But there is little doubt that the government was caught off-guard by the speed with which people’s expectations moved on, and the attempt to restore credibility through political

minimalism backfired, particularly when the scarcity of visible improvements did encourage the government's media machine to overstate or spin its achievements.

2. Second is, "when what matters is what works doesn't work". That's partly because political values and the methods used to realise them are indistinguishable. Values are only made real and inhabitable for people by institutions and policies that reflect and reinforce them. But it's also because Labour underestimated the sheer complexity of governing, the problem of turning round the huge institutional supertankers in the public service, and the difficulties in predicting with any certainty the consequences – intended and unintended – any particular intervention is likely to have.⁶ As *The Guardian* commentator Polly Toynbee has put it, "Labour has been cavalier with trust, hoping what works would be enough. But when a lot of things don't work, then symbols, beacons and beliefs are the only trust that holds together a tribe of voters."⁷

In fact, some of its institutional innovations served to underline that it is very difficult to realise ends through means which are incompatible with them. That's become particularly clear in the context of public service reform where the Prime Minister remains hugely committed to the principle of choice and diversity: to widening the range of institutions and actors who are involved in the delivery of public services, with greater involvement of the private and community and voluntary sector alongside traditional public providers. Yet the government itself is clearly divided over whether choice is the means or the end. If it's the means (to better quality services) that implies a belief in and a commitment to a pretty Thatcherite agenda on the marketisation of the public realm that seems at odds with traditional Labour values and the views of the mainstream of the party. So instead it has been cast as the end in itself – extending the informal freedom to choose that the middle class has enjoyed (through exit, or playing the system) to the wider public. But so far voters' response seems to be "I don't want choice, I just want things to be better".

3. Third is, "the big idea that turned out to be a lot of small ideas, and the small idea that turned into a big idea". Despite its hyperactivity new Labour has so far found it difficult to construct new, genuinely enduring institutions which might embody its values in the way that the NHS or the Open University did earlier Labour governments. As a result, it has at times given the impression of "government by 'to-do list'". As was the case with the Clinton administration, it is striking that when asked to define its legacy the government's supporters are sometimes forced to reel off a list of dozens and dozens of small achievements, without much sense of a coherent overall picture.

That said, the success of one fairly small individual initiative looks like it may contain the seeds of the narrative Labour has been looking for. Sure Start⁸ is essentially about targeting resources at young parents, particularly in disadvantaged communities, and offering a one-stop shop for all the goods and services those families might need to prosper: child care, early years development, training, employment opportunities and perhaps above all, the informal social networks with other parents and neighbours that are so crucial to getting by.

The key insight has been the importance of early years both as a focus for policy and as a pole of attraction for the shared values and solidarity needed to sustain a progressive political project. In policy terms, the speed with which the life chances of a naturally gifted child in disadvantaged circumstances are overtaken by those of a much less naturally gifted child with a better-off background has shaken many assumptions about the design of welfare systems and public intervention. Sure Start could be the beginning of a long-term shift away from a model in which the primary risk to well-being is presumed to be around a male breadwinner losing his job (the traditional welfare state model) towards one which presumes the risk to be concentrated on a child not receiving the right kind of emotional and cognitive support in the first five or six years of life.

In political terms, it means that Labour now feels able to have a fairly open conversation about “life chances” and “social mobility”, developing almost a whole new plank of welfare entitlement (at the same time as others, notably pensions, are being scaled back), whilst doing so with the support of a broad coalition of voters and without sounding scarily redistributive. In a recent speech to Demos and the IPPR, Tony Blair described this vision of a twenty-first century welfare state as the “the opportunity society”.⁹

4. The final area is “rights and responsibilities revisited”. As I said, the New Deal in welfare reform gave concrete expression to what was one of the more interesting aspects of the third way agenda, but it has proved more difficult to apply elsewhere. That’s partly because after 2001 Labour became so preoccupied with its need to deliver *on behalf* of citizens that there was little attempt to think about the responsibilities citizens themselves might have to help them do so. That failure has recently been made plain in the context of health policy, where the government’s recent white paper¹⁰ illustrated the continuing difficulty of promoting a grown-up debate about rights and responsibilities in the context of issues like obesity, smoking and other public health issues.

Conclusion

Let me conclude with one or two brief points about the future. The first is that few would deny that the third way was meant to enable the

centre left to come to terms with globalisation. But you could argue that it was designed for an era in which globalisation was basically about markets, the movement of people, finance and goods and services. Like many things, I think that changed after 9/11. Those who wish to renew the third way must ask what, if anything, the third way contributes to the left's understanding of a globalised world which for the moment, at least, is defined not by economics but by security.

The second is that at Demos, we think that the rights and responsibilities agenda has yet to run its course because of what we're calling the "politics of public behaviour", a new political agenda ranging from diet and parenting to household energy use and pension saving where individuals' choices and responsibilities have a crucial bearing on the opportunities and challenges we face in common, but which are not susceptible to traditional forms of policy intervention. There is a strong case for new public responses that, if you like, "scaffold" people through the process of learning how to make those choices and bear those responsibilities within their own lives in ways that improve prospects for society as a whole. The third way could ultimately be less about moving beyond old left and new right, and more about finding a different path between the old-fashioned, prescriptive "nanny state" on the one hand and the laissez-faire "Pontius Pilate state" that washes its hands of people's problems on the other.

Finally, it's worth reflecting on the extraordinary turnaround in electoral fortunes that has accompanied Labour's adoption of third way ideas. In 1992, commentators asked "Can Labour ever win again?" Even before an election expected in May 2005, the same question is being asked of the Conservatives. As Tony Wright and Andrew Gamble note in *The Political Quarterly*: "Aside from questions of routine political management, a party's success is directly linked to its ability to win the general battle of ideas, and to go on winning it. This, so far is what New Labour has done."¹¹

The third way was instrumental in helping to win that battle, and in letting people dare to believe in a progressive political project once again. But having opened people up to the possibility that politics might deliver something more than just low taxes and interest rates, it has been unable to keep up with or indeed shape their changing expectations of exactly what that something should be. Tony Blair's third way enabled him to win power, but it is only since he stopped talking about the third way that he has sounded genuinely convincing about the society he is trying to forge by possessing it: a society in which progressive politics, rather than reacting to the right's agenda, actually sets the parameters of what it is possible for any political project to achieve. Back in Blackpool, Bill Clinton agreed. "The third way in the end", he said "must lift our adversaries as well as our friends."

Endnotes

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Photo – David Karonidis

Peter Leahy

In an address to The Sydney Institute on Wednesday, 3 November 2004, the Chief of the Australian Army, Lieutenant General Peter Leahy AO, spoke of being in charge of the Army at a critical time in history. Drawing on the ethos of the Anzac spirit over decades, Peter Leahy told his audience that the task of the Army was about far more than winning battles. “The soldier of today,” he said, “must be a warrior first and foremost. But he or she must also possess skills of diplomacy, cultural awareness and an ability to improvise in very ambiguous circumstances.”

THE AUSTRALIAN

ARMY IN THE TWENTY-FIRST CENTURY

Peter Leahy

Firstly, let me express my appreciation to Gerard and Anne Henderson of The Sydney Institute for the opportunity to address you this evening. It is an honour to represent the Australian Army here tonight. Through the efforts of Gerard and Anne The Sydney Institute has become a prestigious forum for the presentation of ideas from diverse sources.

Unfortunately Australia's strategic culture is somewhat impoverished. There are not enough institutions of the status of The Sydney Institute engaged in the debate over issues of vital concern to the future security and prosperity of Australia. So this is an opportunity to be savoured.

I am immensely proud to be the Chief of the Australian Army at a critical time in our nation's history. We draw a great sense of strength and pride from our history. Generals are often ridiculed for preparing for the last war. However, it is only through a thorough grasp of the deep lessons of military history that military leaders can avoid the follies of the past. Moreover, the essential character of an Army is a product of its history and the long-term cultural forces that shape the society, which nurtures it.

Central to the ethos of the Australian Army is the spirit of ANZAC. I do not think it is overly romantic to suggest that the essential qualities associated with the diggers of the First AIF continue to exercise profound influence on the young men and women of the twenty-first century Australian Army. Wherever, I have served with them, or visited them, those ANZAC qualities of mateship, perseverance, self-sacrifice, courage, initiative, teamwork, wry humour and common sense have been abundantly displayed.

In more recent times, those qualities have been tempered by another virtue. I am not sure what to call it yet, but it looks a lot like decency or compassion, a humanitarian approach and a willingness to become engaged with other cultures – let's call it, at the moment, a fair go approach. The soldiers of today are worthy heirs to the

ANZAC tradition. This fair go approach is at its best when we are dealing with societies and people who need a hand. It is helping out at the orphanages, at kindergartens, at schools and just relating to people on the streets.

The societies where our soldiers are engaged right now are fractured and broken and just as much in need of support as they are of defence and protection. I am very proud of how our soldiers strive to become part of the community and do the right thing by the population they are living among. Theirs is a complex task.

Indeed we live in an era of great complexity in warfare. Describing this complexity and its implications is the main purpose of my address tonight. The demands on our soldiers have never been greater. Application of brute force is no longer enough – if it ever was enough – to win on the battlefield. The soldier of today must be a warrior first and foremost. But he or she must also possess skills of diplomacy, cultural awareness and an ability to improvise in very ambiguous circumstances.

Since those early deployments to Namibia and Cambodia we have been operating at a high tempo. Over the last decade we have undertaken significant deployments to Somalia, Rwanda, Bougainville, East Timor, Afghanistan, Iraq and the Solomon Islands. Those deployments embraced the entire spectrum of operations from peace support, through armed intervention to high intensity war fighting. We have learned a lot and continue to learn from our current deployments.

The draw down of our force levels in East Timor and the Solomon Islands offers a welcome respite from that very demanding operational tempo. In broad terms we have got home, we have had a rest, we are coping well with current deployments and we are now well prepared for future challenges. Now is the time not only to absorb lessons, but to adapt our structures, equipment, doctrine and training with a clear view of what will be required of us in the future. This is the task of modernisation.

As Chief of the Army, I am responsible through the Chief of the Defence Force to raise, train and sustain the Army so that it is capable of defending Australia and our national interests. Increasingly we plan and prepare to operate as part of a joint force where the three services Navy, Army and Air Force work closely together.

In modernising the Army, the dilemma that I confront is that there must often be a trade-off between conducting current operations and preparing for the future. The enormous cost and long lead times involved in procurement of military technology ensures that we are engaged in a continuous process of analysis, experimentation acquisition of new equipment and development of doctrine. As recent events

have demonstrated we have to be ready to deploy forces overseas at fairly short notice – often in dispersed locations.

I am satisfied, but not complacent, in assessing that we have met these recent challenges effectively. Our deployment to the Solomon Islands last year was an exemplary joint and multi agency mission achieved with no loss of life. It built on lessons learned in Cambodia, Bougainville, Rwanda and East Timor.

As I noted at the outset, our operational tempo has been very high. The Australian Army is eagerly awaiting the so-called “End of History” with its much vaunted peace dividend. To the contrary our experience has led us to conclude that the world at large, and our region may have become more difficult and dangerous in the aftermath of the Cold War.

The very diversity of our recent deployments indicates that there has been a fundamental transformation in geo-politics. This began with the end of the Cold War but now seems to be gathering pace as we enter what some have called the wars of globalisation.

In military terms the significant manifestations of this trend of globalisation has been:

- state failure and fragmentation,
- the diffusion of the means of violence,
- the proliferation of non-state actors – malign or otherwise,
- increasing lethality,
- reduced warning time, and
- rapid transitions in military missions.

The result has been increasing complexity in the conduct of military operations across a very broad spectrum of conflict. While we must be prepared for a broad spectrum of conflict and be able to provide a range of options to government you should make no mistake that the primary mission of the Army is the defence of Australia. This means the defeat of conventional military threats to Australia in partnership with our RAN and RAAF colleagues using a maritime strategy.

However, every considered assessment of our strategic circumstances suggests that a direct conventional military attack on Australia is extremely unlikely for a considerable period into the future. Other threats are of a much more real and proximate danger. We now face “security” rather than defence threats. These are of a scale and complexity that will require the effective coordination of all of the elements of power available to government.

The convenient compartmentalisation of military operations and resultant capability decisions which characterised the doctrinal approach in the immediate aftermath of the Cold War, have started to break down. The emergence of terrorists with access to weapons of strategic effect has led to a dangerous convergence between warfare

and crime, between warfare and so called “operations Other Than War”.

Now, Army must be prepared to face a very broad range of activities from the conventional defence of Australia to peacekeeping to peace making to nation building to humanitarian operations and most recently the emerging threat of terrorism. In terms of developing ready and relevant land forces Army is obliged to focus on the essential elements of the environment in which our soldiers will risk their lives. This is an onerous intellectual and moral obligation not only for the Army but also for the entire nation we serve. Our analysis of the future environment has convinced us that while there are eternal verities of war, we are facing a new type of threat and must adjust.

Some things will change little. War remains the most demanding and complex activity undertaken by human beings. It is violent, dangerous and unpredictable. War is a battle of ideas and wills, political or otherwise, that cannot be resolved by other means. War may be fought on the ground, in the air and on the sea but it can only be resolved on the ground where Armies can protect, support and persuade the population. War is not an elaborate video game. Nor is it only about precision strikes servicing targets.

We are convinced that the essential task for the Army is to be able to engage in close combat where the aim is to seek out, to close with and eventually to kill or capture an enemy. This irreducible task is best performed by combined arms teams of infantry, armour, artillery, engineers and aviation operating in conjunction with the other services, the remainder of the Army and increasingly with allies and friends.

But war is changing and it has a new and complex aspect. To cope with these changes we require a force with increased flexibility, versatility, adaptability and agility. We must be adept at operating in rapidly changing structures where joint, coalition and multi-agency operations are a matter of course. On occasions military forces will be the lead agency. At other times we will provide support to police or even civil and humanitarian agencies.

The erosion of the monopoly of the nation state on the means of strategic violence is an unprecedented event. The ability to inflict strategic damage has, since the birth of the nation state been a monopoly of the nation state. Now small groups acting outside the state have the capacity to cripple any nation state or to dramatically damage their interests. This brings about an entirely new strategic equation.

Globalisation has also brought about a conflation of space and time. A nation can no longer be secure locked behind its borders adopting an isolationist approach. Our interests are now so broad and diverse that threats can arise anywhere; at home, in the region and

globally. They can rise rapidly and have an almost immediate impact on our safety, well-being and national security. Perhaps we have seen, as some are suggesting, the “end of geography” rather than the “end of history”.

Likewise, the porous borders, cheap travel and vibrant markets that are the hall-marks of globalisation have complicated war at the tactical level. The Internet and mobile phones have empowered small cells of non-state actors. The global black market in arms has equipped rogue militias, criminal gangs and terrorists alike with many of the same lethal systems of conventional armies.

Complicating matters even more is that all of these threat groups may be operating in the same battle space simultaneously. This is certainly the case in Iraq today.

During the infamous “Black Hawk Down” battle in Mogadishu the Aided militia were supplemented by jihadists from the Sudan. That style of scrambling, close quarter battle in the complex terrain of a Third World city is in our assessment a more accurate insight into the immediate future of warfare than the news footage from gun cameras showing stand off engagements.

Let me note as an aside that in Somalia in what was a “humanitarian” mission, tanks providing shock action, firepower and protection carried out the eventual rescue of the downed helicopter crews. The US Marine Corps categorise this type of environment as the “Three Block War”. A deployed military force may at any given moment be engaged in high intensity combat, humanitarian assistance or peace support operations in adjacent blocks of the same city. The same force may have to transition rapidly between these functions without supplementation or respite.

Our recent operations have confirmed this observation. Given the convergence of threats and the proliferation of cheap, accessible high lethality weapons it is vital to develop highly adaptable and well-protected forces regardless of the nature of the operations on which they are deployed.

Our path to dealing with this complex battlefield of the future is called “Hardening and Networking the Army”. Our assessment of emerging strategic and tactical trends has led to the conclusion that the Army must become harder to hit and when we hit we need to be able to hit harder. Accordingly we seek a development path that will transform the Army from a light infantry to a light armoured force. This will enhance our protection, mobility, firepower and communications. We will be able to take a hit and survive and then when we engage we will do it with discrimination and precision.

The Hardening and Networking the Army initiative represents the application of our recent operational analysis, experimentation and war-gaming to our future development path. Hardening and

networking is how we will remain relevant and ready to face the more complex and lethal environment that has emerged in the past decade. This environment will predominantly incorporate high population densities and urbanisation, which will lead to complex physical, human and informational terrain.

Our enemies have learned the lesson that we can destroy them at will if they deploy in military formations in open terrain. Our situational awareness and precision weapons mean that apart from a future peer competitor our enemies are unlikely to seek to engage us in open battle. They are much more likely to engage in asymmetric warfare and hug population centres operating as a witches' brew of irregular, militia style or terrorist groups as well as regular armed forces

Many of you will have been aware of some controversy about aspects of recent capability enhancements to Army. There has been a shrill and poorly informed debate about the decision to purchase the Abrams Main Battle tank for the Army. This has been characterised by some commentators as an attempt to structure the Army for far flung expeditionary operations to the detriment of the Defence of Australia. I have been disappointed at the quality of this debate. Army is unconditionally committed to implementation of the strategic guidance it receives from the government of Australia.

In the wake of our East Timor mission in 1999 it was clear that nearly two decades of a narrow interpretation of the term "defence of Australia" had seriously undermined the joint deployable capabilities of the ADF. The most serious deficiencies were in the area of deployable logistics, strategic lift, combat weight and communications. There was unanimity among policy makers and defence planners that these and other deficiencies had to be rectified so that the ADF and Army could provide forces for the more likely types of operations.

The results were contained in the 2000 Defence White Paper. Enhancements to our deployable logistics were approved along with an extensive range of other joint and Army projects. As part of the 2000 White Paper, Army was directed to be able to sustain a brigade deployed on operations for extended periods and at the same time maintain at least a battalion group for deployment elsewhere.

Hardening and Networking the Army is the means by which Army can operationalise this strategic guidance. It is the means by which Army can provide an increased range of options to government in order to deal with an increasingly demanding and complex future. Subsequent strategic guidance has emphasised the requirement for relevant and ready land forces. We are moving to implement this guidance.

The enhancements to our Special Forces clearly indicate the ability of Army to adapt to new requirements. So too is the development of the Reserve Response Force with its task of providing forces

for domestic security. The wholehearted support of the Army Reserve to this task has been magnificent. It gives a clear indication of the capabilities of the Army Reserve to provide ready and relevant forces to meet the more contemporary security and defence challenges facing Australia.

Last week in Baghdad, we all received a salutary lesson on the need for adequate armoured protection for our troops. This attack and the very positive feedback from the users on the ground, the soldiers of the 2nd Cavalry Regiment proves that this vehicle, the ASLAV, saves lives. Frankly, putting soldiers behind armoured protection saves lives. It is irresponsible, and I would argue immoral, to put our young men and women into harm's way without the equipment to permit them to execute their mission and to survive.

Providing armoured protected mobility is one of the primary objectives of "Hardening and Networking" the Army. Our aim is to provide as many soldiers as possible – whether from the combat arms or the support elements – with a seat in an armoured protected vehicle. Moreover, every soldier will become a node in a robust sensor to shooter network that links intelligence and fire support seamlessly in real time through a pervasive and robust communications network. Our communications network must be developed to enable the soldier of the future. This is vital task and it is long overdue. Nor is it especially futuristic. Our Special Forces have mastered this mode of operation in Afghanistan and Iraq.

Like it or not the Army is changing. Our challenge is to harness and direct that change. To my mind Armies change along four major axes.

The first is equipment and technology. As a result of recent strategic guidance and capability decisions this is happening right now. In December 2004 we will take delivery of the first of the Armed Reconnaissance Helicopters. Over the next six to eight years we will take delivery of an enormous range of new equipment. It must be incorporated into our structures and we must learn to use it to enhance our overall capabilities.

The second major axis of change is our organisation and structure. We are currently examining how we might best organise and structure the Army to meet strategic guidance and provide the sort of flexible and adaptable force structures needed to cope with the complex environment of the future. Change of this nature is difficult and in an Army can tend to be very emotional due to deep cultural attachments to current structures and organisations. Nevertheless, we are examining how we might change. One option is through the development of further mechanised forces to enhance our ability to rotate forces on operations. This is an attractive and feasible option and is being comprehensively reviewed.

The third axis of change is training, education and doctrine. This is perhaps the most powerful and productive means of preparing for the future. Accordingly we are putting a lot of effort into examining how we can improve our training and education. Early indications are that we will do well to emphasise education more than we have previously. As we move into the complex and uncertain environments of the future we feel that instead of training for certainty we must more and more educate for uncertainty.

The fourth and last axis of change is how we use our Army Reserve forces. Historically the Army Reserve has been an expansion force in the event of a large scale direct attack on Australia. With this type of threat less and less likely we are examining how we might provide more relevant and ready forces from the Reserve. This review is well advanced and has received enthusiastic support from the Army Reserve. I expect some imminent decisions regarding the roles and tasks of Reserve units as well as how we can best provide the training required for contemporary military operations.

Let me conclude where I began – talking about the human element in war. Right now our soldiers are at war. It might not be a war of national mobilisation but, nevertheless, we are defending our national interests and our young men and women are in mortal danger right now. There is a real live enemy out there trying to kill our soldiers. The decisions we make about supporting current operations and shaping of the Army in the future are not esoteric decisions. They are real and vital and lives depend on our conclusions.

The Army, more so than the other services, relies on the quality of our people. The era of the comfortable myth that the Australian is a natural soldier is behind us. Soldiering is a highly skilled business. It takes commitment, application and highly trained men and women. It also takes soldiers of maturity, common sense and judgement.

Our future operational environment is the world of the strategic corporal. The decisions and actions of our young men and women can have strategic consequences. We must prepare them for this environment. In the complex warfare of the twenty-first century we are going to need tough, resolute and extremely fit soldiers. But those same soldiers will increasingly require diplomatic and language skills to operate in diverse cultural settings. I want them to be leaders, to be decision makers and ambassadors for Australia.

My presentation this evening has, of necessity been fairly broad. The Army along with the entire policy community is grappling with the dynamics of a turbulent period in our history. We do not pretend to have all the answers. I trust that, in good conscience we are asking the right questions. On that note I welcome yours.

FUNCTIONS - 2005



Photographer: David Karonidis



Photo – David Karonidis

Tim Flannery

Dr Tim Flannery, Director of the South Australian Museum and author, most recently of *Country* (Text 2004) addressed The Sydney Institute on Monday, 8 November 2004. As Australia’s best known anthropologist, Dr Flannery spoke about the travels he had made across Australia over many years that led him to write *Country*. In his travels he came to admire and respect the ancient evolution of Australia’s most popular animal – the kangaroo. Says Flannery, “Kangaroos are truly ancient inhabitants of this land, they are probably the most distinctive animal that’s been made by Australia.”

MY COUNTRY –

FLANNERY'S AUSTRALIA

Tim Flannery

Thanks very much Gerard and thank you all for being here this evening. It's great to have a full house, wonderful.

This book, *Country*, is a rather different from anything I've written before. It describes the Australia that I know, and I suppose you might look at me and think well "only approaching 50, what's he seen of Australia?" and it's true that the Australia that I've seen is the Australia from 1960-2004. But that period of life in Australia has seen the most astonishing changes. I feel as I look back that this country about us is quite literally changing under our feet. I wanted to record what I'd seen of Australia, and the way Australia is emerging from a very turbulent past and developing into a different kind of place.

I'm fortunate that I've seen a lot of Australia. I was paid to be a scientist, a palaeontologist – someone whose job it was to look under the surface for clues about what Australia has been in the past and what's influenced it, the sort of things that we've done to change our country. And the best places to go do that work is the more remote regions of Australia; places like the Lake Eyre Basin. It's one of the most fascinating regions in Australia. Whenever you go there it never seems to be the same place. I was out there in 1982 – in the middle of a drought, when there's just nothing but drifting sand, and other times when 12 inches of rain have transformed it into this Garden of Eden, just fields as far as you can see of multi-coloured flowers. Those times when you're in the Lake Eyre Basin it's hard to sleep at night for the scent of billions of flowers. So the place is to me an absolutely wonderful country, a wonderful place to have investigated over the last 30 or 40 years.

So the book is about Australia, it's also about how we know what we know about this country and, in that sense, some of the real heroes in this book are my scientific colleagues who have spent lifetimes trying to understand, trying to comprehend how this continent works. I guess the foremost hero among them is a man called Dr Tom Rich, someone most of you won't know, a Californian-American who came to Australia 30 odd years ago and ever since has been looking for a

particular kind of fossil: early mammal fossils, without success. We thought he was mad, quite frankly, looking for the sort of fossils he was looking for, and for 23 years Tom persisted in that search with not one scrap of success, nothing. It takes a lot of guts to do that.

When I first met Tom in the late 1970s I was just a student. He explained his philosophy to me. I used his words to start this book – “if you want to study a history of this country, you’ve going to have to have the will to fail.” By that, Tom meant you have just got to keep at it through thick and thin, through hopelessness and whatever else. And those words came back to me when, in March 1997, Tom phoned me and said “We’ve found it, we’ve finally found the fossils we were looking for over 23 years.” Those fossils revolutionised our understanding of the place of Australia in the world, and you can read a little bit about that in the book. I haven’t got time to go into the details this evening but Tom’s work has given us a new sense of what it means to be Australian, and what a magnificent gift for an American émigré to this country – a new sense of history. In short, what happened was that the fossils Tom found were over 100 million years old. The oldest fossils we had before were only about 30 million years old, so we quadrupled the time depth of that country and gave us a very different perspective of the place that we live in. People like that are real heroes in this book.

There’s also another sort of hero, one that we overlook – and that hero is the kangaroo: that absolutely quintessential, Australian animal that somehow we manage to conceive of as boring. I suppose the Grey Kangaroos that most of us see are a bit like men in grey suits, there’s something rather boring about them and their name. But they do hide a really special anatomy under that grey exterior, and yes there’s many of them around Canberra, particularly near Parliament House. They’re fascinating creatures.

Can I leave you with a riddle that I’ll try to answer by the end of this talk. What do you think has two vaginas but gives birth through neither of them? And if you can answer then I’ll know you’re a true biologist, anyway, we’ll see how things go with that.

Kangaroos are truly ancient inhabitants of this land, they are probably the most distinctive animal that’s been made by Australia. They’re special in so many ways. I’ve spent my life studying them so I can bore people with kangaroos, and I’ll try not to do that this evening. But the very fact that they hop is astonishing. Why do kangaroos hop? No Australian had thought to ask that question till 1973. We just accepted that it was something silly they did. It turns out, once you look at kangaroos in some detail, that hopping is *the* most effective means that any land based organism has evolved to get about on the earth’s surface, much better than walking or anything else. It is more energy efficient at medium to high speeds and there’s

no coincidence that kangaroos inhabit the sort of country that's got vast plains with long distances between water holes and feeding areas. Therefore, it has developed this efficient means of getting about. It helps that they're marsupials and the young are born about the size of a pea, because you need a very rigid pelvis in order to withstand the stresses of hopping. So if you've got to give birth to large young like we do, it's not a good idea to hop or else you are likely to break something.

Most of my academic life – my early academic life particularly – has been a search for understanding about kangaroos. It was what I did my Masters thesis on, my PhD thesis on, and I must admit that in some places it was a dreadful failure because even today we know less than half the story of the evolution of kangaroos.

The best clue that I ever discovered to kangaroo origins was in a remote salt lake in South Australia. I was crawling, as you do over those salt lakes, for days on end, looking for tiny fossils in the salt crust, with a caravan of flies on my back, enormous numbers of them. I finally saw a tiny fragment of bone, half the size of matchstick – in those days I didn't need glasses. I actually had quite good eyes. I picked the thing up. It had a white mark around it that I later found was a decomposed crocodile turd about 30 million years old, and because I couldn't see the shapes of the bone I put it on my tongue so I could at least feel the shape. It turned out it was a tiny ankle bone from one of the first kangaroos that ever lived. But to this day that's all we know about the animal – we can't date the bone accurately, we don't know much about its context, but it does tell us that in the distant past there were kangaroos perhaps as big as a rat, the very beginning of the kangaroo story.

I found out as I read a bit more widely in the literature, that I didn't need to do all that searching. There was someone who could have told me already what early kangaroos were like. That person was Rudyard Kipling. I don't know how many of you know his song of the *Old Man Kangaroo*, published in 1908, but he wrote a wonderful few lines about the first kangaroo that ever lived. He wrote: "Not always was the kangaroo as we now do behold him, but a very different animal with four short legs" – which is entirely true. "He was grey and he was woolly, his cry was inordinate, he danced on an outcrop in the middle of Australia saying 'Make me different from all other animals. Make me popular and wonderfully run after by five o'clock this afternoon'". Well I suppose I'm trying to make him popular and wonderfully run after but I'm not sure I'll achieve it by five o'clock any afternoon.

But it's an interesting little bit of doggerel that perhaps I wouldn't have worried about too much if it hadn't been so prescient. Kangaroos did evolve from animals with four short legs. We don't know about the

colour of their fur; if they were woolly or not, or how full of pride they were. But it’s a fair chance that they danced upon outcrops rather than hopped upon an outcrop, because hopping came late for kangaroos. For most of their evolutionary existence they didn’t hop. Until 15 million years ago they didn’t hop, and certainly outcrops are a fair guess for where they might have evolved. They’re ground dwelling animals, but they came from tree dwelling ancestors. Rocky outcrops are fairly open spaces and in the Australia that these animals evolved in most it was forest covered. So Kipling gives us a prescient look into the past of kangaroos.

I grew up in an Australia where kangaroos didn’t feature very much. From the mid 1960s, it was an age to travel. I did. I saw my country. Back then Australians had done a very good job of exterminating kangaroos from most of the country. Vincent Serventi, one of my childhood heroes, put the state of things in a letter to government, very succinctly; he said “From the point of view of the average man, the kangaroo is practically extinct”. And what he meant by practically was for all intents and purposes – extinct. “They’ve been chased well away from settled parts of the country and exist only in the outback.” And that circumstance had arisen through the production of myxomatosis. Surprisingly enough, you’d think it would have benefited kangaroos but in fact it did the opposite. For a century, Australians were quite happy to welcome the pestilential rabbit to their dinner tables. They paid for rabbit, but they wouldn’t pay for a kangaroo. When rabbit hunters fell on hard times with the release of myxo they sought some other employment and started shooting kangaroos to feed dogs. What we now know, is that some of the most healthy and tasteful meat that Australia has to offer was for a long time dog food. If other people eat their national animal they do wonderful things with it, whether it be wild boar, deer or whatever else. That wasn’t the case in Australia.

We’re only learning about that now. When I was growing up the harvest was unregulated. Nine million kangaroos were shot in 1969, far more than the country could sustainably yield. Thankfully government regulation came into effect in the 1970s and today we have a sustainable yield harvest of kangaroos that really is the envy of the world in terms of harvesting sustainably a wild resource. So we do a very good job of it. It’s an industry that supports hundreds of people and produces significant income, and it’s something we should be very proud of.

There are some kangaroos that have survived close to people. One of the ones that you’re likely to see here in Sydney is a small animal called the Swamp Wallaby. I don’t want to bore you with kangaroos too much but I’d just like to read you a little bit from *Country* about the swamp wallaby because it is a most fascinating animal and it lives

closer to you than you might imagine. The Eora people of the Sydney region called the Swap Wallaby “buggery”. It’s a little animal.

The fur of buggery is a delicious liquorice colour tipped with silver, while its underside is deep rich ochre. Yet the beauty of the animal is difficult to appreciate to nature for it’s rarely seen outside dense thickets. But if you’re bush walking in any of Sydney’s national parks and you go quietly you might catch a glimpse of one. If it’s a warm day the animal might be sunning itself beneath the north face of a sandstone boulder, its eyes half closed in pleasure, its rich red belly exposed, much in the pose of a sunbather and as relaxed as any Bondi beauty. It won’t be easy to spot for its underbelly will mirror the iron stains on many rock surfaces, perhaps a twitch of one of its shortish ears will alert you or maybe all you’ll see is the white tip of its long tail, disappearing into the bushes as the vigilant buggery having seen you approaching, long before you saw it, flees to safety.

Unlike other kangaroos, buggery’s females don’t have to await the birth of their young in order to mate and conceive again, Instead she mates up to eight days before the birth thus gaining an extra week to grow her embryo before thrusting it out into the world. No other marsupial can do this, for none, except some tree kangaroos, can maintain the length of pregnancy for more than the length of a single extra cycle. Just how the animal manages this in terms of hormones, immune responses and such like, is not known but buggery must have many secrets that we have not even begun to guess at for it’s the very last of the once numerous type of kangaroos to survive around Australia since. If you live in Melbourne, Sydney or Brisbane it’s a fair bet that buggeries are closer than you think. In Sydney it still appears as close to the city centre as the Manly reservoir, just twelve kilometres from the Opera House while, around Melbourne, the Dandenongs and Cranburn areas remain favourite haunts.

In his memoirs, written around 1883, Sydneysider Obed West recalled that they were very numerous in the vicinity of what is now the Australian museum in College Street. “Many scores of them have I shot,” he said, “in a swamp just south of the Museum site.” Once upon a time potoroos, which is another Eora word, bettongs, rufous rat kangaroos, rock wallabies, red neck wallabies and Eastern grey kangaroos all thrived around Sydney and there’s no reason why these creatures should not flourish once more for Sydney’s blessed with parks and reserves and kangaroos are adaptable creatures. All they require is a little assistance from the city’s humans.

Every year, usually around June, the first winter winds blow in from the west over Sydney, chilling the estuaries and wetting the vegetation. It’s a hard time for buggery and it’s then that you might notice something furry floating on the waters of Botany Bay or the Hawkesbury, carried by the tide towards the open sea. If such a sight passes you as you’re fishing on a jetty or pontoon you might want to spend a moment or two examining these last mortal remains of buggery. You’ll find that her teeth are worn to the gums and her claws blunted by years of clamouring over rough sandstone boulders, she’s old, very old and hasn’t been well

for months now, her swollen joints make travel painful and her worn teeth can't chew the plants that give her sustenance but still she breeds. The long nipple in her pouch indicating that right up to the last she suckled a joey. She's a survivor. Perhaps she too has the will to fail and she commands our salute as she goes to her final rest. So that's my story of the kangaroo. A very, very special animal.

In a way *Country* is a love letter to my country, and like a lot of love letters in a real life love story it has its fair share of cruelty and ignorance and misunderstanding. But what made it hard to write was the knowledge that my country is slipping away from me. I said at the beginning of my talk that the country is slipping, literally slipping, away under our feet and that's not altogether a bad thing. Part of the reasons for it is that Australia is growing up, it's evolving. I'm not getting any younger and neither is my country. And it's emerging from a pretty brutal frontier phase. The Australian frontier closed incredibly recently. It closed in 1978 when the last free-living Aboriginal man walked into a camp and met Europeans for the first time. That was the end of the frontier of my country, 1978. I was 22. Changes since then have been huge in this country; social changes, environmental changes. They seem to be accelerating away. There's no more interesting time to have seen the change than the last 40-50 years. The result of all of that change is that we're no longer English people living on the Australian frontier but neither, I believe are we truly Australians. We're somewhere in the middle. We're in a period of adaptation, instability, changing towards some sort of new country, new people, maybe even a new nation.

But there's one other source of change that I wanted to talk about which is not so natural and not so appropriate, and much harder to come to terms with. That change we put under the general banner of climate change. As I started writing this book, I was aware that our climate was changing in such ways that this country would be unrecognisable by mid-century. It's an astonishing thing that a gas present in just four parts per ten thousand, that we can't smell or see is in fact a natural part of our atmosphere and is going to dramatically change our life. That gas is carbon dioxide. It's coming from us burning coal and other fossil fuels, and it's accumulating in the atmosphere at an alarming rate. We now know that, for the last million years of earth history, carbon dioxide levels didn't rise above about 280 parts per million. They now stand at 380 parts per million and the great majority of that rise has happened since I was born in 1956. It's an astonishing change. If you look back on the fossil records we see just how dynamic climate change is.

If you lived in Sydney 15,000 years ago, which geologically is nothing, there had already been people in Australia for 30,000 years at that point. Sea levels were a hundred metres below what they are

today. You would have had a long walk down for a swim, it would have been about 30 kilometres to the beach from Sydney. As CO₂ levels rose at the end of the Ice Age – they rose at about a hundred and eighty parts per million to two hundred and eighty parts per million – they changed our global temperature about two degrees every thousand years, and that brought a massive rise in sea level that we've seen. Projections for the next century are that we're going to have six degrees rise in temperature. That is a maximum that we're looking at, by 2100. We're likely to have three degrees by that stage and that's so much faster than anything we've seen in the past. Because the world's getting warmer than it has been for many million years, it is difficult to predict what's going to happen. But there is no doubt in my mind that Sydney won't be recognisable by 2050. We know from looking in the past again – by looking at fossil deposits up near Newcastle – that corals that only grow in the Solomon Islands today grew in Newcastle when the world was only a little bit warmer than it is now. Most likely we'll lose most of our biodiversity and most likely there's not a lot we can do about it.

We've burnt enough CO₂ to determine what the climate will be like by 2050. What we do now will influence it after that date. So in a sense this book is also a farewell to my country. It's a farewell to the Australia that I've known and watched evolve and we're now entering on an entirely new phase of human existence and a new phase in the existence of this continent.



John Hamilton



Melanie Oppenheimer

Photo – David Karonidis

In a seminar evening called “Stories From the Front and the Home Front” John Hamilton, Associate Editor of the *Herald-Sun* and author of *Goodbye Cobber* (Pan Macmillan) and Dr Melanie Oppenheimer, Senior Lecturer, University of Western Sydney and author of *All Work No Pay: Australian Civilian Volunteers in War* (Walcha, 2002) came together to discuss the broad spectrum of Australians’ contribution over decades to the defence forces. Whether the heroic but tragic slaughter at Gallipoli’s Battle of the Nek or the cheerful support of Salvation Army officers serving cold drinks to weary soldiers in Vietnam or the hundreds of parcels sent by volunteer groups to soldiers overseas, the sacrifice made by millions of Australians was remarkable.

GALLIPOLI: A SEARCH

FOR ANOTHER AUSTRALIA

John Hamilton

Just after dawn on August 7, 1915, six hundred men of the Third Australian Light Horse Brigade staged one of the bravest and most futile charges of the entire First World War. They charged across a piece of ground no bigger than three tennis courts on the heights of Gallipoli. The position was a narrow land bridge called The Nek. It was so narrow indeed, that the attackers were divided into four lines that would follow each other, 150 men at a time. The first two lines were made up of Victorians from the 8th Light Horse Regiment and the next two, West Australians from the 10th Light Horse.

Opposite them was a hill called Baby 700. It was crammed with Turkish troops in eight tiers of trenches. They were armed with rifles, hand thrown cricket ball grenades – and machine guns. One Australian officer estimated that – with the Turkish machine gunners firing 600 rounds a minute and their riflemen 15 rounds a minute – there were at least 5000 rounds a minute being poured into this tiny battlefield the size of three tennis courts.

Yet the Australian Light Horsemen never hesitated, as they ran to their deaths wearing ragged shorts and worn flannel shirts with roughly stitched white patches on the back and white armbands for the purpose of recognition during the expected hand-to-hand fighting with the Turks. The Australian soldiers were armed with rifles – but with no bullets in the breech. The Australian officers who drew up the operational orders for this foolhardy operation reasoned that if the troops were allowed to stop and fire it only would slow the impetus of the attack.

The attack went forward – even though the conditions set for its execution had evaporated overnight and an artillery barrage ordered to soften up the Turkish defences had ended seven minutes too early because someone forgot to synchronise watches. The Turks had time to man their trenches, feed the belts of bullets into their machine guns. The Australian men had only fixed bayonets. And raw courage as they charged.

The first line of Victorians went over the top and was all but obliterated within seconds. The Turkish machine gunners just scythed them down like wheat before a combine harvester. Yet within the next hour the remaining Victorians and the West Australians would charge, too. Attempts to stop the Charge were overturned. It was a massacre.

One West Australian was Trooper Harold Rush, aged 23, who had migrated from Sussex in England to start a new life in WA as a farmer. Trooper Rush was in the third line, and, knowing he was going to certain death, turned to his mate before going over the top and said in the words of an Australian: "Goodbye Cobber, God Bless You." The words appear on his headstone today on Gallipoli. They were chosen by his father after the war as his son's epitaph. The father, ironically, was a servant on Lord Kitchener's estate, Broome Park in Kent.

At the end of that dreadful day, when the shattered survivors attended a roll call, it was discovered that the Victorians of the 8th Light Horse had suffered 234 casualties – including 154 dead – out of 300 men. The West Australians of the 10th suffered 138 casualties out of 300 – including 80 dead. Like the Victorians, they were the flower of their State's manhood. They were not only farmers' boys and jackaroos, but their number included at least one Rhodes scholar, a Presbyterian minister, several lawyers, a maltster and even a stock-broker.

Most of their bodies were not recovered. The remains lay out in No Man's Land, worried by carrion birds and jackals until 1919 when this ridge was visited by the Australian Historical Mission and the Imperial War Graves Commission. Today the remains of most of those killed in the Charge at The Nek lie anonymously in six rows, underneath the springy turf of the little cemetery that was created where they fell in No Man's Land nearly 90 years ago.

The purpose of this address tonight is not to re-examine and analyse what happened at The Nek, or the role that the charge played in a much wider attempt in August 1915 to break out of the Anzac trenches on Gallipoli. All that, and the events that led up to the Charge are covered in my recent book which takes its title from Trooper Rush's epitaph: *Goodbye Cobber, God Bless You*. Rather, I would like to talk about how the book came about, how a reporter's curiosity was aroused, and how he set out to find out about another Australia, so very different to our country today. A country whose people now seem almost like a lost civilisation, a land of scattered settlements, only just united by Federation, yet bound together by an unshakeable belief in God, King and Empire and the need to serve all three when called upon.

A country which had a population of just under five million people then, but which sent some 60,000 men to fight on this scrubby, rugged peninsula that nobody had ever heard of, a place at the end of the

world where 8,709 young Australians would die in a futile expedition that ended in disaster and eventual evacuation. And yet an expedition that gave birth to something so hard to define, something Australian we call the Anzac spirit. The whole reckless adventure cost the Allies over 141,000 casualties – but we should never forget that the Turks lost 86,000 dead or missing defending their homeland against invaders.

Gallipoli has now become Australia's own kind of Mecca. Each year constantly growing numbers of young pilgrims come to be here on Anzac Day, to stand shivering at dawn and mark the anniversary of that moment in time – 4.18am on Sunday April 25, 1915 when the first boats grounded on Anzac Cove. This mass pilgrimage is a recent phenomenon. Small numbers of Anzac veterans came here by ship in the 1920s and 1930s, but the peninsula became a Turkish military zone for over 30 years and visitors were required to have formal permission to enter with a military escort.

Then things began to change.

The filmmaker Peter Weir came here out of curiosity in 1976 on his way to London to see the premier of his *Picnic At Hanging Rock*. He hired a car in Istanbul and drove the 300 kilometres down to the Peninsula. We can call him the first modern Australian Gallipoli archaeologist – after Alan Moorhead who wrote the first defining history of the campaign after he visited the deserted peninsula in the 1950s.

Peter Weir wrote: “I saw no-one in two days of climbing up and down slopes and winding through the trenches, finding all sorts of scraps left by the armies, buttons, bits of old leather, belts, bones of donkeys, even an unbroken Eno's Fruit Salts bottle. I felt I was really touching history – that's really what it was – and it totally altered my perception of Gallipoli. I decided then and there I'd make the film.”

Well, of course he made his famous film. The final scenes depict the West Australian lines charging at The Nek. The film – which wrongly saddles the British as being fully responsible for the disaster – was the catalyst for many Australians, especially the young, to go and see Gallipoli for themselves. The interest was boosted in 1990 when a specially equipped Qantas Boeing 747 flew the last remaining 100 Anzacs to Turkey for the 75th anniversary and again in 2000 when 10,000 Australians came to Gallipoli to commemorate the 85th anniversary with Prime Minister John Howard.

Which is where I come in.

When I first visited Gallipoli in 2000 as a journalist, rumbling onto the peninsula aboard an ancient bus to cover the 85th anniversary of the Landing for my paper, the *Herald Sun*, along with a party from the Australian War Memorial, I knew very little about the Dardanelles or Anzac Cove and had never even heard of a place called The Nek, despite the film. Within a day I had found a piece of rusty bully beef

tin, a spent .303 casing and, in the emptiness of the cemetery nearby on Walker's Ridge, became profoundly moved too. I was treading in the footsteps of some other distinguished archaeologists. My friend and colleague Les Carlyon was also on Gallipoli in 2000, walking the mad country with Kenan Celik a Turkish expert, to gather material for his best seller *Gallipoli* and Les, who had been here before as a journalist, warned me I would be affected, that something special would reach out to touch me, as it had with Peter Weir.

That first day on the Gallipoli Peninsula, led by Senior Historian Ashley Ekins, our party visited Anzac Cove and the little cemetery at Ari Burnu. There, in the middle of the front row by the sea, was the grave of Lieutenant Edward Ellis Henty with its ringing, defiant epitaph chosen by his widow Florence. On the headstone the weather beaten carved words: – "Glad Did I Live And Glad Did I Die/And I Laid Me Down With A Will."

I was firstly intrigued by the pioneering Henty surname on the stone and, as I looked around, saw that he was united in death with so many others in the cemetery by common inscriptions – the units, the 8th and 10th Australian Light Horse and one date, 7 August 1915. The next day Ashley took us up Walker's Ridge to The Nek and told us what had happened here on that awful day. I knew then I must find out more about Lt Henty, and about so many more Australians who lived, died and were buried anonymously together here under this square of springy turf on Russell's Top.

Peter Burness, Senior Curator at the Australian War Memorial, was also on the Peninsula in 2000. I found he had actually interviewed a handful of old soldiers, survivors of the Charge, back in 1984, which inspired him, another Gallipoli archaeologist, a decade later to write the first authoritative military history, which he called simply *The Nek*. Yet he said there was more to discover – and still digging to be done.

I set off as an amateur archaeologist. I decided to begin with Lieutenant Edward Ellis Henty. A search in the World War One Section of the National Archives in Canberra unearthed his record, unearthed the fact that he came from Hamilton in Victoria, that he had married Florence, the governess of a nearby station, shortly before he left for war and that she had born him a son shortly after he was killed at The Nek. It was Florence, the well-read widow who taught English who had chosen his epitaph from Robert Louis Stevenson. I wondered if there was the slightest chance that her son might still be alive.

That was the beginning of the search. I knew I was on the way months later when I eventually tracked down Lt Henty's son, named after his father, the late Edward Ellis Henty, known as Ted. Ted Henty had become a distinguished agronomist in New Guinea before retiring to grow tropical fruit in Tully, North Queensland. After following a long trail, helped by country folk and historical societies, I

had discovered the Tully connection and then wrote, in desperation to "Edward Ellis Henty. C/ Post Office, Tully. Qld."

The letter was forwarded on. He had moved south. Weeks later I received a courteous reply "Dear Mr Hamilton, I believe you are looking for me." It was from Victoria, inviting me to lunch. I shared a piece of fish and some boiled potatoes with the old man, now 85, in his retirement unit at San Remo on the Victorian coast. It was not long before he died that he showed me his most treasured possession, a leather bound book – the Hamilton College school prize for "Memory"- awarded to Edward Henty in 1909. The father he never knew.

Suddenly, I was touching history, too. Within a day or two I had met Ted's son, Stephen Henty, now also sadly deceased, and he had led me to touch the family's most treasured possession, the silver salver, Lt Henty's 1914 wedding present, presented to him – and engraved with the names of his loyal troopers who would die with him at The Nek a few months later. And in a stout leather box, here were the letters Lt Henty sent home to his wife and family on their property near Hamilton, the farm called "The Caves", telling of his adventures on the voyage to Egypt, of what it was like to repel Turkish attacks on Gallipoli.

Later, as my hunt expanded, I would touch another family heirloom kept by the grandchildren of Lieut-Colonel Alexander White, commanding officer of the 8th Light Horse – the actual pocket watch, slightly burned and with a bullet hole through its cover – which the Colonel used to count down the minutes before leading his men over the top in the Charge that led to his death. Here was the inspiration, then, to continue the search and write the book, to try and find out more about who these men were and tell the story of their tragedy, wherever possible in their own words, through their diaries and letters home to their loved ones.

I tracked down the records of all the men whose names were listed on the Henty silver salver. I went to the city of Hamilton and visited the old Henty homestead at "The Caves" beside the creek the Scots settlers called the Grange Burn. I went to Edward Henty's old school, now called Hamilton and Alexandria College, and found his shooting scores when he was in the school cadets. I discovered the intensely British world that he grew up in – in Professor Geoffrey Blainey's words:

On the eve of World War 1, Britain was close to the peak of its power. Australians bathed in the warmth of the British sun. In many ways the two nations were one. Between them the flow of migrants, commodities and ideas was usually smooth. In 1914 most of the high posts in Australia were still occupied by people born and educated in the British Isles.

So it was with the Light Horse. Many were recent immigrants from Britain. Others were only first generation Australians. I discovered from their letters that many referred to their fathers and mothers simply as “The Pater” or “The Mater.” They called each other “Old Chap”. And then a new word, originating in an English dialect, “to cob”, meaning to befriend – giving birth to an Australian word called “cobber”. Many of these cobbers joined up together because they were old school friends. For example, no less than 19 old boys of Geelong College joined the Light Horse together and posed for a group photograph on horseback beneath the Egyptian pyramids on their way to Gallipoli. The photograph is reproduced on the front of my book. Among them were three brothers called Mack, descendents of a lowland Scots farmer who had settled on a property he called “Berry Bank”. The brothers had a kid sister called Mary who had a lovely singing voice and who formed a group of young ladies called the Berry Bank Concert Party.

The archivist at Geelong College – where I had found the sepia picture of the Light Horsemen under the Sphinx – introduced me to a World War Two Digger called Greg Gillespie. Greg was Mary Mack’s son. And when she died, a very old lady, he had found in a cardboard box in the bottom drawer of a cedar chest of drawers – all the letters the Mack brothers had written home to their sister at Berry Bank during the First World War. Here was a detailed account and chronology of what happened to the three brothers from the time they rode away from Berry Bank to their training at the army camp at Broadmeadows, their voyage to Egypt and finally, their experiences on Gallipoli. Here was the core for the book.

With Greg, now in his eighties, I went back to the station at Berry Bank, down the long dusty road to the bluestone shearing shed in the Western District of Victoria where the Mack boys once shored the finest Merinos in the country. It was ingrained with the rich smell of lanoline and sheep dung and behind one of the doors was tacked up a collection of flattened tin lids from the plug tobacco the boys once smoked in their pipes, the pipes they took with them to Gallipoli. How do I know this? Well, Greg Gillespie returned from the Second World War to take over the management of Berry Bank station from his uncle, Stan Mack, one of the three boys who rode away to the First World War. Stan Mack told him how on Gallipoli they would cap their pipes with perforated tops from tomato sauce bottles, so that sparks wouldn’t fly or the glow of a pipe would not be spotted by a Turkish sniper at night time.

For three years, I tracked down relatives of Light Horsemen and recovered other contemporary letters and diaries. I found more through the excellent research centre at the Australian War Memorial, and spent hours in the State Library of Victoria, combing through

microfilmed copies of the newspapers and magazines of 1914 and 1915. My family said I had become lost in Sepia land. Finally, I was ready to go back to Gallipoli in April 2003, this time to follow in the footsteps of the 8th Light Horse Regiment in particular, and trace where the Victorians went in the eleven weeks before most of them lost their lives at The Nek.

The Nek is reached by climbing up a long, rough and jagged spur called Walker's Ridge. Last year I went up the Ridge equipped with a couple of sketch maps I had found, drawn by the Regiment's young doctor Sid Campbell, an Ormond College scholar who hailed from the coastal town of Portland. Campbell had drawn a sketch of where he and his fellow officers had bivouacked on a ledge; hewn out of the side of Walker's Ridge, facing the cliff face across Mule Gully they called The Sphinx. A friend and I hacked our way upwards through the sometimes chest high thickets of scrub and thornbush. And there it was – the ledge!

Slightly overgrown – but... there under a bush was the shattered shards of an earthenware rum jar; over there, the bone handle of a tooth brush and, as we scratched and dug away, we found a uniform button and a piece of brass off a webbing belt. We had found the 8th Light Horse. I don't think even great archaeologists, like Howard Carter who found King Tutenkhamen's Tomb in 1922, seven years after the Charge at The Nek, could have experienced a greater thrill than I did that day in 2003. At last I had found the men I would write about so that they and their times would be remembered.

On 20 June 1915 Sid Campbell, the doctor, had sat on this ledge looking out at the sea over Anzac Cove and had written home to his sister Hetty. He said: "It is all very beautiful. There are no big guns firing this morning and the rifle fire is very quiet. You would hardly know there is a war on. The CO is sitting a foot or two away smoking; the adjutant is washing his clothes." Within six weeks, all three men would be dead.

The ledge seemed so timeless, so quiet and peaceful. There was an eagle hovering over the Sphinx and the only noise was the drone of bumble bees in the bushes. That evening I went down to Anzac Cove and read again the words of Kemal Ataturk on the massive concrete memorial that has been erected here by the Turks. This is what he said:

Those heroes that shed their blood
And lost their lives...
You are now lying in the soil of a friendly country.
Therefore rest in peace.
There is no difference between the Johnnies
And the Mehments to us where they lie side
By side.

Here in this country of ours...
You, the mothers,
Who sent their sons from far away
Countries
Wipe away your tears,
Your sons are now lying in our bosom
And are in peace.
After having lost their lives on this land
They have
Become our sons as well.

STORIES FROM THE

HOME FRONT

Melanie Oppenheimer

Tonight I'm going to be speaking about civilian volunteering on the home front during WWII, that is unpaid labour, or "formal" volunteering, undertaken within organisations such as the Australian Red Cross and the Salvation Army to name a couple of well known Australian non profit organisations. "Formal" volunteering is defined by the Australian Bureau of Statistics (ABS) as "unpaid help, in the form of time, service or skills, through an organisation or group".¹ Conversely, "informal" volunteering is unpaid work that is undertaken outside of formal, structured organisations, often within the domestic sphere, such as caring work.²

But I'd like to begin with a story.

In June this year I gave a keynote address to the 10th National Conference on Volunteering in Melbourne.³ An edited version was later presented on the ABC Radio National's Perspectives program. After the broadcast, I received an email from a listener. I had been talking about the "invisibility of volunteering in Australian history", and in the talk I outlined reasons as to why, I believe, this had occurred. Essentially I argued that volunteering is part of our "invisible histories" because of the nature of volunteer work. That is, it is work for which there is no remuneration; it is not counted as part of the Gross Domestic Product (GDP); and therefore it is of little economic importance. Secondly, I argued that volunteering, as much as it tries, cannot shake the "Lady Bountiful" image – of middle class matrons dispensing their largesse on the unsuspecting poor.⁴ This is an old and outdated stereotype, but is nevertheless very hard to dislodge. And thirdly, I argued that second wave feminist historians, in the 1970s and 1980s, had deliberately ignored volunteering because it was considered too mainstream, and possibly because of the stereotype mentioned above. Essentially they wanted to focus on women breaking barriers and setting precedents.⁵

In my talk I had also briefly touched on my special area of expertise – civilian volunteering in war – which had prompted the listener to contact me. This is part of what he wrote:

I served as an infantry soldier with the 2nd Battalion RAR in South Vietnam in the period 1967/8. The details of the fighting are not important except to say “whatever you have read about the fighting in Vietnam multiply by a factor of 10 & you may approach the reality of the war & the effect on those fighting the war”. Following a very long & difficult operation during the dry season of 1968 we flew back to Luscombe Bowl at Nui Dait (for dry season read over 100 degrees F each & every day whilst carrying in excess of 60lb weight in triple canopy jungle & that was without the VC shooting as us or striking bloody mines) & when we got off the choppers the Salvation Army was there with ice cold soft drinks & a smile. That singular event is today more clear than most events that happened to myself whilst in Vietnam.

Following Vietnam life was both good & bad, that said my wife & I made a decision based on the above event to donate a fixed amount (subsequently increased) to the Salvation Army. Life has now changed in that I have been forced to retire from work as I am now judged to be a TPI (Totally & Permanently Incapacitated) resulting from my war service. Despite this reality our donation to the Salvation Army will continue unless we have no food on the table for ourselves. If you want to gauge the effects of civilian volunteers & their support have on service personnel during a war, mine is real & comes from a non-religious, non believer & a long time critic of the system.

Now you will not find what this man wrote about – this defining moment for him in his entire “tour of duty” – in the history books on the Vietnam War (and there is now a plethora of texts of varying quality on that broad ranging topic). Not even in the official history volumes will you read much about what patriotic funds (as they were called in earlier wars) such as the Salvation Army, the YMCA, and the Australian Red Cross did, and the roles they played, both with the troops, and at home here in Australia.⁶ Indeed the otherwise excellent home front volumes of WWII written by Sir Paul Hasluck also failed to acknowledge the role of these organisations and their thousands of volunteers.⁷ The question to ask is why?

The role of the historian is crucial in constructing not only how we see ourselves but in selecting what topics we focus on and consider important as a nation. Historians can present a perspective on the past that has relevance to the present. So why, I wondered has civilian wartime volunteering been “invisible” to generations of historians? And what impact has that had on our interpretation of our war history, or our general history for that matter?

In order to answer that question, I have embarked on what will probably be a life’s work to research, write and talk about what I see as “an invisible history” of Australians at war. In the mid-1980s, I began by writing an M. Litt. thesis on my grandmother’s experiences as a Red Cross VAD (Voluntary Aid Detachment) as part of a mercy voyage undertaken by the British aircraft carrier, *HMS Glory*, which was despatched to Asia at the end of World War II to

repatriate ex-POWs. In an unpaid capacity, my grandmother and nine other Australian VADs, worked for three months, from September to December 1945 on *Glory*, sailing to Hong Kong, Manila, and Vancouver repatriating British and Canadian POWs. On the return voyage, they despatched Dutch soldiers to the Netherlands East Indies; and returned from Balikpapan in Borneo with Australian soldiers of the 9th Division.⁸ After completing this study, I realised that this was an as yet untapped and incredibly rich vein to mine; and went on to research and write a PhD thesis, extended and published as *All Work No Pay. Australian Civilian Volunteers in War* (2002), about civilian volunteering on the Australian home front.⁹ The book was short listed for the NSW Premier's History Awards in 2003.

In World War II, the Australian home front replicated and extended the pattern of home front civilian volunteering inherited from that earlier "war to end all wars". Volunteering in World War I was an unprecedented scene of packing parcels, making and baking produce to sell at stalls and fetes, making and mending pyjamas and shirts, creating wooden crutches, writing letters to soldiers (which often included a sprig of wattle or a gum leaf), serving, fetching and carrying countless cups of tea, cleaning wards, collecting and disposing of bedpans, knitting socks and generally rolling up one's sleeves and pitching in for the war effort. Through the creation of these "comforts", volunteers nurtured the bodies of soldiers and civilians in war; volunteer work clothed the body; fed it; nursed it; massaged it; and cared for it.

One of the great Australian institutions, the Australian Branch of the British Red Cross Society was formed on the outbreak of war in August 1914 by the energetic and well connected Lady Helen Munro Ferguson. As wife of the Governor General, Helen turned over the ballroom of her home, Government House in Melbourne, to the Red Cross where it became a factory for soldiers' comforts created and despatched by a daily workforce of over one hundred volunteers. This was perhaps one of the most democratic gestures undertaken by our vice regal entities in the twentieth century.¹⁰

During World War II, five of the largest and most well respected patriotic funds (or war charities as they were known in Britain) were officially sanctioned by the Australian Army to work alongside the armed forces to provide a range of comforts for the men. The Australian Red Cross looked after the sick and maimed soldiers whilst the Salvation Army, YMCA, Australian Comforts Fund and, from 1942, the YWCA all looked after the fit and well soldier.

Civilian volunteering crossed class boundaries; it was not the preserve of the middle classes; nor was it only the preserve of women. Men and children also undertook volunteer work. Everyone did as much as they could. As in World War I, the large organisations already

mentioned sent commissioners abroad – wherever the AIF was, the Red Cross, Salvation Army, ACF and the “Y” were there too. From the Middle East to Kokoda, these organisations provided an invaluable service, propelled and funded by civilian volunteers at home.¹¹

In World War II, the scope of the patriotic funds was only limited by the imagination of the people. Over 8,000 funds were established across Australia to assist in some way with the war effort, and raised about £28 million (approximately A\$1.6 billion today). From the Australian Red Cross, the largest and arguably most prestigious organisation with hundreds of thousands of members, to the Wallacia Comforts Club formed in western Sydney at the Wallacia Hotel, Australian civilian volunteers mobilised. A regular ritual throughout the war was to send parcels to loved ones, and local men and women on active service. The Wallacia Comforts Club, for example, was particularly inventive. It sent fruitcakes to their 48 local servicemen and women using a bricklayer’s cement mixer to mix the ingredients. The 48 fruitcakes were then transported to the local bakery in an old pram where they were baked free of charge, before being carefully wrapped in greaseproof paper, parceled up, and dispatched to New Guinea and beyond.

By placing volunteer labour as the central category of analysis in a study of World War II, a whole new way of looking at the war on the home front can be found. This is especially the case in terms of women’s roles in World War II, and the impact of the war on Australian women. Historians have largely focused on women setting precedents and being able to join the boys in moving into paid wartime work. The focus has also been on the women’s auxiliary services and the manpower directorate created in January 1942 which encouraged, and then directed, women into paid wartime occupations. Whilst there were shifts in attitudes towards women undertaking paid employment due to the manpower shortages, I contend that this has been overstated.

In 1943/1944, at the peak of wartime paid employment, less than 32 per cent of available women (that is women between the ages of 15 and 65) or about 800,000 women were in paid work. Of that 32 per cent, only 2.4 per cent or 60,000 were in the auxiliary services. What, therefore, were the majority of Australian women, that is two-thirds of the female population of just over 7 million people (or 3 and a half million women) doing in World War II? Were they doing nothing? I do not think so. The answer is that they were busy undertaking unpaid labour – volunteer work – within their local communities as part of properly constituted organisations such as the Wallacia Comforts Club or the Red Cross.

Many of the 32 per cent of women who *were* in paid work, also undertook volunteer work at night and on weekends. Truda Davis,

who later worked on *HMS Glory* as a VA with my grandmother, is one example. In her early thirties and unmarried, Truda was “manpowered” (compulsorily directed by the government into war work), and undertook paid work in the government aircraft factory at Mascot that made the Beaufort Bombers. Waking at 5 am every day to catch the bus from her home in Marrickville, she worked a nine hour shift from 7 am to 4 pm. With that finished, Truda then travelled by bus to the 113th AGH at Concord (or wherever she was sent) to carry out her Red Cross VA volunteer work. She also volunteered at weekends throughout the war.

Through involvement in the volunteer sector – either by donating, organising or participating, women learnt new skills. They attended meetings, organised functions, took minutes, typed letters, co-ordinated with government authorities, ran publicity drives, managed local branches, learnt how to drive – the list goes on. The war opened up hitherto unheard of opportunities for women. As Dorothy Mirles, the CWA Convenor of Public Speaking and Study Circle in Queensland stated:

Women are being called upon to take the place of men; to organise Red Cross and Comfort Fund Branches: to form other groups working for the war effort. Many, for the first time in their life, are asked to take the Chair at meetings; to go on Committees; to speak in public; to prepare Reports and Balance Sheets; to make speeches etc, and in fact, do many things they would have deemed impossible a short time prior to the war.¹²

There is no doubt that through the opening up of paid work women broke barriers, and the importance of this cannot be underestimated. But it is also true that what women accomplished through their participation in volunteer work during the war was equally, if not more important, for women. The revolution began through volunteer work, not paid work. But this has been largely ignored by historians. The result of this neglect and subsequent “invisibility” of volunteering has distorted our history. In the case of my Vietnam veteran correspondent, his most important memory of the entire war has been erased from the history books, as has Truda Davis’ and my grandmother’s volunteer wartime contribution, along with countless others. It is time to set the record straight.

Endnotes

1. Australian Bureau of Statistics, *Voluntary Work*, 2000, 4441.0, 20 June 2001, p. 3.
2. For a discussion of formal and informal volunteering, see Jeni Warburton and Melanie Oppenheimer (eds.), *Volunteers and Volunteering*, Federation Press, Sydney, 2000.

3. For the text of this address, see www.volunteeringaustralia.org/documents/InvisibleHistoriesMOppenheimer.pdf
4. The origins of the term “Lady Bountiful” comes from the early eighteenth century. Lady Bountiful was a character in George Farquar’s play, *The Beaux’ Strategem*. The description of the character was of “an old civil country gentlewoman, that cures all her neighbours of all distempers, and foolishly fond of her son Sullen”.
5. For a more detailed analysis of these arguments, see Melanie Oppenheimer, “Voluntary Work and Labour History”, *Labour History*, No 74, May 1998, pp. 1-10.
6. Grey, Jeffrey *et. al*, *Official History of Australia’s Involvement in Southeast Asian Conflicts, 1948-1975*, 6 volumes, Allen and Unwin, Sydney, 1992-1998.
7. *The Government and the People*, vols 1 and 2, AGPS, Canberra, 1952 and 1970.
8. Later published as “VA’s: Voluntary Aids during the Second World War”, *Journal of the Australian War Memorial*, no. 18, April 1991, pp. 28-34.
9. “Volunteers in Action: Voluntary Work in Australia, 1939-1945”, unpublished PhD, Macquarie University, 1997; *All Work No Pay. Australian Civilian Volunteers in War*, Ohio Productions, Walcha, 2002.
10. The Australian Red Cross Society and its role in war in the twentieth century has received surprisingly little critical analysis to date. Exceptions include Melanie Oppenheimer, “‘The Best PM for the Empire in War’? Lady Helen Munro Ferguson and the Australian Red Cross Society”, *Australian Historical Studies*, vol. 33, no. 119, April 2002, pp. 108-124; and Bruce Scates, “The Unknown Sock Knitter: Voluntary Work, Emotional Labour, Bereavement and the Great War”, *Labour History*, no. 81, November 2001, pp. 29-49.
11. See *All Work No Pay*, especially chapters 8 and 9.
12. *Ibid.*, p. 90.

FUNCTIONS - 2005



Photographer: David Karonidis



Heather Ridout



Warwick Smith

Photo – David Karonidis

Heather Ridout, Chief Executive, Australian Industry Group and Warwick Smith, Executive Director, Macquarie Bank and National President of the Australia China Business Council, came together at The Sydney Institute on Wednesday, 17 November 2004 to discuss “Australian Business & China: Two Views”. For Heather Ridout, any Free Trade Agreement with China will need complementarities beyond the resources sector if Australian industry is to gain from an FTA. For Warwick Smith, “The potential to complete an FTA will be an anchor to fix in position in a positive way, our political and commercial links.”

CHINA – TERMS OF

ENGAGEMENT

Heather Ridout

A visit to China certainly focuses the mind on what immense opportunities exist for Australian industry there – if we're smart enough to grasp them. While we can't fail to be impressed by China's enormous impact on global markets – we need to be patient and clear headed in our engagement with this emerging giant. But what exactly does China look like today? China is a country going through a number of transitions at a very fast pace.

The first transition is from an essentially feudal economy to a modern economy which is engaged with the rest of the world.

The second transition is a political one and one which is difficult for the Chinese Communist Party to acknowledge. The political system established in 1949 is essentially still intact. It needs to be broken down and while change is happening almost imperceptibly – driven in great part by the changes in the economy – there remains official resistance.

The third transition is an economic one. When you compare the China of today with the China of just a decade ago, the transformation is extraordinary. The pace and the magnitude of change is reflected in the fact that they are building the equivalent of a Brisbane a month and are consuming more than a third of the world's resources across a range of commodities. They are currently consuming more steel than the US, Japan and Germany put together. The transition is demonstrated in the changed lives of the Chinese, what they wear and eat and the fact that so many of them now travel overseas, something that was a party privilege not so long ago.

The fourth transition is from a humble country to one which is much more confident about its future and more demanding of its place and status in the world. The Chinese want a Grand Slam tennis tournament, they want a place in the G7, they are planning a space and extensive satellite program and they no doubt aspire to hosting the "best, best ever" Olympic Games. They are very aware of the increasing power they possess.

The China of today has a population of 1.3 billion people living on a land mass roughly the same size as Australia. Some 700 million still live in rural areas. Each year China has to create some 20 million jobs, equivalent to the whole Australian population, to accommodate those moving out of rural areas. The average production worker earns about \$A100 per month. Worryingly, 16 of the world's 20 most polluted cities are in China. It is training engineers at a mind-boggling rate – currently they have 14 million engineers but only 120,000 lawyers! And by 2010, it will have more than 250 million people over the age of 69.

So the social, environmental and economic challenges facing China are enormous. However, the determination and demonstrated capacity to meet them, is extraordinarily impressive. It is therefore a great pleasure to be able to talk to you tonight to give you some of Ai Group's views on this fascinating and critical topic. While Ai Group membership covers a broad spectrum of Australian industry, tonight I want to look at China mainly from the perspective of Australia's manufacturing sector.

When we talk of manufacturing in Australia, we need to keep in mind that this sector:

- represents 13 per cent of GDP
- employs over one million people
- accounts for 45 per cent of Australia's R&D effort; and
- contributes 57 per cent of Australia's commodity exports worth over \$70 billion per annum.

Australian industry and certainly manufacturing, is very aware of the current economic conditions in which it operates, both domestically and internationally. It is not looking for any free rides and it has undergone enormous structural change.

Over the past 25 years, federal governments in Australia have consistently reduced tariffs unilaterally on manufactures in this country so that today Australia:

- has an average tariff rate of 3.9 per cent – one of the lowest tariff regimes in the world;
- has virtually no non-tariff barriers underpinning its manufacturing sector; and
- simultaneously faces substantial tariff and non-tariff barriers on world markets – particularly in markets where there are many large tariff peaks and huge post-border barriers.

This situation makes it imperative for Australian industry not to be rendered uncompetitive through self-imposed cost burdens such as the 3 per cent impost under the Tariff Concession System or outmoded workplace relations arrangements. Further, we must get access to global markets if we are to grow and continue to prosper.

We have everything to lose and nothing to gain from the world remaining protectionist. This is why in recent years Ai Group has:

- been at the forefront of advocacy for a multifaceted approach to trade liberalisation;
- been an active participant in the Trade Ministers WTO Advisory Committee;
- been a strong supporter of the APEC Agenda on trade liberalisation and facilitation;
- taken a leading role in analysis and support for FTA's with Singapore, Thailand and the US;
- established 10 years ago, a coordinating Secretariat for all industry sectors in Australia to work with New Zealand in pushing for an AFTA-CER FTA (We are delighted that after years of resistance within ASEAN, we now have a revitalised dialogue with our ASEAN partners culminating in the recent announcement that we will commence formal negotiations for an AFTA-CER FTA); and
- strongly supported the commencement of an FTA between Australia and Malaysia which is currently undergoing a joint feasibility study.

We now face the prospect of an FTA between Australia and China, an arrangement which would build on a relationship developed over more than 30 years, both under Labor and Coalition governments. I would like to explore four issues which might shape our thinking on this:

- Engagement with China is a certainty; the issue is the question of the terms of engagement.
- An FTA between Australia and China should be comprehensive and deliver broad benefits across industry.
- The threshold issues.
- What can we expect from an FTA with China?

How do we engage with China?

China is already of critical importance to the Australian and indeed the global economy. China is now the world's sixth largest economy and fourth largest trader. China's share of world trade has rocketed from less than 1 per cent 20 years ago to nearly 6 per cent currently. Since the mid-1990's, economic growth in China has averaged over 8 per cent per annum. China has grown from being Australia's ninth largest export destination 10 years ago to our second, only behind Japan and now just ahead of the US.

While the importance of our trade with China is unquestionable (worth about \$23 billion annually), deeper analysis of the trade relationship uncovers a more complex story, not the least being a trade deficit of over \$5 billion. Clearly China offers superb opportunities and simultaneously, significant challenges. This mixed reality was

highlighted in a recent Ai Group China survey of 848 manufacturing companies. This found that some 68 per cent of respondent companies are critically affected by China in either customer or supplier markets. Ninety per cent of these companies are restructuring their businesses in response to the pressures being generated by China. Further:

- 55 per cent see China as a competitive *threat* in the domestic market;
- 32 per cent see China as a competitive *threat* in export markets;
- 44 per cent see China as an *opportunity* for sourcing low cost inputs; and
- 20 per cent see China as an *opportunity* as an export destination.

At present, the trade relationship is dominated by Australia exporting to China our natural resources (iron ore, wool, crude petroleum, aluminium and coal) and China exporting to Australia value-added products such as clothing and footwear, toys and sporting goods, computers, household electrical goods and telecommunications equipment.

Imports from China continue to rise more sharply than our growing exports, maintaining a slowly increasing merchandise trade deficit, which was at \$5.2 billion in 2003. The import mix from China is showing strong growth in imports of higher value-added products, reflecting the growing sophistication of Chinese production and further integration of Chinese manufacture in Asian supply-chains.

Australian industry generally faces the full brunt of Chinese and global competition now on our own domestic markets. As I mentioned earlier, we have minimal tariffs, no non-tariff barriers, and the force of China's massive production volumes and its managed currency regime renders our 3-4 per cent tariff levels as virtually meaningless.

Australia's main manufactured exports to China consist of chemicals, electrical equipment and machinery, and combustion engines. However, over the last two years, in volume terms chemical exports have been flat while the other manufactured products actually declined. This in part reflects the impact of our appreciating currency on competitiveness and also the more general fall-off in manufactured exports.

For those Australian companies looking for a bigger slice of the China market, there are increasing areas of opportunity that fit into the niche capabilities of Australian industry. These cover mining and energy, construction and building products, infrastructure, chemicals and importantly environment, biotech and health. One of Australian industry's best strategies in getting into the China market is to attach solutions to China's manufacturing activities and for Australian industry to move up the value chain. We need to do this with a sense of urgency before the opportunities pass us by.

We can all observe that the Chinese have recognised their own areas of need and are working to build up their own capacity. They are offering substantial incentives for research and development and a wide range of incentives for training and to attract investment.

In a remarkably short time frame, China has emerged as a major global manufacturing workshop. It is important to remember, however, that while the tag “Made in China” bombards global markets, only about 25 per cent of value added represents Chinese production. The rest is sourced from pan-Asian production processes which further highlights the importance of Australia’s closer engagement with the region.

They are increasingly seeking brand recognition for their products, both in local and export markets. You may not yet have heard of Chinese brands such as Midea, Legend and Haier, but you will. The “Made in China” tag is seeking to be identified with quality and is being energised by export growth targets of between 50 and 100 per cent. So with or without an FTA, Australia will and must continue to grow and deepen our engagement with China. As well, China needs Australia.

The question then arises, what difference would an FTA between our two economies make to what would otherwise occur? The answer lies in our ambitions for such an agreement. Should it merely represent incremental albeit valuable progress in our emerging relationship or should it go further and represent a more comprehensive arrangement which takes our relationship to a genuinely higher level.

In our view, this enhanced relationship needs to be based on a clear understanding that while we do offer valuable supplies of resources to China, we need to find complementarities beyond the resources sector. The parallel of Australia’s “dig it up – ship it out” trading relationship with Japan post-World War II is not a scenario we should repeat. One important change since that time is the enormous global competitiveness of other sectors in our economy beyond the farm and the quarry.

Negotiating an FTA between Australia and China that is based principally around tariffs misses the point. From Australia’s perspective, a simple tariff agreement would not address the fundamental barriers impeding access to the China market and would not address the objective of ensuring that Australian companies doing business with China should have the same rights and protections as Chinese companies trading with Australia. Many would say this is a big ask and they are probably right. However if we wish to genuinely want to take this relationship to a higher level than might occur whether or not we have an FTA, these issues should be squarely on the agenda.

Without question, the removal of China’s tariffs, some with significant peaks up to 80 per cent or more, would be of assistance. But

often lurking behind these transparent barriers are the more murky impediments that can cripple access to the China market. A key issue is the lack of an institutional framework to address these post-border problems. Often decisions can appear to rest almost at the discretion of one person. In this instance both the person and the decision can change at any time leaving confusion and a complete barrier to the market.

Some of the key non-tariff barriers and other impediments which industry now faces cover:

- Disregard for intellectual property
- Lack of transparency in legal and financial systems
- Inconsistent interpretation of laws across provincial boundaries
- Lack of transparency in the application of taxes
- Foreign investment restrictions
- Difficulties in repatriating profits
- Different bureaucratic rulings within and beyond provinces
- Different customs requirements at different ports
- Inconsistent enforcement of import duties
- Unclear and conflicting standards across provinces
- Development of unique technical standards
- Conflicting quarantine controls

Some might suggest that if we sign a more limited agreement we can build on this relationship with confidence that our patience will be rewarded. The CER, for example, is a very different agreement now when compared with the one we signed some 20 years ago. Equally, we would hope that the Australia/US FTA will look different in 20 years time. However, in both these cases, the treaty framework is clearly able to facilitate this building block approach and does not make it optional. To this extent, to sign an agreement which does not have an institutional starting point which is comprehensive and which deals with some of the “hard to go” places would not be in Australia’s best interests.

As Machiavelli once commented, “He who has not first laid his foundations may be able with great ability to lay then afterwards, but they will be laid with trouble to the architect and danger to the building.” It is clear to me that the Australian government is going to push hard for an FTA with China. We need to be thinking equally hard about this prospect and our ambitions for it.

Australia-China FTA – threshold issues

So getting the relationship right to deliver broad benefits across industry is my second proposition to you. From Ai Group’s perspective, the prospects of commencing FTA negotiations with China are immediately complicated even before we start because of China’s demands. As many of you will be aware, China has insisted that as

a pre-condition for commencing FTA negotiations Australia must recognise China as a “market economy”. This threshold issue creates a potential problem for one critical area affecting the competitiveness of Australia’s manufacturing sector and that is its impact on our anti-dumping system.

In a nutshell, under our current anti-dumping legislation, China is not recognised as a market economy, but rather as an “Economy in Transition” (EIT). This listing of China as an EIT provides industry with a mechanism to use legislated criteria to establish when prices are being influenced by a government and provides further flexibility to use third countries to determine “normal values”. If China is removed from the EIT category in our anti-dumping system, while potential still exists for these mechanisms to be activated, Ai Group believes that the manner and method is much more complex and less effective.

In order to resolve this issue, Ai Group has sought joint Senior Counsel legal opinion. If the legal opinion confirms our view that there is a problem, and I have a strong inkling that it will, we will be seeking discussions with the government as to how it can be best resolved.

However, I would stress that Ai Group has an unshakable commitment to do all we can to ensure we have an effective mechanism to combat predatory pricing from off-shore competition. This is a perfectly legitimate position for us to take and one that is completely WTO compliant.

All FTAs must stand the test of time and our main aim in ensuring we have a robust anti-dumping system is with *an eye for the future, even more than for today*. While China now can be seen as both typifying and being at the forefront of competitive pressures facing Australia’s manufacturing sector, this could well pale into insignificance as we look to the future. As China’s industrial capabilities build up even more, any downturn in the local market, would put enormous pressure on China to export greater volumes at dumped prices. Australia must be prepared for this sort of eventuality. Not to do so would be naïve and smack of expediency.

What can we expect from an FTA with China?

Which leads me to my third and final issue relating to the difficulties posed in negotiating an FTA with China. China does not yet have an FTA with any country, though it is to finalise its first limited “Free Trade Zone – Goods Trade Agreement” with ASEAN at the end of this month. This is a far cry from a comprehensive FTA. China has also announced it will negotiate FTAs with New Zealand, Singapore and South Africa, and FTAs are being explored with Australia and Chile. So we get little direction from China’s FTA experiences to date.

Further, on the WTO accession front, China's record on tariff removals is reasonably okay but on non-tariff areas such as intellectual property, on technical barriers and government regulatory arrangements, China is falling far short of its WTO commitments. Even if the Chinese government had the will to embrace a comprehensive FTA, could it deliver? Differences between central and regional government arrangements and the opaqueness of many commercial and regulatory arrangements do not make for extreme optimism. *The Economist* recently ranked China as only behind Indonesia as the most opaque country in the world to do business.

Indeed, since China joined the WTO, new barriers to trade have sprung up. Our wine industry is now facing onerous labeling and packaging restrictions on exports to China as well as excessive and expensive bureaucratic approval processes. As well, our beef industry is facing unclear sanitation requirements and cumbersome documentation procedures. These are real issues that need to be confronted.

Conclusion

In conclusion, Ai Group's fundamental position on Australian entry into FTAs is that they be consistent with WTO guidelines. This means agreements must be comprehensive, broadly covering all sectors within an economy and addressing both tariff and non-tariff barriers. Any agreement with China should be no exception. We must also in the China context deal with the threshold issue of dumping redress.

It will be a major challenge to craft an agreement that delivers broadly for key sectors within the Australian economy and addresses the critical obstacles that currently confront us in China. Indeed if we pitch our sights too low, we risk creating a dynamic which may never allow us to get the Chinese government to address critical issues. However, one thing that is also certain is that the stakes are high, and to not grasp the opportunity to become more integrated in a balanced systematic way with China may be an opportunity lost.

THE NEW REALITIES:

CHINA & AUSTRALIA

Warwick Smith

For 30 years, the Australia China Business Council has led Australia's business engagement with China, with the stated aim of providing opportunities to promote networks for trade development. This mandate is now more important than ever. As a nation we are considering pull forward action to promote Australia's trade interests given the enormous growth of the Chinese economy. The diversity of opportunity for Australians because of this phenomenon is apparent to all of us.

The emergence of China creates a new reality with new strategic, political and economic imperatives. For China, the overriding issue is a stable and secure Asia-Pacific energy supply. They are acutely aware of the global long term shortage of resources, placing energy requirements under constant consideration. In addition, China's growing security need is very apparent. Clearly, internal stability is an overriding concern. Stability equals prosperity. China has a common ground with Australia in opposing the development of separatists and terrorism.

There is an appreciation by the Chinese of the benefits of partnership. This is the current major focus between our nations. Business plays a vital role in all these dialogues. The economic complementary approach that both economies are supporting in the development of each other's capacity to grow has been apparent at the highest levels. This was strongly underlined by the historic visit of President Hu to Australia in October 2003, his first overseas visit on assuming the position of the new presidency.

It is clear that a major political agenda for China is to establish its economic and strategic dominance over time in the region. The challenge for Australian negotiations on trade issues is to maximise the benefits that will accrue to Australia in this emerging environment. In his much quoted work, Gavin Menzies stated that in 1421 China discovered the world. Indeed, President Hu made this very remark in his speech to the Australian parliament. China has had long interest in Australia and likewise, Australia has had a long interest in

China. However, for our purposes, we must consider the year, 2021 – *What will China's new position be in the world?* Will we in fact see history repeating itself?

Consider that, since 1978, China has seen the most dramatic burst of wealth creation in human history. There has been a seven fold increase in income per head. Four hundred million people have been lifted out of severe poverty, and there are now 100 million middle class Chinese along the Yangtze River and on the eastern seaboard. According to the IMF, China has just overtaken the US as the biggest source of world growth. In the first nine months of 2003, China's imports rose by 40 per cent. China's economy has doubled in size in each of the last two decades. Every five years, China adds the equivalent of the Spanish economy to the world economy.

These examples are endless and show the enormous growth of the emergent China. But 60 per cent of Chinese are still living in the countryside, and there are 150 million underemployed Chinese. Growth is approximately 7 per cent and it has come back from 9 per cent. Stability in the country is an overriding concern. There have been major tax reductions in rural areas in the recent National People's Congress to enhance the stability. There are huge and enormous pressures on health, pollution, the aged demographic and pension system developments, and financial sector reforms both as for commerciality and legal certainty. Rapid urbanisation has led to a metal intensive development. The needs for energy – oil, coal, LNG and potentially nuclear – are all matters that must be dealt with.

There is a huge demand for the "trinkets" of urban growth – from fridges to cars, to homes. China is facing industrialised pressure as has previous countries such as the UK, 150 years ago. The only difference this time for the world is that we are witnessing this industrialisation on a previously unrecognisable scale. The demand curves generated by a population of 1.3 billion that has been effectively in hibernation for a long period are having a dramatic impact on world economies.

During 2003, China overtook the United States as the world's leading consumer of many industrial raw materials. China replaced Japan as the world's second largest consumer of oil. China now consumes 22 per cent of the world's copper (US only 16 per cent); 21 per cent of aluminium (US 20 per cent), and for steel, more than the USA and Japan combined. The market capitalisation of the Chinese steel industry on Shanghai and Hong Kong stock markets was \$42 billion compared to \$11 billion for the US steel sector last year.

On the issue of urbanisation, the urban growth curve shows that there is a 38 per cent residency. By the year 2030, it will be somewhere between 65-70 per cent on current projections. China's overriding strategic imperative is to secure access to raw materials as

it is becoming an investor in projects. The United States' hegemony is clearly challenged in a range of commercial and strategic areas.

For Australia, we must consider that China is developing new links with Brazil, Argentina and Chile. What we do not provide, more eager developing nations will provide. I bring to your attention two headlines from the *Financial Times* on 16 November 2004: "Brazil wins trade pledge but gives concession on anti-dumping measure" and "Argentina sees Hu's visit as start of beautiful friendship with China." As a result of President's Hu's visit, Brazil has secured trade and investment pledges worth billions of dollars from China. Whilst commodities have been the central focus, benefits for Brazil are in the areas of infrastructure investment, tourism and the aerospace sector, including satellite construction. Argentina, while it has not progressed as far in discussions, is angling for many of the same benefits.

For Australia, oil and raw materials are the catalyst to negotiate a position to help China to secure its needs. Most importantly, in securing the longer-term benefits for Australia, we can *slip stream* other key areas of interest behind commodities such as manufacturing, services, education, tourism and agriculture. There is now an opportunity to recognise the new realities of China's economic renaissance that we must leverage now.

We are in size, a city state of strategic importance; in a sense, a "Venice" of the new age. We have much that the world wants but we are small. We are strategically located; we are possessed of key assets (commodities); and we have a record of good trading potential. We are a small nation of 20 million people but we are well-educated. We are largely unaffected by cultural baggage and we effectively manage our relationships with key trading partners in China, USA, Japan and Europe.

The prospect of enhancing the bilateral, economic and trade relationship to a new high level is a result of these economic imperatives and the relationships that have been developed at the highest levels between the leadership of China and Australia. Australia does not have the privilege or the luxury of developing policies that only offer trade to China on Australian terms. We must negotiate and be flexible. Failure to adopt appropriate policies would render Australia the "Sicily" of China's renaissance.

The feasibility study that may lead to a Free Trade Agreement is a barometer of the status of the political relationship and is symbolic of the growing economic relationships and of the complementary nature of our trade mix. Integration with China should now be seen as a given; the basic question is on what terms? It should be noted that our trading competitors are already in FTA negotiations with China, including South Africa, New Zealand, Chile, Singapore, and ASEAN. China is in an accelerated trade engagement mode. The potential to

complete an FTA will be an anchor to fix in position in a positive way, our political and commercial links.

The rapid development of bilateral trade arrangements (and there are more than 150 notified across the world with the WTO today) is in a sense, a dual progress approach, parallel to the development of multilateral trading arrangements under the broad WTO approach. This in my view is a positive step. Above all, however, it is the reality of the situation. It is strategically important for Australia to secure the benefits of an asymmetrical approach, in our favour, of a United States Free Trade Agreement as well as the development of the framework with China.

It is my view that we must decide the Market Economy Status of China very soon to secure our advantages for our “city state position” and our complementary economic arrangements. As stated earlier, Brazil has just granted “MES” status, alongside a number of other countries including New Zealand.

China is patient, yet decisive in business. Protracted terms are an anathema to the Chinese method of doing business. Procrastination is economic death. We need to be decisive, open and fair and discuss all the issues now. We need to utilise a workforce that lists Chinese languages as the second largest spoken language in Australia. As with doing business with China, all parties must do their research.

The ACBC supports a positive investigation of the attributes of an FTA with China. Considerations of an FTA must be made in consideration of the fundamental reforms that the Chinese are pursuing. The role of the state sector is being scaled back and the financial sector is being restructured, strengthening the legal system and gradually levelling the playing field for foreign and private firms. As part of their WTO accession, Chinese businesses must make fundamental changes to the way in which they are operating.

It is clear that the history of Australia has seen that parochialism has been the father of protectionism. This has been negative to the interests of the overall Australian economy and indeed, those that benefit most from an open economy and the development of free trade, that is, the citizens and workers of this nation. At this very crucial economic time for Australia, any curtailment or an attempt to seek a slow down in approach in embracing the new realities of an emerging China is economic folly and irresponsible.

Failure to recognise the diversity of benefits that can flow to the Australian economy both from resources and the “*slip streaming*” of other emerging opportunities such as tourism, education, architecture and the many more that are represented by the diversity of the membership for ACBC would be a retrograde step of the highest order. We must face reality – and move now. By all means, the government must focus on negotiating the points of the agreement

but the wider community should not let the procrastination and the hidebound adherence to old dictums be the basis upon which we face the challenges.

The alternative is that by 2021, Australia will be more like “Sicily” than a vibrant trading exciting new “Venice” during the new reality of China’s Renaissance.



Photo – David Karonidis

Wayne Swan

On Wednesday, 24 November 2004 Wayne Swan, Shadow Treasurer after the 2004 election, taking over from Simon Crean, gave credit to the Hawke-Keating government for major economic reforms while recognising further challenges lay ahead for Labor in devising policy that rewarded the contribution every Australian made to the current level of high. Hinting at tax reform, Wayne Swan said, “I want to remove more impediments to their hard work and their personal prosperity – just as Labor governments have in the past.”

LABOR'S ECONOMIC

AGENDA: CREATING WEALTH FOR THE COMMON GOOD

Wayne Swan

This is the first time since my appointment as Shadow Treasurer that I've had the opportunity to discuss in detail how I want to do the job and what I see as important over years ahead.

It's appropriate that I should be speaking in Sydney, because it's a global city. It's our financial centre, and its financial businesses are part of the global financial market. Its accounting and legal firms, its financial services firms, its real estate development and architectural businesses, its information technology and telecommunications businesses, its innovative modern manufacturers, its arts community and universities and media are all part of a global economy and global culture as well as being part of the Australian economy and Australian culture. It attracts a large share of tourists and of immigrants to Australia. It's the wealthiest city in the most populous state, with the highest house prices and the highest incomes.

Sydney is emblematic of the way Australia has changed over the last fourteen years. We've had a wonderful run of prosperity. Average incomes are up half as much again. Household wealth has doubled. We've created two million jobs in the last fourteen years, many of them in new occupations not conceived of fourteen years ago. Labour productivity has increased at an exceptionally high rate, and output growth has continued despite the Asia crisis, despite a global downturn, despite the drought and despite a 50 cent and an 80 cent dollar.

It's well said that there are Australian adults now in their thirties, with a family and a house and well into their careers, who have never experienced a recession in their working lives. Over that time the shape of the Australian economy has changed dramatically. It's the case today that all of mining and all of farming, as important as they are, account for only one-tenth of Australian output. Finance and business services – the industries that typify Sydney – now account for nearly as much output as manufacturing, mining and farming put together. If there's one key to the long run of prosperity it's that the

Australian economy is much more open to the rest of the world than it was, and the rest of the world is much more open to Australia.

I think it is widely agreed that the really substantial policy changes that opened up our economy were made in the Hawke and Keating governments. The floating of the dollar and the abolition of exchange controls in 1983, the deregulation of banking in 1984 and 1985, the repairs to the income tax system from 1985, the reduction of tariffs beginning in 1988, and the shift from compulsory arbitration to enterprise bargaining in 1993 and 1994, were the big changes that opened Australia to the world, and created the circumstances for the high productivity, low inflation expansion which began in 1991 and has continued since. The introduction of compulsory superannuation created the investment capital to fuel growth.

Both exports and imports have increased much faster than GDP, with services and manufacturing outstripping farming exports. Foreign investment in Australia has increased, but the really big trend in recent years has been Australian investment abroad. Last year Australian foreign direct investment abroad was much bigger than foreign direct investment in Australia. Our big companies are globalising, just as the Australian economy as a whole is becoming more and more a part of the global economy. The growth of China and other nations within our region is creating more economic opportunities and demands new directions in economic as well as foreign policy. Manufacturing is being transformed by new technologies and imperatives, and needs greater focus from governments.

Sydney is emblematic of these trends and these successes. But it is also emblematic of another aspect of Australia. Within a few square kilometres of here are headquartered the investment and commercial banks, the big accounting firms, the fund management businesses, the movers and shakers of Sydney's financial community. Over the bridge, or between here and the Pacific, the wealthiest Australians reside in comfortable circumstances.

But they are only a small part of Sydney. The much greater part of the city is rolling west from here out to the Blue Mountains, north to Wyong and beyond, and south to Wollongong. That is where most of the 4 million people in this city live, and for many of them it is a struggle to make ends meet. And beyond the Sydney basin are another 16 million Australians, many of whom have a different experience of our recent economic performance than those who live in this city. If there are losers from globalisation, they are living beyond Sydney's inner arc. My first principle in reshaping Labor's approach to economic policy is that whatever we do it must be to the ultimate benefit to the lives of all my fellow Australians – the affluent and the not so affluent.

Labor's passion for economic advancement

Labor has a great history of commitment and passion for ideas and reform. We have a passion for equality, for opportunity, for improvements to our health and education systems, for saving our environment, for justice for indigenous Australians, and for developing our national culture and identity. We wouldn't be the Labor Party without strong commitments to these causes.

I personally have a passion for tackling the poverty that robs so many Australians of their hope and potential. Two terms observing the Howard Government's social policy failures has convinced me that bad social policy is bad budgetary policy and bad economic policy. It's the subject of my forthcoming book, which I'd love to come back and discuss with the Institute when it's released next year. But tonight I want to talk about two of Labor's most important commitments and passions.

Our first commitment must be to sound economic management and our highest passion must be for economic advancement for the nation. Our history shows that unless we can convey these commitments and passions effectively, our plans in every other area will remain unfulfilled dreams. We know from experience that creating prosperity must come before its redistribution. It's about increasing the size of the pie, not just slicing it differently.

The number one goal of Labor and the number one expectation of the Australian people is that policy must be based on what is right for the nation as a whole. When we are developing alternative policies we examine all the options, not with an eye to whose support they might attract, but with an eye to their overall impact on our economy and society. The threshold question for the Australian electorate when it's thinking of supporting a particular party is: "Can it be trusted to maintain my prosperity?" Australians work hard to earn their high standard of living; they have the right to expect their government to do everything to protect it – not just for today but for future generations.

However, sound economic management and economic advancement are even more important to Labor than these reasons would suggest. They go to our very reason for being. They're the best way to bring prosperity to all Australians, to lift the very poorest up and create a fairer society. There are many avenues Labor can travel to increase economic justice in our society, but few avenues lead to as many people or as much justice as the creation of a high-skill, high-wage, export-driven economy. It's why we exist.

Labor's heritage of economic responsibility and reform

Sound economic management has always been a central part of Labor's heritage – often to our political cost. During the recent election campaign there was a lot of commentary about our past economic record. Despite the best efforts of many to rewrite history, Labor has a lot to be proud of when it comes to economic policy.

It's important to remember the unparalleled achievements of the Hawke-Keating years in particular, some of which I mentioned earlier. In a retrospective on those reforms published last year, the political editor of the *Sydney Morning Herald*, Geoff Kitney, reminded us that:

The Hawke years redesigned much of the superstructure of the Australian economy in ways that made the Fraser Government look anaemic, and set a standard which the Howard Government, for all its free market rhetoric, has failed to match. As loath as the Howard Government is to concede it, and many economic commentators to give credit for it, much of Australia's long run of relative economic prosperity has its roots in the Hawke Government's reforms.

While these reforms came at an eventual political cost, they achieved great things for the nation. And I say here tonight we'd do them again, because they were in the national interest.

When I look around shopping centres in my electorate on a Saturday morning, I see more and more young families parking their four wheel drives, pushing their babies in expensive new prams, enjoying the prosperity and freedom that comes from higher levels of skills, education and self employment, and the rise of the dual income family. However, it would be a mistake to say that Labor created this wealth. The Australian people did. But we helped create the framework that made their achievements possible. This is Labor's real economic heritage, which I intend as Shadow Treasurer to proudly reclaim, and then build upon.

Labor will keep interest rates down

There were of course failures of economic management during those years. We all have to be honest about our past failures. The important thing is to learn from them and look to the future. I might say, this applies to all parties. Peter Costello, for instance, railed against the failure of the Keating Government to rein in foreign debt, but has proceeded to double it in just nine years.

The Keating Government is associated with the legacy of the recession of the early 1990s when interest rates reached 18 per cent. (Just as John Howard suffered for many years for the 21 per cent interest rates he presided over.) I sat on the back bench at that time. I saw the Australian people get out their baseball bats and wait quietly

for the 1996 election so they could get even. And I was one of the casualties. Sometimes when I turn over in bed at night the welts and bruises still hurt. Those events have been beaten into my political being like three rounds with Kostya Tzyu.

It's important for us to understand how those events happened. In his new book, *Who Rules: How Government Retains Control of a Privatised Economy*, the Secretary of the Department of Finance at the time, and one of the key advisers on economic policy, Michael Keating, acknowledges that it was the result of a dramatic over tightening of monetary policy. This is what he wrote:

Monetary policy in particular was tightened, probably too late and for too long, and this contributed to the severity of the subsequent recession.... Indeed official advice at the time expected that the tightening of policy would result in a "soft landing?" and little change in unemployment. Unfortunately, the official advisers also underestimated the excesses in the late 1980s from financial deregulation... In sum, the length and depth of the 1991-92 recession were mistakes, rather than a deliberate policy of fighting inflation first...

The Coalition like to blame the severity of the recession on the ineptitude of the Keating Government. In reality, politicians and economists of all shades, including official bodies like the Treasury and the Reserve Bank, struggled to cope with the transition to a deregulated economy and its consequences for monetary policy. Those mistakes are unlikely to be repeated.

In the wake of the recession in the early 1990s, the Reserve Bank moved to adopt an inflation targeting regime, joining around half a dozen other countries that had adopted a target inflation rate as the principal guide for monetary policy decisions. That decision proved to be an enormous success – in part, because the Reserve Bank adopted a sensible target of 2 to 3 per cent.

Recently Treasurer Peter Costello has taken to claiming credit for the entire framework of monetary policy and inflation targeting in Australia, as if he had introduced it. This is simply untrue. The current monetary policy regime of a 2 to 3 per cent inflation target has been in place for 11 years now, and it was implemented under a Labor Government – but by the Reserve Bank, we should note, operating independently of the government.

We need to remember that we weren't the only country to fall into severe recession in the early 1990s. When Don Russell spoke of hearing the economy snap, he could have been an adviser to any number of governments around the world. That worldwide failure of economic policy contributed heavily to the downfall of George Bush Senior and Margaret Thatcher. Thankfully politicians and economists around the world have learnt from these misjudgments of a decade and a half ago.

Whilst we have a lot to be proud of in our past, and past mistakes to admit, tonight I want to focus on the present and the future. Today our understanding of the interrelation between interest rates and the economic cycle is vastly improved, driven by a fundamentally better understanding of how it works.

Another factor that makes such a recession less likely is – or at least *was* until recently – fiscal restraint. In its early years the Howard Government styled itself as a model of fiscal restraint – a reputation blown away by their \$66 billion spend since the last budget. That's an average of \$13 billion every month from the Budget to Election Day. To put this into perspective, consider that the Howard Government has committed an average of just \$4 billion in new spending in non-election years. This year it has committed 16 times that amount. You know, it's not uncommon for governments to loosen the belt a couple of notches in election years. But this in this election they threw away the belt and opted for suspenders. What a wasted opportunity to invest in the future. The truth is, as Access Economics has recently written:

...the [current economic] surge may slip away all to fast. If we are right, if recent spending has done little to spur future growth, Australian policy makers have muffed a last chance to cement our current prosperity for some time.

Herein perhaps lies the seed of the government's future undoing. The potency of the Coalition's interest rate scare campaign was its success in resurrecting the Keating interest rate legacy. Ironically, part of the success of this scare campaign is a result of the government's own policy failure. Spiraling house prices and debt driven consumption have left many households seriously exposed and vulnerable to even small interest rate increases. The Prime Minister and the Treasurer won the election by leading people to believe that interest rates would never rise under them. Well, we're going to keep them to their promise. If the government lets interest rates rise, the Australian people will be dusting off the same bats and tapping them on their verandahs again, waiting to get even once more. And this time they'll know the Howard Government's spending policies and lack of economic reform come at a substantial cost.

Our experience of the 1990s means Labor is even more determined to keep interest rates down through a five-fronted attack. We won't run deficit budgets. We will maintain effective monetary policy through an independent Reserve Bank. We will continue to finance spending through savings and reprioritisation, keeping pressure for rate rises down. We will combat price inflation through pro-competitive reforms, and fight wage-push inflation by addressing skills gaps. And we will emphasise productivity, participation and population. All

underpinned by responsible economic management: surplus budgets, a lean public sector and downward pressure on interest rates.

Continuing economic reform

In discussing our new growth agenda I also want to raise some questions about Australia's directions and the way in which our prosperity has been shared, about the stewardship of government, about the ways we might do more to entrench our prosperity. I want to ask whether we are making the most of the opportunities this long running expansion provides, or whether we are wasting them.

I come to this job with an open mind and an eagerness to listen. I certainly don't claim to have all the answers. We didn't seek it, but I have to say the Australian people have offered Labor more time to think through Australia's present circumstances, and where we might be headed as a nation. So what I want to do initially is to ask questions, not announce detailed programs. I plan to read widely, look hard at the numbers, talk to business and trade unions, talk to Australians on the shop floor, visit farms and factories and shopping centres, and talk to economists at the universities. I plan to visit Beijing and Washington and London to get fresh perspectives on Australia's place in the changing global economy.

The Shadow Cabinet has established a new economic committee, which will work hard to establish a new economic growth agenda for the nation. I expect its deliberations to take between six and nine months. Along the way I will be asking questions. I want to know whether the federal government is doing all it can to sustain and enhance for the future the growth in productivity which has been so important to us in the last thirteen years.

An important contribution that government can make is in maintaining and enhancing our workforce skills. I want to know if there is more we can and should be doing in primary and secondary education, in vocational training and in our universities to sharpen our competitive edge in the global economy.

Another important contribution governments can make is in the quality of infrastructure – not just of roads, railways seaports and airports, in energy grids and telecommunications, important as they are – but also in the quality and efficiency of bureaucracy, legal system and regulatory framework, in the quality and timeliness of national decision making. I want to know if in all these areas we are doing the very best job we can for the Australian people. I want to know if we are investing enough; if we have our priorities right; if we have good mechanisms for sorting out what the states and the Commonwealth do, and what the private sector and the public sector do.

The Governor of the Reserve Bank of Australia recently mentioned our current account and trade deficits. The current account deficit is

now around six per cent of GDP. That deficit contributes to our net foreign debt, which is almost \$400 billion. There is concern about whether running a current account deficit of this size is sustainable. I want to know about the consequences of adding to debt in the way we are now; and what are the ways to reduce future deficits.

Are there things we can be doing to enhance our export performance? What can we do to increase national savings? The Governor of the Reserve Bank also mentioned declining credit standards in home lending. Over the last five or six years the counterpart to the vast increase in mortgage lending by the banks has been big offshore borrowings by those banks. Bank borrowing offshore now accounts for three quarters of Australia's gross foreign debt. I want to know if this is sustainable, if this is wise. I want to know if it is sensible for Australia to run a current account deficit of six per cent of GDP, much of which is financed by short-term borrowing by Australian banks. Is there too much debt driven consumption? I want to know what we can do to reduce this kind of vulnerability which that dependence seems to imply.

We heard some wonderful news earlier this month: that unemployment is down to 5.3 per cent – the lowest rate for the last 25 years. We have done so well that there are industries that have labour shortages – like mining, for example, manufacturing and construction. I want to know if we are doing enough as a country to train and retrain our workers to meet the kind of shortages we are likely to encounter if, as I hope, unemployment continues to fall. And, for that matter, whether the official figures reflect the real employment situation in the country. Do we have a serious problem of hidden unemployment and under-employment?

Australia faces an aging society. We know that we need to improve participation and productivity, but have we adequately addressed the work disincentives that plague our tax and welfare systems? How will our already run down aged care facilities and hospitals cope with larger numbers of elderly? What is being done to help the forgotten mature-age workers who simply cannot find work because of outdated perceptions?

I note there is a very strong push from some vested interests to claim their pet causes are the secret to economic reform. Some are calling for the complete deregulation of the labour market. Others want to radically reduce the progressivity of the tax system. The only criteria I will use to judge proposed reforms will be whether it grows the economy and meets the key challenges I have outlined. It's true we need further changes to simplify and increase the fairness of our tax system. But this objective does not exist in isolation to the rest of the economy, nor does it substitute wholly for dealing with problems like

our current account deficit, our high level of foreign debt, severe skill shortages and inadequate levels of research and development.

On tax we do need to be smarter and more competitive. In my early meetings, one matter that has been raised with me is international tax arrangements that act as a barrier to attracting the best and brightest minds and entrepreneurs to the country. We are uniquely positioned to capitalise on the expansion of China and India. We are in the same time zone as Asia and can offer an attractive place for the brightest and best minds to settle and work.

While mindful of protecting Australia's revenue base, it is important to have a competitive tax system so we can provide our business sector with a competitive edge. With this in mind, I am favorably disposed to the International Tax Arrangements Bill due to be introduced into the Parliament. But I am interested in going further.

For example, one issue that has caught my attention is the Capital Gains Tax Deemed Disposal Rule that applies to certain foreign citizens working in Australia. The rules mean that after a period of five years residing in Australia, if they become a non-resident they incur a capital gains tax liability, irrespective of whether they have disposed of specified foreign-held assets. To me this does not appear to be good tax design. I understand the issue is being pursued through double tax agreements. However, I am interested in industry views on ways the process can be expedited and extended. This is one small example of what we want to hear from the community about.

My objective will be to find a balanced and comprehensive agenda for the nation's future. Let me tell you what I'm not interested in:

- Creating an industrial relations system that tips the balance too far in any one direction.
- Reducing the Commonwealth's capacity to invest in reforms that will lead to future growth.
- And tax changes that deliver windfall gains to the few without improving productivity and exports.

There is another big area I've been interested in for a while, and will continue to be interested in this new role. This is the area of equality of opportunity. Wealth has doubled and incomes have increased on average by half as much again. But not all households have seen wealth double and not all incomes have increased.

Australia has become a much more unequal society. There is a bigger gap between the top and the bottom. And now not just in incomes and wealth but also in the quality of schooling, of health care, and therefore of life opportunities. Every Australian child denied the opportunity to reach his or her full potential is a loss to Australia. It is a spiritual loss we should not permit, but it is also an economic loss. So I want to ask whether we are doing enough to preserve equality of

opportunity – not by dragging down the families which are doing well, but by lifting up those families that are not.

Conclusion

These are the big questions I'll be asking over the next three years. A lot of differing interest groups will claim to have all the answers. Some will say what is good for the country is a lower top marginal tax rate. And others will say we need further changes to industrial relations laws. What all these groups will have is access to a microphone. We may conclude that they are right or wrong. We many need a large number of changes to address those problems. But the answers to the questions I've been asking and the policies they lead to will have to pass one simple test: are they best for the economy and the nation as a whole?

The prosperity of every Australian – PAYE taxpayers, contractors, employers and retirees – depends on policies that maximise the overall benefit to Australia. And I want to recognise and reward the contribution each can make to continue our current high level of prosperity. I want to remove more impediments to their hard work and their personal prosperity – just as Labor governments have in the past.

If we're talking about winning elections, this is where the electoral benefit of economic policy comes from. Not from skewing the rewards of prosperity to any one group in the economy, but of growing the whole economy and giving everyone an equal opportunity to participate and be rewarded fairly. I don't believe for a minute that an economic reform agenda was the key topic around the lunch room and kitchen tables of the nation during the election campaign in the way it was around the boardroom table. But such matters are becoming more important as more and more people are directly exposed to rises and falls in national prosperity.

Fewer of Australia's six and a half million wage or salary earners are protected from potential economic downturns by union membership or public sector employment. When economic activity is up, so are they. More people than ever are now small businesspeople or self-employed contractors. When there's growth they win. And when there's a downturn they lose. And most now have a direct stake in good economic management and low interest rates through direct share ownership and increased indebtedness. We're all in this together, but depending on where we are in the economy, changes will impact differently. One thing we all have in common is the need for low interest rates. So while most people are not political activists or rusted on to either party, they think about politics more deeply than many give them credit for. They understand where their personal interests lie. And we have to get more in touch with their daily lives

Over time, economic reform will become even more important around the lunchroom and kitchen tables. In this context Labor can only win by stressing our strong economic credentials and committing to increased overall levels of prosperity. But there's something else we have to do to complement our economic message. I've mentioned before Labor's concern for the well being of the "Westfield Mallers" – the people in the outer suburbs and regional centres who, while they may be more prosperous than ever, also have greater financial commitments that make them wary of taking risks.

Their concerns stem ultimately from economic change, but those concerns are not just economic. "Westfield Mallers" know the prosperity they share comes at a price – increased workloads, greater insecurity, and a weakening of the bonds of family and community. Their response to the family squeeze and the economic squeeze – the difficulty with being a good parent as well as a good worker – expresses itself in moral as well as economic concerns.

Labor can't ignore these concerns. Neither should we simply respond by copying the conservatives. It's beholden on us to explain how our economic and social policies can balance the material gains of economic progress by promoting social stability, rebuilding community and strengthening families. I believe we can win a debate about what constitutes a good society.

So I see my challenge as Shadow Treasurer as more than just crafting a superior economic message. It's about promoting economic cohesion as well as economic growth. I want to remind people that economics is a moral as well as a social science, a means to an end, and about creating a better society as well as putting extra dollars in people's pockets.

To win in 2007, Labor must look forward. We must be aware of the paralysis of analysis. We won't win the next election by looking into the rear vision mirror. Our first step must be to craft an economic reform agenda – an agenda that appeals to all parts of Australian society. Labor won in 1983 by having a considered economic policy that was a credible argument about underpinning sustainable economic growth in the future. And, just as importantly, it was out there more than a year in advance of the election.

It wasn't a copy of Coalition policy or in any way conservative. Far from it. It was good *Labor* policy that was designed to raise the living standards of working families and speak to their worries and anxieties. Today we face a similar challenge – to develop economic policies based on the traditional Labor values of fairness, equal opportunity and social cohesion. Our principles won't change. Our task is to transform our economic policies to take into account the changing world and the changing way we live and work.



Photo – David Karonidis

Christine Wallace

The late Sir Donald Bradman, Australia's cricketer, all time hero, is undoubtedly one of Australia's most loved icons. Yet controversy has dogged his memory in recent years. In 2003, writer Christine Wallace discovered a collection of letters in the National archives written between Donald Bradman and former Murdoch journalist Rohan Rivett. The letters, opened for the first time to researchers after Wallace discovered them, cover the years beyond Bradman's life as cricketer great. They reveal a private Bradman most had never heard of. On Tuesday, 30 November 2004 Christine Wallace addressed The Sydney Institute to discuss all this and to explain what encouraged her to write the book *The Private Don* (Allen & Unwin, 2004)

DONALD BRADMAN –

A PRIVATE LIFE

Christine Wallace

The National Library has a great website. For the readers and writers amongst you, I recommend a good long trawl. There is a section called “finding aids” which are full of very detailed and extensive data. I came across the Rivett Papers on it one day and noticed they included some correspondence with Don Bradman. So I rolled up to the manuscript room and signed in. It’s a locked room, you have to sign in and sign out and it’s under constant camera surveillance, like a bank vault. I requested the letters but I was told that they weren’t available. “Why?” I asked. The response was simply, “You just can’t. They’re closed.”

So I read a little more closely. The letters were closed until after Bradman’s death according to National Library catalogue. But Bradman had died in 2001 and by this time it was 2003. I suggested that the Library’s own condition for access had been satisfied with Bradman’s death and that it was now all right for me to read the letters. But that wasn’t good enough. The National Library is a sensitive custodian of its treasures. It took a few months for a written submission requesting the opening of the letters to work its way up through the hierarchy until finally, at the very top level of the library, Director General Jan Fullerton decided I wasn’t some kind of tabloid terror and made the letters available. Of course at that point, if the letters were available to me they were also available to other interested readers. All very democratic.

I spent my annual holidays in January 2004 at the National Library, day in, day out. I sat down with the letters in the beautiful room where Manning Clark wrote his *History of Australia*. I was a Bradman sceptic. I hugely admired Bradman’s sporting prowess – the statistics and so forth – but was never captivated by Bradman the icon the way my compatriots seemed to be. That’s the thing about Australia – it’s Bradmaniac. He’s a gigantic figure.

So despite personal reservations my inner historian was revved up. The ANU history department, where I studied Australian history, directs its students back again and again to original documents.

Here I was in this amazing room with these extraordinary original documents the only previous readers of which had been the author, Bradman, the recipient Rohan Rivett, the Rivett estate and the National Library custodians.

But my expectations were coloured by the twin undercurrents about Bradman that are less than glorious. One that he was anti-Catholic and two, that he was some kind of old Tory bastard from Adelaide. It's okay to have preconceptions providing you acknowledge them to yourself and put them to one side when you approach the primary material. That's what I did. It was no great stretch, as it turned out, because very quickly I was captivated by the letters.

The correspondence begins in 1953. Adelaide was a one horse city. Just 450,000 people lived there at the time; provincial is barely adequate to describe it. Journalist Rohan Rivett arrived there in 1951 with his wife Nancy and their children. As editor of *The News* he was instantly a really big wheel. Rivett was a classic son of the Melbourne establishment, small "l" liberal, Alfred Deakin's grandson, educated at Wesley College, Oxford and ex-AIF. He was also a brilliant journalist – arguably one of the great Australian journalists and editors of the twentieth century. Rivett was an internationalist and he had a lot of class. He broadcast the fall of Singapore to the Japanese, then escaped the island by boat, only to be captured a few weeks later and spend the rest of the war in a Japanese prison camp. He returned to Australia and wrote the bestseller *Behind Bamboo*, resumed work and became a protege of Sir Keith Murdoch, Rupert's father, at the Melbourne *Herald*.

Keith Murdoch promoted Rivett to London. Here the Rivetts became close friends with the young Rupert, then at Oxford. Rupert would pop down for a bit of home cooking with the Rivetts every so often, and the Murdochs and Rivetts travelled around Europe together on the occasional holiday. The families were very close. In 1951, Keith Murdoch promoted Rohan to the editorship of the Adelaide *News*. Two years later Keith Murdoch died and Rupert inherited *The News*. Rupert Murdoch left Oxford and arrived in Adelaide to learn the practical business of putting out newspapers. That's the way Keith Murdoch would have wanted it, Dame Elisabeth Murdoch later wrote. He thought highly of Rivett, and he liked the mentor relationship that was already developing between Rivett and his son, prior to his death. For a decade, Rivett made the Adelaide *News* into arguably the only small "l" liberal, progressive, internationalist tabloid Australia ever had. And in 1953, he had the brilliant idea of employing Donald Bradman as a contract writer to cover the 1953 Ashes tour of England. This is where the correspondence begins.

It was a relatively formal beginning. Bradman and Rivett clearly didn't have an intimate friendship at that stage. Bradman went off

to England. There were a few exchanges which quickly warmed up. Then there is a break in the correspondence for several years until Rivett was sacked by Rupert Murdoch in the early 1960s as a result of journalistic differences. (Or to be strictly accurate, Murdoch withdrew Rivett's commission as editor and Rivett, in turn, declined Murdoch's offer to be a highly paid star writer for News Limited.) Rivett went off to work as director of the International Press Institute in Zurich from 1961 to 1963. Then came home to live in Camberwell, Melbourne, for the rest of his life. From 1961 through to Rivett's death in 1977 the correspondence between these two great friends is intense.

In Australia we're used to male friendship symbolised as two blokes sitting side by side in a bar. It's such a dominant model. The great thing about these letters is that they reveal a friendship between two men that was warm, trusting, open and multi-dimensional. They had an intense engagement over cricket, about which Rivett was completely fearless. He went where the angels feared to tread with Bradman on cricket. But, equally, Bradman was a highly intelligent, sophisticated but not very well educated man who loved Rivett's worldliness – his grip on world affairs and the fact that he knew a lot of the big players. So they had an equally intense engagement over politics. They loved each other's families. The Rivetts (Nan and Rohan) and the Bradmans (Jessie and Don) were a tight foursome. They didn't get together much during the period of the correspondence – the two couples lived in different cities – but the engagements together, when they came, were very much anticipated and enjoyed. Bradman's letters often have an urgent quality. They were really keen to spend time together. Bradman and Rivett adored each other and each other's families. Nan Rivett was a complete bombshell and Jessie utterly charming. Even now, Nan Rivett is still a charismatic woman. One of the original documents I used in the book was a letter from Rupert Murdoch, some forty years after he fell out with Rivett, written to Rivett's daughter Rhyll. It ends, "With special love to Nan!" – exclamation mark intended.

The setting for the correspondence is fascinating. Bradman was locked away in the backwater of Adelaide. He was there for a reason. He'd had it with celebrity, publicity, the pressures of public life flowing from his extraordinary cricketing prowess. Let's face it, he didn't need to increase his profile. A stockbroker by profession, Bradman was very excited by places like Western Australia which was undergoing big development. He would visit WA and report on developments to Rivett with huge excitement, contrasting it with South Australia's languishing economy. "Even the cricket's positive," he wrote of WA. Bradman's reflection on his chosen home state conveys a sense of South Australia slipping back in time. It's poignant. It's a reminder

of how Australia might have been had we not dragged ourselves as a nation in the 1980s out of that kind of stasis.

In many ways Bradman is as big as Gallipoli, if not bigger. I think there's an argument to be made that someone like Bradman is, in fact, a much better focus of Australian national identity than something like Gallipoli which was about failure.

Bradman was an incredible success and that success was achieved by a very self contained person with massive talent. He was not a flashy man. He was a publicly modest, self-contained guy of solid self-esteem who ran his own race. He didn't need the roar of the mob to feel good about himself. He didn't need the orgy with the mates to bond with them. Frankly, he didn't feel the need to bond. But most of all he got runs on the board, literally. I'm drawing a long bow here but perhaps we should contemplate displacing the national fixation on Gallipoli – a failure – as central to our national identity, with Bradman, a success. On a range of levels, both personal and private, the correspondence shows Bradman challenging himself and others to be better than they are rather than succumb to our lesser spirits. So much of Bradman is loved by Australians but we haven't reflected properly on how his broader story might lift us rather than just be a matter of sporting interest – something that is just a matter for blokes and/or cricket fans.

Bradman stopped playing first class cricket in 1949. He lived for another 50 years. So there is a massive biographical project out there to cover the second innings of The Don's life. His family and home life, cricket administration, company directorships, his intense interest in public policy are all still to be adequately researched and written about. The critique I'm trying to lay out in *The Private Don* opens a pathway forward for that task – a big task, and one that's going to take a long time. Apart from anything else, of course, Bradman was a voluminous and very democratic correspondent. There is much material to track down.

At the outset I mentioned the two negative undercurrents one picks up about Bradman – that he was an anti-Catholic bigot and that he was a Liberal Party warrior. But I've got to tell you that in these 100-plus letters there's not a scintilla of anti-Catholicism. Of course, Bradman was a mason and he was writing to a mason. You'd think that there'd be something in there over a quarter of a century of correspondence with one of his closest mates – both of them masons – if he was, indeed, anti-Catholic. But the letters instead convey a sense of a bloke who, far from being a bigot was actually very much against prejudice in general. It comes through strongly, for example, in his comments about show proper respect to cricketers from the sub-continent, the West Indies and so on.

The other undercurrent, the notion that he is a Liberal, appears equally unfounded. Bradman just was not a Liberal. He was a white middle aged, stockbroker company director in Adelaide. Now with that goes certain territory. But repeatedly in his letters he hammers with Rivett that he's non-party political. Again and again Bradman comes back to, "I don't support either party". What he was concerned about was policy. Bradman warned, way ahead of time, about the inflation outbreak in the 1970s. He criticised conservative administrations, federally and at state level, and Labor administrations alike about what he considered lousy economic management. He thought Australians deserved better government from both sides of politics. He was damning about the Whitlam Government – the letters from that period make incredible reading. Even I had forgotten how bad some of the numbers were – notably public sector outlay growth in the notorious 1974 budget. It's interesting how Bradman, in the early part of the correspondence, is concerned about the impact of government policies primarily on business performance. By the Whitlam period he had increased his number of company directorships and he was extremely concerned in letters at this time about how to save jobs in the face of the economic onslaught at the time. But Bradman was just as critical of what he saw as lazy, inept and short-sighted economic management from Liberal administrations.

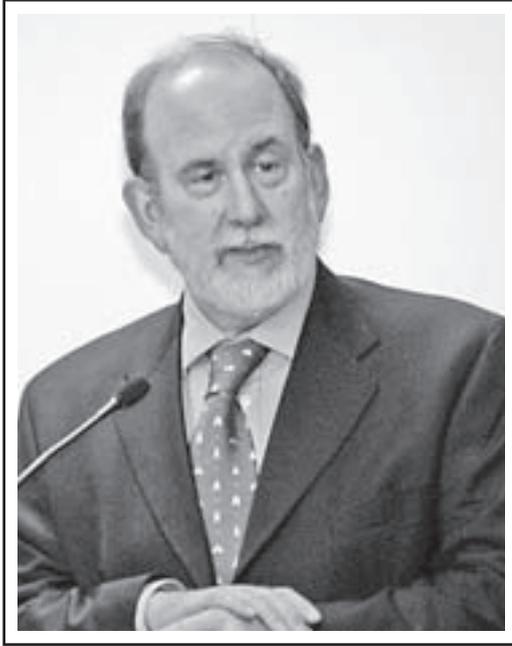


Photo - David Karonidis

Michael Ledeen

Michael Ledeen is an expert on US foreign policy. His research areas include state sponsors of terrorism, Iran, the Middle East, Europe (Italy), US-China relations, intelligence, and Africa (Mozambique, South Africa, and Zimbabwe). A former consultant to the NSC and to the US State and Defense Departments, he has also written on leadership and the use of power. His latest book is entitled *The War against the Terror Masters*. During a visit to Australia in 2004, Michael Ledeen addressed The Sydney Institute on Wednesday, 1 December.

THE WAR AGAINST THE *TERROR MASTERS* Michael Ledeen

As of the 12 September 2001, we faced a galaxy of terrorist groups and four main countries that sponsored the bulk of the terror network: Iran, Iraq, Syria and Saudi Arabia. What did they have in common? Surely not radical Islam, or jihadism; the Baathist regimes in Syria and Iraq were anything but. They were secular socialist regimes. That's why the West, including the United States, liked dealing with them. We thought the Syrian and Iraqi leaders were quire like us, which was not the case with the Iranian radical Shi'ites or the Saudi Wahabis. Riyadh and Tehran were, and are, the essence of radical Islam, the one Sunni, the other Shi'ite.

Yet all four countries, despite their profound differences, supported anti-American and anti-Western terrorism. All four hated us. Despite their differences, they worked together and supported a wide variety of terrorist organisations, some of them Islamic, some secular, some of them Sunnis, others Shi'ites, to a degree that most experts and most all intelligence officials, find shocking in retrospect.

It was taken for granted – and is still in some quarters – that the religious, cultural and political divisions within the Middle East are so deep that strategic or even tactical alliances were impossible. Sunnis couldn't work with Shi'ites, and the very idea of secular terrorism virtually disappeared from the horizon.

If the didn't share an ideology, what bound them together? As in the case of the Axis, they were all tyrannies, and the tyrants were united in their common fear and hatred of us, because the very existence of the United States threatened their legitimacy and undermined their authority. Contrary to the popular view of the "Arab street" that has been propagated by all too many blundits¹, most people in the Middle East would rather be free than oppressed. The tyrants know that, and know that the American example inspires their people. If leaders were elected in the Middle East, and policies were subject to the approval of the people, there would be a dramatic reduction in support for terrorists. The pro-democracy demonstrators in the streets of Iranian cities often carry signs that say "don't talk

to us about the Palestinians, talk about us". And huge numbers of Iranians took to the streets following the 11 September 2001 attacks to mourn for the victims in New York and Washington, and repeated their expression of solidarity and grief a year later.

To say this is mildly heretical. There is a lot of misguided talk in intellectual circles to the effect that democracy is inappropriate to some people and some countries, and some warn that, given a free choice, some countries in the Middle East would choose a fanatical tyrant rather than a democratic leader. Perhaps so. It has surely happened in the past (Algeria and Iran being two examples, although one might argue that the Iranian Revolution wasn't really a free choice), but those cases are few and far between, and the number gets smaller with every passing year. For the most part, this theory is just another form of racism, as if there were something in the Arabs' or Muslims' DNA that makes them incapable of self-government and somehow allergic to freedom. It's quite a preposterous thing to say, since those chromosomically and culturally challenged Arabs and Muslims created great civilizations that preserved scientific knowledge and philosophical wisdom at a time when the Europeans, with their presumably superior genetic material, were mired in the Dark Ages, soon thereafter to institutionalise the Inquisition and the auto-dafe.

Those who argue for the unique cultural legitimacy of the Muslim and/or Arab version of tyranny seem not to know that, in the very recent past, Western Europeans with glorious cultural traditions freely embraced tyrannies of their own. Hitler and Mussolini were enormously popular. Perhaps the most horrific aspect of German National Socialism and Italian Fascism was its mass popularity among the heirs of Cicero and Augustus and Verdi, and Hegel, Beethoven and Frederick the Great. At the time, there were those who believed that there was something fundamentally rotten in the German or Italian soul, but there are few who believe that today. Why should we believe the heirs of Suleiman and Averroes have mutated into malignant monsters incapable of tolerant self-government? And notice, please, that the virulent anti-semitism in which so much of Middle Eastern popular culture is now drenched came from Western Europe in the first place. They often sound like Nazis because they copied it from the Fuhrer.

The current war is not something dramatically new, something altogether different from previous conflicts. I do not think it is a clash of two cultures or civilizations that are fundamentally and irreconcilably at odds with each other. The terror war is just one more example of something that has recurred throughout modern history: a war between freedom and tyranny. The tyrants attacked us, as they have so often in the past, knowing that they either expand the realm of tyranny, or they will be swallowed up in the tide of democratic revolu-

tion. Their actions against us are the ultimate proof that the tyrants are right to fear us, and that they fear us for what we are, not for what we do. Whether or not there are American troops in Saudi Arabia, whether or not a Palestinian state is created, whether or not Israel exists, the tyrants will come after us, as they always have. And our options are the same as ever: we must defeat them or be dominated by them.

In the last two world wars, we recognised the political dimension of the conflicts, even if some of the nuances were open to debate. It was not necessary to believe that Japan, Germany and Italy shared a single evil vision to know that spreading freedom was central to our victory or that, if we failed, freedom would be crushed wherever our enemies prevailed. It should not be difficult to see that the same is true today.

In short, the Jeffersonian mission is the right one in the war against the terror master. Don't we see it every day? After the fall of Saddam, there were suddenly pro-democracy demonstrations in the most unlikely places, like Syria and Saudi Arabia. Every Middle Eastern ruler is now searching for at least the illusion of a reform program that will satisfy his people and keep him firmly on his throne or in his comfortably padded chair. Victory in the war against the terror masters means spreading democratic revolution throughout the Middle East. Just ask Tom Jefferson.

Victory does not mean Empire, any more than it did at the end of the previous world wars. Americans are not interested in ruling the world; we cringe at the very thought. It is quite contrary to American character and to the American mission. Both those who dread and those who welcome the American mission because they see it as a new form of imperialism, have misunderstood America and Americans. Our Washingtonian impulses will not permit it. We don't want to be hegemons. We certainly don't want to occupy ourselves with the management of overseas territories or colonies. Indeed, we are incapable of it. Our Jeffersonian side will cheer the spread of freedom, but as soon as our tyrannical enemies have been defeated we will inevitably lapse back into our other incarnation, bring the boys home, transform guns into butter, and chant the old mantra that peace is normal and there is no need to prepare for war.

Today, as throughout our history, we are going to pack up and come home as quickly as we possibly can.

How soon will that be?

It is likely to be too soon if we continue to focus obsessively on Iraq and fail to see the regional and maybe even global dimensions of this war. I am not inclined to believe that this is a fourth world war, but some very smart people believe it, and they may be proven right.

I have no doubt that we are facing a regional war, and we cannot win it so long as the tyrants continue to rule in Damascus, Tehran and Riyadh. I said this long before the start of Operation Iraqi Freedom, when I wrote that we could not possibly have a free and secure Iraq if the Khomeini'ite mullahs remained in power across the Eastern border, and the Stalinist Baathists remained in Damascus, and the Wahabbis continued to fund terrorism and radical madrasas in Saudi Arabia and across the world, including the United States itself. That has been proven accurate hasn't it? Every day we find more evidence of Syrian, Saudi and Iranian money, weapons, agents and terrorists in Iraq.

So there must be regime change throughout the region. Happily we have the winning weapon against the tyrants. It is not armed invasion, but democratic revolution.

Tocqueville was right when he foresaw that America would be the champion of freedom in the world, and that we would inevitably have to battle the partisans of tyranny to determine the destiny of mankind. He predicted our protracted struggle with Russia in 1831, describing it as a war between the two organising principles of human society. He would not be surprised to see us engaged in a new war against other tyrants. That has always been our destiny.

Despite our great weaknesses, and our celebrated inability to do many of the things required by serious foreign policy – such as careful planning for post-war Iraq – we have a good chance to win. Our principal adversary in the Middle East is Iran, the country identified by the distinctly non-hawkish and non-neoconservative Department of State as the world's leading sponsor of international terrorism. No one should be surprised to find leading Al Qaeda figures in Iran, both before 9/11 and after the liberation of Afghanistan from the Taliban. Nor should one be surprised at the close Iranian ties of Abu Musab al Zarqawi, the Palestinian from Jordan who has become the current *deus ex machina* of the terror war against us in Iraq.

Zarqawi in fact has operated from Iran for many years, as publicly available court documents in both Italy and Germany demonstrate. Headquartered in Tehran for several years before 9/11, Zarqawi created a European network to recruit terrorists for the cause, and organise their travel to Afghanistan, Iran and Syria for jihad training. Surprisingly little attention has been paid to Zarqawi's support from Iran. In part because Secretary of State Colin Powell, in his presentation to the United Nations shortly before Operation Iraqi Freedom, said that Zarqawi had spent time in Baghdad.

The Israeli Government has identified Iran as the principal supporter of Hamas and Islamic Jihad. We have long known that Hizbollah, arguably the world's most dangerous terrorist organisation, is an Iranian creation. And Iran has advanced a wildly radical version

of Shi'ism, in which the traditional separation of mosque and state (advocated, for example by Iraq's leading Shi'ite cleric, the Ayatollah Shirazi), has been scrapped in favour of a theocratic dictatorship governed by a Supreme Leader who speaks for Allah as well as the nation.

The defeat of the Iranian mullahs would simultaneously strike a mortal blow at the heart of the terror network, and undermine the standing of the Iranian theory of Shi'ism. And, not least, it would free the Iranian people from the murderous oppression of a hated regime.

One cannot find a better example of a society fully ready for democratic revolution than Iran. We brought down the Soviet Empire when only a small proportion of its subjects were prepared to openly fight for their freedom, In Iran today, the overwhelming majority of the people openly – upwards of seventy per cent according to the regime's own public opinion polls – despise the regime and would work for its overthrow, if only they had the support of the Western world. We should certainly be willing to do for them what we did for the oppressed peoples of the Soviet Empire, as for the Phillipinos under Marcos and the Yugoslavs under Milosovic. We're prepared to march and spend and declaim and even fight for Haitians, Sudanese and Liberians – and rightly so – why not for the Iranians?

It doesn't require armies, it requires money and equipment – like satellite phones and radio and television stations – and above all consistent and coherent statements from all our leaders. A free Iran would give free Iraq and free Afghanistan a real chance, and serve as a model for the rest of the region. Even those who argue the "genetic" theory of democracy have a hard time contesting the ability of Iranians to govern themselves, or grasp the subtleties of democracy. The Constitution of 1906 is as modern as anyone could wish.

Innumerable objections have been and will be raised against my call for support of democratic revolution in Iran. Even many of those who sympathise with the goal object, with suitable passion and undoubted good faith, that anything we do to encourage it will only produce greater misery and greater repression. I heard many of the same objections during the Regan years, when those of us who supported the president's clear call for an end to the Soviet Empire and freedom for the captive nations were branded as hopelessly brain-washed ideologues. Events proved us right, and once the wall fell and people were free to speak their minds we were thanked by the victims of Soviet communism. They told us that once they heard Reagan describe the evil empire for what it was, they gained new hope, and redoubled their efforts to bring it down.

Those willing to fight Soviet communism from within were a small minority, both in the Soviet Union and in places like Poland and Czechoslovakia. Yet, in the end, they were strong enough to win

their freedom. Given that experience, it seems perverse to argue that freedom cannot be won in Iran, where a huge majority of the population hates the regime and wishes to be free.

The policy of advancing freedom in Iran is made more urgent by Iran's support of our terrorist enemies and by the mullahs' relentless drive to acquire atomic bombs. But it would be the right policy even if there were no war against the terror masters, and even if there were no impending nuclear threat. It is what we are all about, isn't it? And it is far better to get on with it quickly than to await the first Iranian nuclear test.

That's the American mission as I see it. If we do it well, it will continue, to the great benefit of the peoples who wish to choose their own form of government and elect their own leaders. If we fail, the tyrants will continue their attacks until they have finally dominated us, which is their announced goal. It doesn't seem a difficult choice.

Endnote

1. "Blundit" was invented by Bernard Lewis, and means "a pundit who's always wrong."

FUNCTIONS - 2005



Photographer: David Karonidis



Photo – David Karonidis

Mark Scott

The business of newspapers has undergone radical changes in the past two decades. New and online media have not only increased competition but also forced the traditional daily newsheet into more appealing forms. On Monday, 6 December 2004, Mark Scott, Fairfax Editor in Chief, Metropolitan Newspapers, addressed The Sydney Institute and spoke of the need for newspapers not only to continue as good business financially, but also to keep up the standard of good journalism, “stories that might cause some harm to yourself and your interests or those of your friends – because you understand the value of free and independent journalism”.

THE BUSINESS OF

GREAT JOURNALISM

Mark Scott

It is good to be able to join you to discuss the future of our newspapers and the issues facing quality journalism in Australia. But first I can give you the words of reassurance you want to hear. Gerard Henderson has filed for tomorrow morning's edition. It wouldn't be fair for me to give you any more details than that – and run the risk of ruining what is sure to be a highlight of your morning – but let me assure you, it is worth the Herald's \$1.20 purchase price in its own right. And on that comforting note, let us move to the issues of the hour: the nature of the newspaper business and the future of papers like *The Sydney Morning Herald*.

My responsibilities at Fairfax cover the editorial side of the business at the *Herald* and the *Sun-Herald* in Sydney and *The Age* and the *Sunday Age* in Melbourne. My comments tonight, given that they are being made at The Sydney Institute, will inevitably emphasise the *Sydney Morning Herald*, which enters its 175th year of publication next year. Discussions about *The Age*, experiencing readership growth and generating genuine excitement under its new editor, Andrew Jaspán, will be for another time, in another city.

The *Herald*, of course, plays a vital role in the life of this city. It reaches more than 1.2 million readers each Saturday and 900,000 each weekday. It attracts a readership coveted by advertisers – as the Herald aggregates an audience that is difficult for them to reach: the educated and the affluent; the informed and the influential; the intellectual and cultural constituencies in Sydney. In a pure business sense, the *Herald* takes that audience and sells it to advertisers who want to reach them: the department stores, the banks, the travel industry and the advertisers who use the classifieds – the rivers of gold – for real estate, employment and motoring. But of course, when we think of the *Herald*, we don't think of it as a forum for bringing together buyers and sellers – we think of that remarkable compendium of news and information delivered at your newsagent and to your driveway each morning.

We think of ground-breaking investigative journalism; the courage of Paul McGeough's reports from Baghdad and the relentless coverage of issues like the railway crisis, the Norma Khouri fraud and the James Hardie scandal. In sport, readers turn to us, not because we buy sports and sporting venues like our competitors, but because we love sport and because people like Peter FitzSimons and Peter Roebuck can report on it in a way that is intelligent and passionate.

Most people would think of us as a great public institution – a public good – making our democracy safer and our lives richer. And they are right. This is the pivotal role we play as a leading newspaper publisher and media company in our democracy. And whilst at some times it may annoy or disappoint some readers – Sydney and Australia are better places because *The Sydney Morning Herald* is there covering our city, our nation, and the world – and chronicling our life, our times, our challenges and our aspirations.

When I think of our journalists, it is certainly this role that attracted them to the paper and keeps them at the paper. While they understand that the *Herald* has to take advertising of course – their pride and passion is in the great journalism at the core of the paper – and the paper's place in the heart of the city.

One of the unique features of providing leadership at Fairfax is that in a sense, we do produce a public good in a public company. Our owners, our shareholders, I assume, enjoy reading the papers we produce each morning. But they own our shares because they want us to grow the company to be stronger, to play a more prominent and influential role – and to generate strong earnings growth so that we, as a company, have a stronger ability to control our destiny. To succeed, therefore, we must meet our responsibilities in providing Australia's best journalism whilst at the same time, meeting our corporate responsibilities to our owners.

Some have argued that there is an incompatibility between a broad open public share register, like we have at Fairfax, and the ability to continue to invest in quality journalism. But I think the experience at Fairfax over the past decade would indicate this has not been the case with us. On a corporate side, we have had to manage our costs and grow our revenue and earnings – and we came through a major advertising downturn because we managed the company more tightly than had previously been the case.

The Sydney Morning Herald and *The Age* are healthy with strong revenue and earnings growth, in both absolute terms and in comparison with other metropolitan newspapers worldwide. The *AFR* remained profitable throughout the last advertising recession – unlike the *Wall Street Journal* and the *Financial Times*. Our effective management through the cycle allowed us to make a major investment in

New Zealand, where we successfully purchased the INL mastheads to make us the largest newspaper publisher in Australasia.

But what about on the journalism side? Despite an independent board of business and media executives, despite pressures to grow revenues and manage cost – we have passed every test of independent journalism. Our papers have won every award there is to win – many of our reporters are acclaimed for their courage and tenacity – and if you watch the path of stories through the news media on a daily basis you will see that it is Fairfax papers that consistently break the stories that matter, that have significance and that set the news agenda in Sydney. Our journalism does not pander to certain corporate interests. Our reporters do not receive any riding instructions on what their reporting must find. Our editors are not told what views are right and what views are wrong; who should be given a hard time and who should be ignored. There is no expectation that the *Herald's* news columns will be used to further specific business interests. Our journalism today in an openly-held public company is every bit as independent as it was under the ownership of the Fairfax family. Our track-record on these things is better than any of the media dynasties that work in our market – and it causes immense frustration to our competitors. All media outlets can point to pockets of excellence that can be used to justify a label of editorial integrity: low-rating news programs that are kept on the air, or high-brow, loss-making newspapers or magazines kept in business.

But the real test in media isn't the niche products you keep producing ... it is the stories you allow to run – particularly stories that might cause some harm to yourself and your interests or those of your friends – because you understand the value of free and independent journalism. And Fred Hilmer and other board members would be the first to tell you that they are not protected species when it comes to hard-hitting, independent journalism by Fairfax reporters. Indeed, the paper's reporting on the company is as tough as coverage by any of our competitors. At Fairfax, we insist our editors produce papers that pass tests on fairness, accuracy and balance – but in doing so, allow reporters to write the stories as they find them. And when pressure comes to bear on Fairfax editors and Fairfax management from the high and the mighty – threatening legal action and corporate retribution – the company has been steadfast and resolute in defending our journalism.

That is not to say our journalists run amok and our editors fail to edit. "The inmates are running the asylum" is a line our competitors use – whenever we run stories about them that they don't like. But our editors are accountable for every word in the paper. The difference with our competitors is the way we see our papers. Our papers' financial strength is based on brand values that are generated from

credibility, independence, excellence and quality. Our publications are not just another tool to be utilised to further a broader corporate interest.

Our CEO leaves in 2005 and despite his track record in strengthening the company, he is still subject to the criticism that he is not of the media – that he did not spend his entire career working in newspapers, magazines or television. But I can tell you from my unique vantage point, Fred Hilmer has upheld the highest possible standards of editorial integrity and been a champion of independent journalism. He has never flinched, never buckled, never taken a backward step in defending the rights of our editors and journalists to find the news and report it in a fair and balanced way. The best things in life are not always free. And there is a price for this independence – and that is, we have to keep performing well as a company. Our investors are not shareholders because of an act of corporate generosity. They expect us to manage well and to have pathways to further growth. And if we can do that by practising strong, fair, independent journalism – that's all the better.

So, for the journalists who work at Fairfax because it is a haven for independent print journalism that has impact in this country, – the future is in their hands and the hands of all who work in the company. If we cannot manage Fairfax as a growing media company – with increased shareholder returns and pathways to further growth – then the rejection of the company by the market puts independent journalism at risk.

The business of journalism faces many challenges. At Fairfax, part of the obvious challenge is that our journalism has been underwritten by advertising support, particularly classifieds. It is not widely understood outside the business that less than 20 per cent of the revenues at the *Herald* comes from people buying the paper – the rest comes from the display and classified advertising. Of course, we are seeing more classified advertising on-line and Fairfax has a strong position in the key classified on-line markets. And we are creating new products to reinforce our strength in print – like the new Domain East real estate section each Wednesday for our Eastern Suburbs readers, to be extended in a Domain North edition early in 2005. We have also seen growth in display advertising and have enjoyed the retail war being slugged out in our pages. May it be long, bitter and protracted. A Hundred Years' War. But despite these challenges, we are confident that there is a strong and prosperous future for newspapers supported by advertising and there is some evidence that the future looks much more rosy for newspapers than for free-to-air television. But they are smart in TV – and slick at spin. So you read reports about audiences in terms of marketshare, not market penetration. And you hear about Channel 9 news rating a 27 pipping Channel 7 that rated at 25 – and

those figures are about marketshare – not about the number of people watching.

And the number of people watching has been dramatically falling. Over the past ten years, the free-to-air television stations' share of all TV viewing has fallen from 97 per cent to 83 per cent. Since 2001, the total daily average readership of Fairfax newspapers in Australia has increased by 2.5 per cent. Over the same period, free-to-air television has lost 5.9 per cent of its audience through the day. The future for free-to-air looks even more threatened when Foxtel inevitably moves from 100 channels to 500 channels in the next decade – and when personal digital recorders allow people to watch what they want, when they want – and bypass the ads as they do so.

But we can be confident that at least for newspapers like the *Herald* – we will continue to be a unique aggregator of a large, quality audience – attractive for advertisers and hard for them to reach outside our papers and the magazines we also carry in their pages. We face real challenges to preserve and build on our position – and those challenges will impact on the way we produce the paper, the news and information we carry and the nature of our journalism. Without doubt, the biggest change to newspapers in the past decade has been the impact of on-line information. Previously there were massive barriers to entry in the information business. If you wanted to reach a mass audience you needed a radio or television licence – or fork out for your own printing press.

On-line means you only need a computer and a modem, and as we all know, everyone is moving into the on-line information space. You don't need to kill a single tree to be famous – or notorious. This is not bad news for newspapers – at least, not newspapers like *The Sydney Morning Herald*. Our site, smh.com.au is the #1 online leader in the news and information sector in Australia and is experiencing rapid growth in profitability. Coupled with the readership of our print edition – the 350,000 unique visitors to the site a day means the reach and the impact of the *Herald* on a daily basis is larger than it has ever been before. Particularly amongst younger people – on-line gives us the ability to build our news brand of the *Herald* as a reliable source of information you can trust – in a powerful way.

But the on-line reality means the print edition is changing and will continue to change. We do not edit *The Sydney Morning Herald* with the arrogant assumption that we will be the first to tell our readers what happened yesterday. Most of our readers will have caught a TV news bulletin – or at least checked out the headlines on-line. They listen to radio and may have breaking news sent in an SMS to their mobile phone. In this changing media landscape – there are three clear areas of opportunity for a paper like the *Herald* in a journalistic sense, and I would like to address each in turn. We must develop

papers that are more closely attuned to the interests of our readers and fit more easily into their lives.

We must ensure that what we are offering to them is compelling and unique. And we must ensure that we are delivering this information in a way that generates trust, respect and commitment from our readers. Then perhaps in conclusion, I might speculate on whether you get all this in the current broadsheet format – or whether you might be reading a compact edition *Sydney Morning Herald*. We know from our research that many of our readers are time-poor – they lead busy lives – and the answer for them is not to make the paper bigger and bigger. If anything, the paper will get smaller in terms of total pages and tighter in terms of editing in the years ahead – particularly the Monday to Friday editions.

Less needs to become more, by having more utility and value. Part of the challenge of designing the newspapers of the future will be to ensure that readers can extract the level of information they need in the time they have. If it is 10 minutes, 30 minutes or three hours, the reader's experience of the paper will need to be rewarding and fulfilling. That requires a strong design, demanding editing and content that is distinctive, unique and engaging. The interests of *Herald* readers are very broad. From Australians in Iraq to *Australian Idol*: from the government's plans for the Senate to the expansion plans of Sass and Bide. Our readers want us to cover the field.

And in covering these stories, we need to apply the same news values and standards to our lifestyle sections, arts reviews and business columns as we do for the page one story. We attempt this now – but the expectations we place on ourselves will rise even further. And whilst some readers may turn up their noses when they see *Australian Idol* on the front page of the *Herald* twice in one week at the paper, we simply have to understand that *Australian Idol* proved to be an important part of the lives of very many of our readers. Of the 3.3 million who watched the final episode, very many were the affluent and influential core of *Herald* readership. It is important that we cover stories like *Australian Idol* – but we need to cover them in a way that appeals to our readers, hopefully with wit, insight and wonderful pictures.

It can be a challenge for journalists. Australia Scan research suggests that the percentage of the population that consumes media primarily from broadsheet newspapers and the ABC is only 8 per cent – but the target audience of *The Sydney Morning Herald* is much higher than this – probably closer to 30 or 40 per cent of Sydney's population. We need to make sure we are not the 8 per cent writing for the 8 per cent.

It is not an exercise in dumbing these papers down. It is a case of sharpening them up.

But there is no future for the *Herald* in providing a worthy dose of news up to the readers, with a mindset that if the readers know what is good for them, they will consume it. Our readers want good strong news, politics, investigations and international affairs. But they also want pop culture and fashion and lifestyle journalism as well. Younger people in particular see entertainment as news. And all our readers want their news produced in a way that it can be easily read and understood, with clear graphics, strong pictures and a good mix of content. We are researching readers intensively – not so we can simply give back to them what they ask for – because part of the pleasure of a newspaper is the surprise that it brings – but so we can more actively understand how they use the paper and the needs they want it to meet. The better our understanding of our readers, the more effectively we can meet their needs.

This leads us to the second issue – which is a greater focus and intensity on delivering a unique media experience in terms of content. We need to be unique in print and on-line. News that you have not seen anywhere else. Hard-hitting investigations, authoritative reports from our team of foreign correspondents, wittier journalism, better writing, analysis from commentators you follow and can trust.

It will be us investing in the journalism that makes the *Herald* different every day. It is quite rare that a newspaper breaks an individual story that drives circulation sales. But create a culture that says every day you are breaking stories – every day you are setting the news agenda – that is the kind of newspaper that generates a buzz that drives readership. We already do this and will need to do it more. Part of the unique experience is having unique voices writing for the paper. Our readers are clear what they want. They want straight news reporting with no bias or commentary – and then they want the best analysis and commentary clearly labelled and identified in the paper.

In the *Herald* – some of our commentators have fierce followings. Alan Ramsey's election pieces generated a storm of debate which broke nearly 50/50 between the appalled and the devoted.

Many of our regulars have their own loud followers and critics. The best columnists and commentators break news in their columns – they talk to real people, dig into history, explain context and engage their readers. They bring genuine insight. Their subjects and their conclusions may not always be predictable as a consequence. In a sense, our team of commentators help the paper not to explain what happened yesterday, which was perhaps once the paper's role – but to explain why it happened, what will happen today and what may happen next.

Now a major challenge for newspapers that can assemble the talent and create the well-edited and engaging newspaper – is the challenge that this can be purchased every morning – or read on-line

free each day. Newspapers around the world are now examining carefully the model that has emerged over the past 10 years of putting most of the content up on-line for no charge. There is a tension within newspaper organisations about putting nearly all of the paper on-line to drive traffic and as a consequence generate on-line advertising. We are in fact doing that, with our on-line news and classified sites profitable and enjoying annual revenue growth of 40-60 per cent. The challenge is whether you also encourage readers to simply read the paper on-line, without purchasing the print edition. It is of interest that quality newspapers around the world have suffered steeper circulation declines since last year's war. The drop-off has been steepest in weekend papers, where many readers only purchase a paper once or twice a week rather than have a daily habit. The war generated extraordinary on-line traffic and, coupled with the dramatic roll-out in broadband coverage, may well have helped the on-line sites become a stronger habit in the lives of our readers. Which is a good thing.

But it may mean newspapers like the *Herald* have to change their approach to news gathering and where it reports news. It may be that over time our site is less an on-line depiction of today's print edition, but more a dynamic breaking news site where, as best we can, we make *Herald* news reporting standards and values continuously available for our readers through the day. Indeed, the net has already emerged in offices as a replacement for radio through the working day. More and more of us turn to the net first – and smh.com.au first – at any random moment of the day, as opposed to the radio news. Already some big exclusive news stories that will not hold until the morning are being put on our on-line sites immediately. I can see that in the future there would be fewer stories transferred from the print edition to the site, but more updates, greater immediacy and increased rewards for logging in every hour during the working day.

Rather than simply being a newspaper, the *Herald* would be the most authoritative news brand, with more resources available to throw into supporting 24 hour news coverage than any other media outlet in the city. And of course, our on-line performance would be the best advertisement for the print edition – and the print edition would highlight what updates readers could expect on-line during the day. The *Herald's* on-line opportunity – our ability to move our credible news values into an on-line environment – highlights what I believe is our other key opportunity for the future.

As I said earlier, anyone can be a publisher these days. There is so much to read, so many outlets jostling for a place in the limited time people have available to consume media. And such a crowded marketplace provides the *Herald* with another strong opportunity. How does the *Herald* compete in such an environment? By being the most *trusted* source of news. I believed we are well positioned now – and

we are taking steps to further improve our performance. Our readers have an expectation that the *Herald's* reporting will be fair, accurate and balanced.

Putting the paper out on a daily basis is an extraordinary enterprise. Over an 18 hour period, we create something with as many words as an average book – with stories breaking, new information emerging and politicians and CEOs ducking for cover as the deadlines loom and our presses warm up. Which brings us to the issue of accuracy under the pressure of publishing deadlines. I am the first to admit that, notwithstanding the best efforts and most talented staff, we get things wrong. If we get something significant wrong, readers want us to correct it. We run more corrections in the *Herald* than any other newspaper – certainly more than our News Limited competitors. That is not to say we make more errors – I would contest that we don't. But we don't fight to keep corrections out of the paper – we willingly put them in. When we run a correction, we demonstrate we take accuracy seriously.

We have also benchmarked our papers on basic spelling and grammatical errors against leading newspapers in the United States – and against each other. And following a process implemented at The *Chicago Tribune*, we now have a central reporting of all errors detected at the paper. Editors can have a clearer understanding of the scale of errors, which parts of the paper are generating errors and whether there is anything in our processes that is stopping us detecting them. We need to understand if particular reporters are having trouble with accuracy. The initiative is working well and helping us to put out more accurate papers. Issues of fairness and balance are harder of course. Our reader feedback suggested that in the last election campaign, about half of the readers who complained suggested our coverage was biased towards the Coalition – and half said we were biased towards Labor. There was stronger consensus in support for our editorial position at the *Herald* that we would no longer endorse a political party in our pre-election editorial.

Whilst accuracy is often an issue of black and white, there can be real nuance in issues of fairness and balance – what you see is often framed by the perspective you bring to the story. But at a senior editor level, we are becoming quite obsessive about trying to eradicate opinion that can enter a news story and slant it. And we are alert to excessive coverage of any issue that is of great interest to journalists but limited interest to a broader readership.

We will also be implementing some new programs to further test our performance in these areas. This will involve audits of some editions of the paper after publication – including checking back with some who were interviewed for stories, to discover whether they believed they were accurately quoted and the story was balanced.

We are also reviewing our processes for the use of “off-the-record” sources for articles. The *Herald* will still use anonymous sources for articles, but we will have robust internal tests for verification and cross-checking. As has been demonstrated in numerous, high-profile cases overseas, the extensive use of anonymous sources leaves the newspaper open to fraud or manipulation and can work against accurate and truthful reporting. We want to get the news and break the story – but we also want to be absolutely sure that we have the whole story, that we have it right, and that the paper is not being used to slant or spin a story in a particular way for a particular interest.

All of which is to say we are raising the bar higher on fairness, accuracy and balance. We take it very seriously. We intend to be, unimpeachably, the most trusted source of news in this city. And finally, will you, one day soon, be reading a tabloid or compact edition of *The Sydney Morning Herald*? Of course, tomorrow morning, one of the most popular elements of the *Herald* will be in compact form – the Good Living section. The evolution of the paper over the past 20 years has seen our readers become very comfortable with the mix of broadsheet and tabloid sections.

I don’t subscribe to the view that readers in this market equate broadsheet with quality and tabloid with trash. The Murdoch tabloids in Australia are hardly red-top screamers and of course, there is no more respectable tabloid paper than Fairfax’s *Financial Review*. I suspect that many of our readers are comfortable with the broadsheet and would not welcome us tampering with it. And they would be suspicious that a compact *Herald* would be headed down-market. But other readers, particularly younger ones and those who catch public transport would probably welcome the portability and convenience of the *Herald* they love in a compact form.

There are a few things we do know from the international experience. What is really important is what is in the paper, not the size of the pages. A bad paper is still a bad paper, no matter how convenient the format. And papers that are struggling to survive as a broadsheet have usually not found salvation in a compact format. Tony O’Reilly’s *Independent* in London has found increased circulation after converting to the smaller form, but the path to sustained profitability reportedly remains elusive. A particular challenge is on the commercial side of the business. Most papers currently sell ads based on their size in the paper – a full page in the broadsheet is double the size and arguably the cost of the full size in the tabloid.

I have heard it likened to TV stations charging advertisers based on the size of the TV on your wall rather than the number of people sitting in your lounge room – another example of how TV has been smart. What it means is that nearly all newspapers have sacrificed some advertising revenue when moving from broadsheet to tabloid,

as advertisers taking full page broadsheets have usually not converted to taking double page tabloid ads. The papers that are most likely to convert in the short term are those struggling for circulation, trying to find a viable audience – and those with less advertising to convert and therefore less revenue risk. In an Australian context, that means the most likely candidate is ... *The Australian*. But maybe one day, the *Herald*. We will watch our former reporter, Robert Thomson, now the editor of *The Times* in London, as his brave, bold, tabloid experience unfolds. We know everyone at News Limited in Australia is watching closely also.

All of which adds up to an overview of the business of great journalism. These changes will put demands on our staff. At Fairfax, we have Australia's finest team of print journalists. Well-educated, and often schooled and mentored at the papers by wonderful veterans committed to the craft. They are the best paid print journalists in the country and very few leave to go and work elsewhere in the industry. They are passionate about their papers and are proud of their work. And as last week's Walkley Awards show – they set the standards in Australian journalism.

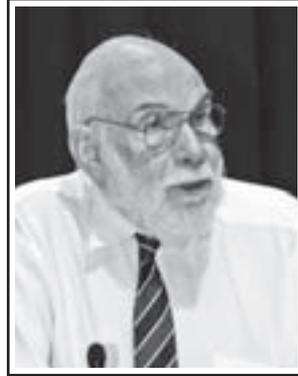
I believe there is a path our papers can follow which will continue to strengthen the financial performance of Fairfax whilst improving the quality of our newspapers in a changing media market. It is a future based on providing high quality, compelling exclusive news in formats designed to help readers extract the level of information they need in the time they have. And this information will be delivered around the clock, with readers assured we are working to ever higher standards of quality, independent journalism.

Fairfax is a fascinating and rare place. A public company that produces a public good. Creating newspapers that generate such passion and loyalty and commitment in their readers. Newspapers that have a profound impact on our readers and our leaders, working in an industry facing such world class, ferocious competitors and undergoing rapid technological change. And helping to serve our democracy by questioning, challenging and uncovering the truth, being captive to no-one.

Great journalism is a great business, with a great future.



Cheryl Saunders



Geoffrey Bolton

Photo – David Karonidis

Professor Cheryl Saunders, Professor of Law, University of Melbourne, and Professor Geoffrey Bolton AO, Chancellor of Murdoch University, were the inaugural speakers at the first of an annual seminar, sponsored by The Sydney Institute’s Founding Donor Jim Bain. Introducing the speakers, Jim Bain said, “The purpose of this evening’s seminar is to endeavour to rekindle interest in constitutional reform following the unsuccessful referendum held in November 1999.” This would have two distinct parts, he said. First, the groundwork to prepare the voting public and major political parties for the eventual change to an Australian republic. Second, a proposal to simplify, modernise and refresh the actual document to make it more relevant to Australia’s unique form of democracy. The inaugural seminar “*Constitutional Change: What Chance Now?*” was held on Tuesday, 14 December 2004. Professor Geoffrey Bolton’s paper is an edited transcript of his remarks on the night.

COMMON SENSE –

IN RELATION TO THE CONSTITUTION

Cheryl Saunders

When first asked for a title for this paper, my instinctive reaction was to call it “Common Sense”. The reaction was promoted by my belief that the Australian debate on a republic has been unnecessarily complicated by smart arguments and slick points on both sides, and that the time has come for straight talking, which neither exaggerates nor understates the issues and options. I should add, however, that I was encouraged, rather than deterred, by consideration of the famous pamphlet of the same name, written by Thomas Paine in 1776, on the cusp of the American revolution. Paine’s biographer, John Keane, described the pamphlet as “*the* political document of the early phase of the revolution”,¹ “scurrilous, abusive, seditious”² but also “written with enormous sparkle”.³ It converted George Washington himself to the cause of revolution and, in Washington’s own terms, worked “a wonderful change in the minds of many men”.⁴

This is not a call to revolution. But aspects of Paine’s approach may have relevance for twenty-first century Australia, wondering whether and how to break its links with the Crown. These include Paine’s use of terms and arguments that so-called ordinary people can understand and his capacity to conceive and articulate a contemporary form of representative government, suitable for the times in which he lived, allowing him to make an impact on public debate and opinion, “outflanking”, according to Keane, the more timid Continental Congress.⁵ Most relevantly, for present purposes, Paine sought to demystify established practices that, in his view, had become anachronistic. Consider the following, for example, which with adjustment of the detail could apply equally to modern Australia: “To be always running three or four thousand miles with a tale or a petition...will in a few years be looked upon as folly and childishness There was a time when it was proper, and there is a proper time for it to cease.”⁶

This paper is designed to complement Geoffrey Bolton’s observations on how we might design a republican model for Australia and what the model might look like. I have been asked to deal with three other issues, occasionally raised in connection with a possible move

to a republic: the preamble to the Constitution, the removal of spent clauses, and whether the Constitution would be easier to understand if it were written in “plain language”. While each of these issues might appear mundane, they have some underlying causal links with republicanism. Collectively, if tackled properly, they also have potential to give the Constitution a more contemporary face. I will deal with each of them in turn, closing with a few remarks of my own on the model for an Australian republic. I begin, however, by sketching some of the background to the Australian Constitution, to provide a context for the points that I want to make.

Short term-reality and long-term vision

The framers of the Australian Constitution performed a remarkable feat in the last decade of the nineteenth century. Most importantly, they designed and put in place arrangements for a federal system within which the six self-governing Australian colonies were prepared to come together as a nation. Importantly also, the Constitution that provided a framework for the federation and for the new, national sphere of government that necessarily accompanied it was forward looking and distinctively democratic by the standards of the time. With hindsight, after 100 years of stable democratic government, broadly compliant with the rule of law, it is possible also to appreciate the fact that the Constitution that they wrote was flexible enough to adapt itself to developing nationhood and to other demands of rapidly changing times.

But the framers of the Australian Constitution laboured under at least two disabilities, which left marks on the Constitution that could not fully be overcome by evolution. The first was that Australia was not fully independent at the time that the Constitution was written and came into force. The second was that the framers themselves were preoccupied with a range of short-term policy and political issues, for which the final Constitution made provision in ways that were not intended to have lasting effect, thus contributing to the phenomenon of “spent” sections of the Constitution.

However prescient the framers in other respects, these two factors left the Constitution with a range of features that do not suit contemporary Australia. Those of particular relevance for present purposes include the following:

- The Constitution was and in form remains a section of an Act of the British Parliament⁷
- The Constitution entrenches the position of Monarch and her representative in the Commonwealth, the Governor-General, together with some old imperial powers, now fallen into disuse⁸

- The Constitution makes no provision for the status of Australian “citizen”, although it recognises two other forms of status: “subject of the Queen” and “alien”.⁹
- The institutions of executive government are described in the Constitution in a manner that is brief and opaque. Chapter II, for example, identifies the Executive Council, the body that formally advises the Crown but that plays no substantive role in government and of which most Australians have never heard, but fails to mention the peak decision-making institutions of Prime Minister and Cabinet, which are the primary focus of public attention.

Since Australian independence, which took place gradually and without constitutional change from the end of World War I, the more obvious colonial implications of these residual constitutional features have been neutralised by legislation, constitutional convention and judicial decisions. To take two obvious examples: the style and title of the Monarch in relation to Australia now refer only to the “Queen of Australia” and constitutional convention dictates that the Queen acts only on Australian advice in relation to Australian affairs (including the appointment and dismissal of the Governor-General). The price in many such cases, however, has been to remove the practice of government even further from the constitutional text. Adaptation by evolution may also now have run its course, coming up against the text of the Constitution, requiring deliberate change, with which Australians are relatively unfamiliar.

Modernisation of the preamble

It is sometimes suggested that the Constitution might be made more relevant to contemporary Australia by modernising the constitutional preamble. Indeed, in 1999, the referendum on the republic was accompanied by another proposal, dealing with the preamble,¹⁰ which also was roundly rejected. In fact, however, the proposal on which Australians voted in 1999 was not to modernise the existing preamble, which comes at the beginning of the Constitution Act, but to add a new one, to the Constitution itself. This new preamble, moreover, would have borne very little resemblance to the content, or even to the “vibe”, of the Constitution that it introduced. In these circumstances, there was concern that the preamble might be understood as importing new rules into the Constitution. To counter this possibility, the referendum proposal would have added a new section to the Constitution, providing that the “preamble has no legal force and shall not be considered in interpreting the Constitution...”

With the benefit of hindsight, this was a misguided exercise. The preamble to any document, including a Constitution, is supposed to be conceptually part of the whole and consistent with the rest of the text. This is the basis for the usual legal rule that a preamble

can be used to help to interpret ambiguous provisions. If a constitutional preamble is genuinely part of the rest of the Constitution, this approach makes sense. If it is not, it is hard to see that there is a case for having a preamble at all.

In principle, I favour the use of a preamble to introduce a Constitution. Further reflection on the somewhat farcical proposal of 1999, however, has convinced me that it is not desirable to add a new preamble to an old Constitution without some significant change to the body of the latter that is reflected in the preamble and without acceptance that understanding of the Constitution may be affected by the preamble. I also note in passing that, had the 1999 preamble referendum been approved, the Australian Constitution would now be governed by two preambles, although only one of them (the older one) could have been used for the purposes of interpretation. Had the republican referendum also been approved, the situation would have been more remarkable still, because the old preamble is decidedly monarchical in flavour.¹¹ It follows, at least for me, that any further attempt to supply the Constitution with a preamble should repeal the rest of the Constitution Act at the same time, leaving the Australian Constitution, with its new preamble, to stand alone.¹²

The removal of spent clauses

There are a significant number of spent or partly spent provisions in the Australian Constitution. On the face of it, removing them would make the Constitution easier to read and understand; it would certainly make the Constitution shorter. The exercise of removing “outmoded or expended provisions”, as the Australian Constitutional Convention called it,¹³ is more creative and thus potentially more controversial than might appear at first sight, however. To understand why, it is helpful to distinguish several different categories of arguably spent provisions.

The first category comprises provisions that were linked to Australia’s colonial status and are no longer operative for that reason. Examples include the Queen’s power of disallowance in section 59 and the provision for appeals to the Privy Council in section 74. Both could simply be repealed (and would have been repealed, by the 1999 republican proposal).

A second category comprises sections that are effectively a dead letter for other reasons. An example is section 25, which discourages States from discriminating against “persons of any race” in State voting laws. The section provides that, in such a case, persons of that race in the State should not be counted for the purposes of determining the State’s entitlement to seats in the House of Representatives. Such a provision is embarrassingly out of place in the Australian Constitution of the twenty-first century. Arguably, it is

also a spent provision, in the sense that it is unthinkable that any Australian government would now discriminate in this way. Removal of section 25 is complicated, however, by the fact that it offers a sanction, however inappropriate, against racial discrimination by States so that adverse inferences could be drawn from its removal. This could be countered by replacing the section with another that expresses disapproval of such practices: but what, exactly, should this involve? A prohibition against racial discrimination in relation to voting laws? Or against racial discrimination in general? Or against discrimination on other inappropriate bases? In a Constitution that generally lacks rights provisions of any other kind, the exercise at once becomes more complex.

Similar complications arise in relation to the third category of apparently spent sections. In various parts of the Constitution, the framers made short-term provision for the immediate future after federation, leaving later Commonwealth Parliaments to make provision for the longer term. Sometimes this happened because the framers could not agree on the long-term solution. Provisions dealing with revenue redistribution to the States and with the extension of the franchise to women are examples, of radically different kinds, which now could be repealed.¹⁴

Other spent provisions in this category are attributable to the fact that, for whatever reason, the framers wanted only to make a short-term rule. Revenue redistribution provisions again provide one example.¹⁵ In some cases, these provisions also could be repealed, with no substantive consequences and with advantages for the intelligibility of the Constitution.

In some other cases, however, removal is not quite so straightforward. A series of provisions in Chapter 1 of the Constitution, dealing with the rights to vote and stand for election and with other aspects of the composition of the Commonwealth Parliament, identify the rules to apply to the first election after federation and thereafter “until the Parliament...otherwise provides”.¹⁶ Removal of the spent portions of these sections would leave little and sometimes nothing except a bare power for the Parliament to legislate. This would not alter the substantive effect of the Constitution in any way, but it would highlight more starkly the absence of a constitutionally protected floor of political or citizenship rights. In turn this could, and perhaps should, be treated as an opportunity to consider whether the Constitution should recognise the status of Australian citizen and identify and protect citizenship rights, as an acknowledgement of the source from which Australian government derives its legitimacy: the acquiescence of the Australian people themselves.

Plain language

The third matter on which I was asked to comment is whether the Constitution should be simplified through the use of plain English. In my view, this is a much less of an issue. The Constitution is well laid out and, for the most part clearly written. The least digestible parts of it typically are detailed provisions written to deal with short-term problems, which would be candidates for removal as spent provisions, if the Constitution were “tidied-up” in this way.

A more significant impediment to understanding the text of the Constitution lies in the growing gap between what the Constitution says and how it actually works, after 100 years of constitutional evolution during which Australia achieved its independence. Much of this would necessarily be corrected by any but the most minimalist republican model. For the reasons that I gave earlier, understanding of the Constitution also would be greatly assisted if the Constitution said more, rather than less, about the working institutions of executive government and their relationship with the Parliament and the Head of State, (whether a monarch or the President of an Australian republic)

An Australian republic

Although this was Geoffrey Bolton’s task, let me close with a few remarks of my own on what an Australian republican model might look like, and how it might be achieved.

Debate on the model for an Australian republic has tended to focus on how the President should be chosen and also, somewhat oddly, on how a President might be removed before the expiry of his or her term. In relation to these features, three broad options have been identified: a “minimalist” model, reproducing as nearly as possible the current processes for the appointment and removal of the Governor-General and leaving the rest of the Constitution as it is; a model involving election by elected representatives, on which a range of variations is possible; and a model involving direct election by the voters, which also might take a variety of forms.

I am personally opposed to the minimalist approach, which in my view would perpetuate the complexity and lack of transparency that tend to be a by-product of constitutional monarchy, although in a republican guise. In principle, however, I would be prepared to accept either of the other two approaches, although, for my part, direct election is unduly cumbersome for an office that is essentially formal in character. Other features that I would like to see in an Australian republican model include the following:

- A requirement that both the Commonwealth and the States break their links with the Crown at the same time

- Some recognition in the design of the model of the fact that Australia is a federation, and that the President will play a national rather than a purely Commonwealth role
- Specified grounds for the early removal of a President, and a dignified procedure for the purpose
- A statement in the Constitution of the powers of the President and whether they are discretionary or required to be exercised on government advice
- Affirmation of the Australian people as the source from which the Constitution draws its legitimacy, to mark the symbolic passing of sovereignty from the Crown.

The question of the process by which the republican model might be developed and approved is almost as important as the substance. This is the key issue with which the Senate Committee dealt, in its report on *The Road to a Republic*.¹⁷ I agree with Geoffrey that the process recommended by the Committee is too elaborate. There is also a danger that it would take too long. Sooner or later, Australia will break its ties with the Crown. Having missed the centenary, which was an obvious opportunity to do so, there are at least two other events that might trigger change. One is the election or appointment of a Prime Minister who has the support and trust of the electorate and who is prepared actively to lead a move to a republic. The other is a change in the person of the Monarch, by whatever means that might occur. In either case, the opportunity to move to a republic may come quickly, precluding the drawn-out process recommended by the Senate committee; possibly, in the case of a change of Monarch, precluding calm reflection on a republican model at all.

This suggests to me that serious work towards developing a consensus on a satisfactory republican model should begin now. A government sponsored process seems unlikely, in present circumstances, although perhaps it should not entirely be ruled out. In its absence, however, there are steps that civil society could take. I have for a long time thought that it would be useful for a middle-of-the-road republican model, possibly incorporating some of the other changes to which I have referred in this paper, to be designed and made publicly available in an accessible form, to encourage familiarity with it. This might be done by any group with the interests and skills to undertake the task, as long as – and this is the tricky part – its bona fides are broadly accepted by Australians who are inclined to favour a republic or who are at least neutral towards the idea. To this end, the group should not be perceived as pushing any particular barrow, beyond trying to identify and explain a workable republican model around which a consensus can be built, through a process that should be as frank and transparent as possible. If this preparatory work were done, with a bit of luck, the choice of a republican model

would be more straightforward and the task of garnering support for it less daunting when the opportunity arises again to take formal steps towards change, as inevitably will happen in due course.

Endnotes

1. John Keane *Tom Paine: A Political Life* Bloomsbury Publishing 1995, 110
2. *Ibid*, 113
3. *Ibid*
4. *Ibid*, 111
5. *Ibid*, 112
6. Thomas Paine, *Common Sense* Penguin Books 2004, 35
7. Commonwealth of Australia Constitution Act 1900, of which the Australian Constitution is section 9
8. In particular, the power of the Monarch to disallow a Commonwealth Act within one year from the date of Assent: section 59. See also the procedure of “reserving” proposed laws for the Queen’s pleasure, in sections 58 and 60, now useful at best for ceremonial purposes.
9. In sections 117 and 51(xix) respectively
10. Constitution Alteration (Preamble) 1999
11. “Whereas the people of New South Wales, Victoria, South Australia, Queensland and Tasmania, humbly relying on the blessing of Almighty God, have agreed to unite in one indissoluble Federal Commonwealth under the Crown of the United Kingdom of Great Britain and Ireland, and under the Constitution hereby established: And whereas it is expedient to provide for the admission into the Commonwealth of other Australasian Colonies and possessions of the Queen...”
12. There are technical legal difficulties with this course of action which could certainly be overcome. It would also be desirable for some of the “covering clauses” in the Imperial Act to be transferred to the body of the Constitution.
13. Resolutions adopted by the Australian Constitutional Convention, Hobart 1976, 12.
14. Sections 93, 41
15. Sections 87,89,95
16. Sections 10, 29, 30, 31,34,48
17. Senate Legal and Constitutional References Committee *The Road to a Republic: Inquiry into an Australian Republic* 31 August 2004

THOUGHTS OF AN

ELITIST REPUBLICAN

Geoffrey Bolton

Throughout my life, I have had great difficulty reconciling my democratic principles with what happens when the democracy votes the wrong way. Leaving aside the crudities of party politics, I feel, for instance, that had a plebiscite been held in 1947 when it was proposed to expand our immigration policy by admitting people from the continent of Europe and displaced persons, that the majority would probably have said ‘No, no, keep us British.’ And we know that because, in 1948, some Melbourne sociologists did an opinion poll and their figure was 54 per cent for the number of people polled who wanted only English as immigrants. Only 38 per cent favoured Irish immigrants and the rest were well under 20 per cent. I’m sorry to say that the Germans I believe were ahead of the Israelis, but that was public opinion as it was found. Similarly, in the 1970s, when the White Australia policy was gradually diluted and eventually abandoned, I’m sure if that had been put to a plebiscite the answer would have been ‘No, no, don’t change things.’

Change is frightening. A lot of people have reason to feel that they want to maximise the security in their lives and not enter into political experiments, the outcome of which is not very foreseeable. So it wasn’t altogether surprising that, in 1999, the proposal for a republic was defeated. At the time, I couldn’t help wondering what would have happened 100 years earlier, at the time of Federation. What would have happened if people who were federalist in their hearts and wanted one united Australia said, “We don’t like the model that Barton and Deakin have cooked up so we’re going to vote against it. We won’t vote for it until we get precisely the model we want.” If that had happened, I guess I would have needed a passport to travel from Western Australia to New South Wales when I came over this weekend. I do believe that it was out of short-sightedness that people who wanted a republic did not vote for the republic in 1999, knowing that there would be opportunity later on to modify it to their heart’s desire and to enter into all the other arguments. However, less wise counsels prevailed so that now we come to the issue of what should

be done. And whether anything can be done in order to resurrect the debate.

With hindsight, in the conduct of the 1990s republican debate, there were a number of things that might have been done better. Paul Keating, in his enthusiasm for the cause, made the running far too much as if it was a Labor Party cause instead of being a cause which had to appeal to all varieties of the Australian political spectrum. I believe he lost an opportunity to display how the model of a Governor General chosen by two thirds of the parliament might have worked when he appointed Sir William Deane. Even though Sir William Deane's appointment would necessarily have gone through the forms of a nomination to the Queen and his appointment by the Queen, it might have strengthened Keating's position if Deane had been elected by two thirds of the parliament. A Governor General thus endorsed would have felt secure about the reception that he or she would get from the public. But these opportunities were lost. Then John Howard was left confronted with a pledge to put an issue on a subject which he knew very well would be more divisive to his own party than it would be to the Labor Opposition. I do not agree with those who see in Howard as British to his boots or a dyed-in-the-wool monarchist of the sort that Sir Robert Menzies was. But he is a very shrewd and experienced political leader and it was not possible to put the republican issue in a way that seemed to promise any benefit for his party and for his continuance in government. No prime minister, of whatever complexion, can be expected to joyfully embrace issues which are going to cause division among his or her own ranks. So I say this by way of historical preliminary because I do not believe that we need to view future Constitutional change with either cynicism or hopelessness.

This Senate committee into Constitutional change was appointed late in 2003. It was chaired by Labor's Senator Nick Bolkus and its deputy chair was a Liberal Senator, Marise Payne. There were two other Labor members, one Democrat and one member of the Country Liberal Party from the Northern Territory, Senator Nigel Scullion. The committee came up with a report with 27 recommendations following interviews in every state in Australia. The formula they've put forward bears a fairly strong resemblance to the set of stages which was recommended by the Australian Republican Movement in 2003.

The committee believes that the first step has to be a much greater thrust towards the political and constitutional education of the Australian public at large. It has formed the belief, and it has been told by a number of witnesses, that whether people voted yes or no in the referendum in 1999, they didn't show the signs of being terribly well informed about the ramifications of the issues. The committee's solution is to set up a Parliamentary joint standing committee which

should promote constitutional education. They make the very sound point that this education has to take a variety of forms and imagination must be used in looking at the different outlets which can be chosen.

For instance, there is now a generation of people who are more likely to absorb information from the internet than they do from reading, whether it is books or newspaper articles. For instance, although there are universities and secondary schools, not everyone comes away from them with an education that is complete. We have to look at the very great proliferation of senior learning institutions, universities of the third age and comparable groups which often consist of people who have the leisure and the experience and the maturity to want to think about politics in a thoughtful manner. A great effort should be made to ensure that the highly educated sector of the population, which we're assured is increasing, is well versed in the issues. In short, if this committee comes into existence, or even if it doesn't, someone must be given responsibility for constitutional education, and this should be done in a multimedia form. No one on the committee disagreed with this.

But there was a certain amount of divergence. The majority of the committee recommended a four stage process towards the republic. These stages should each be marked by a plebiscite. A plebiscite is different from a referendum in the sense that a referendum is binding upon an Australian government whereas a plebiscite, even one agreed to by a large majority, is only a recommendation. And while the government might be very foolish to ignore a plebiscite, it has a lesser sanctity legally. The first of these four stages sounds simple enough. There would be a referendum to decide whether Australia wants to be republic or not. Assuming that a majority do say they want to be a republic of some kind, there has to be a guarantee that the exact form of that republic will not be introduced without a second plebiscite in which the public gets to choose what sort of republic it wants. Voting on all these issues, by the way, should be compulsory so that there should be no excuse through apathy or negligence of not getting an accurate reflection of the Australian mind.

In the plebiscite as to what type of republic we are to have, the public would be confronted with five models. There could be a head of state, nominated as the Governor General is now, by the Prime Minister; there could a head of state chosen by at least a two thirds majority of parliament; there could be a head of state chosen by some sort of electoral college process. The fourth possibility would be direct election from a list of candidates who had been approved by both houses of parliament. In other words the nominations would go before parliament, parliament would leave out the obviously ridiculous contenders and leave the public to choose out of the shortlist.

The fifth would do away with any intermediary, be it electoral college or parliament and would simply have a direct election. This, many of us feel, has only a superficial appeal.

What happens, for instance, if you have the presidential election shortly after we win the Americas Cup and the individual who funded the win looks like the hero of the hour? Elected as President, would that individual seem like the hero of the hour a few years down the line? What if we have a Coalition Government but the person who is elected as the head of state is a person of staunch left wing principles who cannot stand the Coalition Government? Do we invite a French situation when there is a tug of war between the heads of office or must we, if there is a directly elected president, hedge that person around with many restrictions? In Ireland this is the case. The president of the Irish republic is not allowed to make a speech in public without having it vetted by the government of the day. Can we build up a set of the Governor General's powers and Governor General's limitations that would be satisfactory and waterproof?

The question remains, can we educate the public to be sophisticated enough to make a multiple choice as suggested? We would of course have preferential voting between the five different suggested modes, which is what the Senate committee suggests. But, if we have preferential voting, we might end up with the third favourite which nobody really wants but gets in because it's the least offensive alternative. And once the mode of choosing the replacement for the Governor General is determined, other things have to be then decided. What title will that functionary have? There would have to be a constitutional convention, elected by all the voters. And, finally, a final vote to become a republic under one system or another.

I may be unduly pessimistic but it strikes me that long before that stage has been reached the Australian public would be suffering from plebiscite fatigue. By then, they would just not want to be bothered with having to turn out so often. Now the Senate committee suggests the remedy should be that these plebiscites should be held concurrently with a federal election but that would seem, possibly, to entangle the necessarily adversarial issues that we have to decide in a federal election and the whole question about the form of republic. It takes enough thought to concentrate on choosing from the 74 Senate candidates in any election without having to worry about constitutional reform as well.

But all is not lost if we turn the problem around. There are a number of issues which have emerged in the republican debate which can and should be addressed soon. First of all, whether or not we retain the current system of the Governor General, appointed by the Queen on the nomination of the government of the day, it would be valuable to codify the powers of that person so that the conventions

by which that person operated were well defined and well understood. No future Governor General, or whatever we have, should be put in the position of Sir John Kerr in 1975 where he had, alone and unaided authority to make up his mind whether to dismiss the Whitlam government or not. He had no source of advice to which he was entitled to turn. When he decided he needed advice and went to the Chief Justice of the day, Sir Garfield Barwick, there was always the possibility of objection that the Chief Justice had close connections with the Liberal Party and doubts might have been passed on the efficacy of his advice. Even if these doubts were unjustified, it could have been envisaged that the High Court would have to decide on the legality of the Governor General's decision and that would have been messy. Far better, I consider, is if we have the powers of the Governor General codified and perhaps a specialist advisory group set up, maybe of constitutional lawyers, maybe of former governors, maybe of retired judges, maybe of a mixture of them, who are there to be invoked on those rare but always rather urgent occasions when a head of state has to confront a constitutional crisis.

So we could define the powers, we could define the rights of consultation and we could get rid of the more than 20 obsolete clauses in the Australian constitution. Nobody, and that includes the monarchists, believes that the Queen should be allowed to veto any legislation that's been approved by the Governor General yet such is the literal meaning of section 59 of the Australian Constitution. There are many other provisions which have outlived their usefulness. At least we could make a start on the housekeeping, at least we could clear up things and in the process of working modestly on the Constitution I believe we would start to formulate a picture of what sort of arrangements we would want in the broader sphere for Australia's governments. We don't have to just devise the perfect republic; we can get on with improving the state that we have in our own hands. My belief is that in that process there would be clarification.

In conclusion what I am here earnestly to recommend are three things. First of all, that as the Senate committee said, there should be that process of continuing education. There's a lot of good material and we could make a start now. Second is that we address ourselves to those constitutional reforms which are not too contentious in their nature and would help to clarify the rules of the game. And thirdly, and here I speak as a bigoted Western Australian, the system has to be federal, not unitary, not secessionist but building on the habits of co-operation through which the people of Australia built up a Federation and retained it for over a hundred years.



Gerard Henderson



Catharine Lumby

Photos – David Karonidis



David Marr

Following the 2004 federal election and Labor's loss, many leading media figures were criticised for wrongly forecasting a Labor victory and for being too easily mesmerised by Labor's new leader, Mark Latham. Is the Canberra Press Gallery too removed from the average Australian experience, and too remote in its Parliament House offices to detect the mood of the electorate, in spite of opinion polls? To discuss all this and more, David Marr, Sydney journalist and former ABC TV *Media Watch* presenter, Catharine Lumby, Director of Media Studies at the University of Sydney and Gerard Henderson, columnist with *The Sydney Morning Herald* and *The Age* came together at The Sydney Institute on Monday 24 January 2005.

THE AUSTRALIAN

MEDIA – WHAT’S LEFT?

Gerard Henderson

It’s great to be sharing the platform with Catharine Lumby and David Marr. Professor Lumby is something of a rarity, an academic working in media studies who really understands journalism – both as an occasional columnist who writes in a most readable manner and as an author and commentator who deals regularly with journalists. David Marr is an acclaimed writer who is also a journalist and who is best remembered as the presenter of the ABC TV *Media Watch* program – from 2002 to 2004 inclusive. Without question, *Media Watch* is the most important monitor of the Australian media – followed by *The Australian’s* “Media” section each Thursday.

I commenced my (part-time) career as a media-watcher soon after ending my three-year stint on John Howard’s staff in December 1986. In 1987 I wrote an article entitled “The Rat Pack”, which critiqued the role of the Canberra based Parliamentary Press Gallery. In April 1988 I commenced writing *Gerard Henderson’s Media Watch* – this continues today as a segment in *The Sydney Institute Quarterly*.

The first edition of the ABC TV’s *Media Watch* – presented by Stuart Littlemore QC (as he soon became) – went to air on 8 May 1989. One of Mr Littlemore’s producers phoned me prior to the inaugural issue of *Media Watch* – seeking out some ideas for the program. I never saw any evidence of any influence in this instance – but then, unlike Stuart Littlemore QC (as he still is), I have never been particularly interested in exposing spelling errors and/or grammatical howlers on Page 69 of the Nowra based *South Coast Register*, or some such. Nor did I share Mr Littlemore’s leftist agenda – which he acknowledges in his book *The Media and Me* (ABC Books, 1996)

Now this might get me into some trouble this evening – here’s hoping. On 22 June last year, in my syndicated column, I referred to the ABC’s “leftist ideology”. By this I meant the world-view expressed by a majority of ABC journalists/ presenters/ producers – not the position of the ABC board (which cannot run the public broadcaster, even if it wished to) or that of the ABC managing director (who

appears not to be able to run the public broadcaster, at least in so far as his role as editor-in-chief is concerned).

Later that morning I received an email from David Marr – he was in the process of preparing his *2004 Overland Lecture* and wanted to “come to grips with definitions of Left and Right in Australia these days”. It was not clear to me as to what was David Marr’s attitude with respect to what he regards as the contemporary Right. But, clearly, he was doubtful that there was any such entity as the Left – in contemporary Western societies, at least.

In time, I sent David Marr what I termed an “ideal type” for the term Left or leftist in contemporary Australia. The concept of ideal type is explained in my paper which is published in the December 2004 issue of *The Sydney Institute Quarterly*. Put simply, an ideal type does not exist in absolute reality – rather the concept simplifies evidence in order to make useful distinctions. For example, I am not arguing that every leftist in Australia holds all the attitudes set out in the following ideal type – but most men and women on the Left would hold a majority of the following positions:

1. A belief in the desirability of widescale government intervention (funded by taxation) in the domestic economy – in such areas as education, health, welfare and the environment. Along with a corresponding scepticism about private solutions in such areas as education, health, welfare and the environment. In other words, a view that the public sector is good in itself and that the private sector is, at best, a dubious exercise.
2. A belief that governments should not interfere in the realms of private morality – covering such areas as abortion, censorship, same-sex relationships etc.
3. A scepticism about Western religious beliefs – in particular traditional Christian churches and the emerging fundamentalist Christianity.
4. An unwillingness to support the use of military force abroad – along with a disdain for patriotism at home. An ambiguity towards, or outright opposition to, the Australian-American Alliance – along with concern about Israel’s role in world affairs.
5. An abiding sense of shame and guilt for the past acts of Western nations in their colonial manifestations – a commitment to reconciliation with native peoples.
6. A belief in the sanctity of international solutions to international problems – comprising a commitment to the United Nations, despite its evident inefficiency and virtual impotency.
7. Opposition to the globalisation process of economic reform – including a resentment to such international organisations as the World Trade Organisation, World Bank and International Monetary Fund. A preference for international aid over the reform

of the political systems and domestic economies of third world nations.

8. A tendency to be alienated from elected mainstream political leaders (whether conservative or social democrat) and a conviction that the modern democratic system is inhabited by politicians who lie by habit.
9. A tradition of moral compromise – leading to a belief that democracies are not much better than dictatorships in the way they operate. In other words, moral equivalence.

David Marr reproduced the ideal type in full in his *Overland Lecture* (published in *Overland* Number 176). He did not embrace my analysis. No surprise there. However, he did acknowledge the existence of a Left – and depicted the Left as advancing the causes “the public purse v private purse, wages v dividends, regulation v profits, public spending v tax cuts”.

In 2004 the ABC TV *Media Watch* program entered for – and won – the George Munster Prize for Independent Journalism. At a seminar which co-incided with the award of this gong – held at the University of Technology, Sydney and subsequently broadcast on the ABC Radio National *Big Ideas* program (26 September 2004) – David Marr made the following comment:

The natural culture of journalism is kind of vaguely soft left inquiry, sceptical of authority. I mean, that’s just the world out of which journalists come. If they don’t come out of that world, they really can’t be reporters. I mean, if you are not sceptical of authority – find another job. You know, just find another job. And that [journalism] is the kind of soft leftie kind of culture.

Sure is. And this is the problem. The majority of Australians do not embrace a “soft leftie” culture. And a majority of Australians are increasingly interested in private (rather than public) outcomes, dividends, profits and tax cuts – to use the David Marr list.

There is not much empirical evidence in this area – but there is some. It demonstrates that journalists hold positions which are quite different from the majority of their fellow citizens who just happen to underwrite their jobs – by buying newspapers and magazines, watching commercial television, listening to commercial radio or (in the ABC’s case) paying taxes.

Writing in the *Australian Journal of Political Science* in 1995, John Henningham analysed a “survey of 1068 journalists employed by all mainstream Australian news media” which had been conducted in 1992. Journalists were asked to self-assess as to whether they were “pretty left”, a “little left”, “middle of the road”, a “little right”, or “pretty right”. The final category was listed as “other, don’t know and refused”. Professor Henningham reported that “journalists in

the sample who specialised in politics were far more inclined to lean to the left than were other journalists, while Canberra Press Gallery journalists were especially likely to lean to the left”. Remember – this conclusion followed the journalists’ self-assessment of their own political leanings.

On 1 October 2004 *The Reader* reported on a questionnaire which was conducted by the RMIT University’s Journalism Department in August last year. Again, journalists, editors and news directors were asked to self-assess their political positions. *The Reader* reported that “55 per cent of journalists polled describe themselves as left-wing or small “l” liberal; 36 per cent put themselves in the centre, while only 9 per cent describe themselves as conservative or right-wing”.

In an occasional witty and self-mocking address to the Canberra Press Gallery Dinner on 3 December 2004, Health Minister Tony Abbott asked how many political journalists in Australia supported “the war in Iraq”. As the Minister’s rhetorical question implied, the answer would be close to zero. In mid 2003 a senior member of the Canberra Press Gallery told me that almost all of his colleagues opposed the Howard Government’s policy on Iraq. Yet a majority of voters supported John Howard last October and George W. Bush in November – and it seems likely that Tony Blair will be returned to office when the British go to polls, possibly within a few months. At the very least, this indicates that a majority of citizens in the nations which comprised the Coalition of the Willing are not so opposed to their country’s foreign policy as would entice them to change their government. In short, a majority of political journalists seem to have a different world-view to a majority of media consumers.

I have long opposed the format of the ABC TV *Media Watch* program whereby a series of journalists, invariably from the ABC/Fairfax stable, who appear to possess similar views, hand down ex-cathedra pronouncements on their colleagues – to which there is no on-screen right-of-reply. From Stuart Littlemore, to Paul Barry, to Richard Ackland, to David Marr and now to Liz Jackson – there is a certain similarity of world-view here. In other words, all fit within David Marr’s soft-leftie/sceptical of authority category. Having said that, I believe that David Marr put in a brilliant performance in his three years in the *Media Watch* chair, so much so that it will be difficult for his replacement to reach the same standard.

As an occasional critic of *Media Watch*, I am willing to take up the challenge issued by David Marr at the George Munster Award gig. Namely, for critics of *Media Watch* to “show us a story that we are wimping out of”, where the program did not “go to a fire” – that is, to nominate the stories *Media Watch* “didn’t cover”.

Well, here’s one. In my view, the biggest media story in Australia over the past three years turns on why so many journalists – particu-

larly members of the Canberra Press Gallery – so misread the Mark Latham phenomenon. Latham Labor crashed, with disastrous results, on Saturday 9 October 2004. There were some half-a-dozen *Media Watch* programs following the election result, but not one sought to analyse the phenomenon of how so many journalists misread Mark Latham's time as Opposition leader – the details of which are documented in the December 2004 issue of *The Sydney Institute Quarterly*.

Here was a situation where some of the biggest names in the Australian media had a bad (election) campaign – including Geoffrey Barker, Paul Bongiorno, Michelle Grattan, Paul Kelly, Terry Lane, Maxine McKew, Matt Price, Alan Ramsey and Laura Tingle. Mark Latham had had four biographers – all of whom are journalists or have worked in journalism. Yet not one of Michael Duffy, Barry Donovan, Craig McGregor or Margaret Simons understood the Latham phenomenon – and all greatly exaggerated his political skills. Of the four, Margaret Simons was the most critical – yet, at times, she failed to draw appropriate conclusions from her own analysis. For example, in her study *Latham's World*, Margaret Simons acknowledged Mark Latham's evident narcissism but failed to fully appreciate the negative consequences of such a condition for an Opposition leader.

Such was the journalistic obsession with Mark Latham that it continued after the disaster that was Labor's defeat. Remember Kerry O'Brien's assurance on ABC TV's election night coverage that Mark Latham “grew through the campaign”? Remember Alan Ramsey's post-election *Sydney Morning Herald* column (published on Monday 11 October 2004) which concluded: “Still Latham's time will come; believe it.” Remember Craig McGregor's article in the *Sydney Morning Herald* and *The Age*, published on Saturday 15 January 2005 at the time when the Opposition leader was (politically) in extremis? Craig McGregor declared that the (then) Opposition leader had “fought a good campaign” and urged Mr Latham “to grit out the next three, and possibly six years”.

What was this all about? In my view, a large number of journalists misjudged Mark Latham because they were interested in him as a circuit-breaking performer – and because they wanted the Howard government defeated, primarily because they disagreed with Australia's involvement in Iraq and believed that the Prime Minister had lied about the commitment. Certainly, this was not the position of a Piers Akerman, an Andrew Bolt or an Alan Jones. But it was the position of a majority of journalists. Geoffrey Barker, for example. Even after the election, he was still maintaining that the statement by the 43 former diplomats and military chiefs criticising the Coalition had “embarrassed the [Howard] government throughout the election campaign” (*Australian Financial Review*, 13 October 2004). The fact is that

Australia’s involvement in Iraq did not lead to a net loss of votes on the Coalition’s behalf – and probably worked against Labor.

In the event, the barracking for Mark Latham (invariably accompanied by an unduly critical assessment of Kim Beazley’s performance as Opposition leader in 1998 and 2001) had the unintended consequence of increasing support for the Howard government. The more a majority of electors in the marginal seats in suburban and regional Australia saw, and read about, Mark Latham – the more they decided it was safer to stay with John Howard. This is a fact of Australian electoral life. Yet many soft-left sceptics in the media and the academy are still trying to come to grips with the reality of 9 October 2004.

THE MEDIA AND

AUSTRALIAN POLITICS

Catharine Lumby

In much of my work, I define what counts as politics in very broad terms. I don't think politics is something which only happens in parliaments. And I don't think the media's relationship to political debate in this country should be defined by the press gallery's obsession with Cabinet leaks and factional deals done over Chinese meals.

Having worked in the Canberra press gallery myself, I've got to say that *Who Weekly* seems refreshingly free of gossip when compared to the average week night dinner with a bunch of political correspondents.

Whatever politicians and the journalists who report on them think matters, it's clear that most Australians understand political issues as issues which are embedded in their everyday lives. Politics isn't abstract or ideological for many people – it's a series of choices and problems around accessing the kind of education and health care they want, its about living safely and comfortably with others in a community, its about the opportunity to improve their lifestyle or that of their children – and it's about feeling good about being Australian.

Politics, understood this way, is something which doesn't just issue from our broadsheets– its everyday face is there in lots of media, including entertainment media.

Having said that, my focus tonight will be very much on the traditional upmarket media for the simple reason that I think they have the most to answer for when it comes to the current dumbing down of our public sphere.

Let me speak plainly. I believe we are living through a profoundly anti-intellectual period in the history of political and cultural debate in this country. And it's *not* the gossip magazines or the reality TV shows who are to blame. It's our quality opinion-leading media who are failing us. Opinion writing in our broadsheets has devolved into simplistic ideological trench warfare. The problem, to put it starkly, is that commentary is too often forged in the crucible of moral and political reactionism – rather than guided by genuine curiosity, scepticism, and research.

You might respond – it was ever thus. But as someone who straddles that unstable ground between public commentary and specialist academic debate, I am convinced that what once seemed a mere fault line is in danger of becoming a gulf. Which leaves people like me in a metaphorically compromising position to say the least.

The Prime Minister himself set the tone for the zeitgeist when he used a speech printed in *Quadrant* magazine some years ago to attack academics for their “idleness” and to praise *Quadrant* for practising common sense and condemning political correctness. It’s a hackneyed old claim: the idea that the “truth” is out there for anyone with a bit of commonsense to see, and that a bunch of intellectuals who want to complicate things are hell-bent on brain-washing the rest of us.

The reality is that Howard’s common sense version of the truth is as political as any other. But then this *is his genius* – he can sell a highly ideological agenda as something which emanates naturally from the people, as plain speaking, everyday folk wisdom. It’s a talent which has allowed the Prime Minister and his supporters to portray themselves as mere democratic mouthpieces for a formerly silenced majority. Most ironically, it’s allowed them to claim they are ongoing victims of political correctness, even as the neoconservative agenda has come to dominate opinion-leading media in virtually all contexts.

Since 1996, the Howard Government has been able to slowly but surely redefine the terms on which broad political debate is played out in the Australian media. As a result, rather than advancing knowledge and introducing the public to the latest ideas and research in their fields, those of us in the humanities and social sciences who actually try to engage with popular debate have been forced to spend the scant media time available to defending the most basic premises of liberal democratic thought.

The so-called “history wars” debate is a very good example of this. The debate has been largely covered in the media as if the colonising of Australia was a subject area best dealt with by statisticians. Indeed, if you followed much of the media’s commentary then the question we ought to be asking ourselves isn’t “how many Aboriginal people were killed or separated from their families and cultural groups” but how many weren’t. What this focus ignores, of course, is the fact that history is written in many more places than our official records and tallies of victims or victors can show us. There *is* no single history of Australia – there are many histories whose differences can enrich as much as they divide us. Indeed this recognition of the complexity of researching and writing history is precisely what our academic historians have given us in their diverse research and scholarship.

But if you followed much of the public debate you’d get the impression that the fate of Australian history relies on the outcome of a comic book battle in which superhero conservatives bravely take on

a den of politically correct academics who have conspired to steal our national self-esteem – presumably so they can sell it to Al Qaeda.

Instead of being interrogated by the media, the rhetorical and philosophical frameworks which define the Howard era in Australian politics have come to actually direct much of what passes for media commentary. The hallmarks of this framework are: a tendency to see issues in oppositional terms, a distrust of experts and academics, a narrowing of what counts as serious politics (feminist issues like abortion and childcare have been reframed as matters of personal or moral choice), and an increasingly strident moralism. The latter is, for me, perhaps the most concerning trend of all because it results in self-appointed moralists getting a platform to denounce their opponents without having to engage them in logical and substantive dialogue.

There are so many examples of this moral framing of issues. But time only permits me to offer one – it concerns my own ill-fated attempt to explain the premises of a research project to the media back in early 2004. Back in March, the National Rugby League asked me to coordinate a research project into attitudes and behaviours towards women across the game. Those of you who follow League will know that they certainly had a few “gender issues” on their plate. Around the time I was appointed there was a lot of media coverage of allegations that footballers commonly engage in group sex. The question of what that meant for women who participated was obviously of some interest to our research team – we wanted to know if there was evidence of routine harassment or even assault. But group sex was never the main issue. The key question was whether women were being assaulted, harassed or otherwise mistreated in *any* social or sexual encounter. And more broadly we wanted to look at the role and status of women across the game.

The shocking thing for me was recognising that, despite the fact that Australia is a world leader in gender and sexuality research and education, the default setting in our quality media is that you can’t change the way people interact socially and sexually. That people are born good or bad. And that feminism has nothing to tell us about why some footballers and other men mistreat women.

This narrow and incurious reaction to the broader social and cultural roots of the problem was equally – if not more – true of journalists I spoke to at the ABC as it was of journalists working the tabloid media. And while I’ve largely focused on what I see as the inherent flaws in the way neo-conservatives have reshaped our political dialogue, it’s clear that the left equally brims with commentators who work from an overtly self-righteous ideological platform.

The censorship debate is a classic example of this. As David Marr knows all too well, it’s virtually impossible to get a rational and evidence-based dialogue going on laws proscribing sexually explicit

material in this country. It's a subject on which left-wing commentators are equally inclined to toss off a simplistic sermon as any Catholic archbishop.

Let me close now by observing that improving the level of public political debate in this country involves two things:

- A recognition that issues and perspectives do not always neatly map onto left and right, good and bad, true and false.
- And secondly, a recognition that John Howard is on to something when it comes to the political acumen of so-called ordinary Australians. Australians do want politicians and journalists who they are convinced can see the world through their eyes.

Journalists are always bagging politicians for being more interested in getting elected than formulating long-term policy. Yet, when politicians do start canvassing complex political issues like the need to juggle work and family or to encourage younger Australians to have children, as both Mark Latham and Malcolm Turnbull have done in different ways recently, they're portrayed as wacky, dilettantish, or cynical. Following a press gallery speech in which he asked broad speculative questions about what has happened to Australian society in the wake of 30 years of globalisation and social change, Latham was derided by a number of seasoned political pundits for spouting "intellectual fairy floss" and trading in girly homilies. Turnbull's focus on the declining birth rate has been similarly maligned as both amateur and opportunistic.

Our politicians simply aren't rewarded for posing questions which they don't have an instant answer to. In fact, there's a long history of mocking anyone in politics who brings anything that smacks of book learning into parliament. Barry Jones never quite lived down his quiz king image. John Hewson was tagged as the slightly mad visiting professor. And the fact that Mark Latham has even dared to write a couple of books has been touted as evidence that he was always a loose canon ready to asphyxiate us with the dangerous gas of ideas.

Latham's gone. Gillard, I read today, needn't even bother running because she's single and childless. And the Press Gallery is complaining that boring old Beazley is back. I wonder why.

THE MEDIA AND

AUSTRALIAN POLITICS

David Marr

I've spent the last three years on ABC TV's *Media Watch* analysing mistakes – thousands of them. To be presenter of *Media Watch* is to become a connoisseur of mistakes. It doesn't take long to realise that mistakes aren't particularly interesting in themselves. Of course there are spectacular howlers which you put on the screen to celebrate their sheer madness, but for the most part what's interesting about mistakes is why they happen, what drives them, why an error has been made.

In the last edition of the *Sydney Institute Quarterly* Gerard Henderson blamed “a kind of love affair with Latham” for the failed predictions and “false analysis” of ten journalists and four Latham biographers – four biographers whose books are now heading towards that huge abandoned mine near Goulburn that takes Sydney's land fill. I don't dispute his underlying analysis: there were commentators who made silly predictions and wrote warped analysis because they became infatuated with Latham. But I don't believe the failures were on the scale Gerard suggests in his dossier.

Dedicated to balance as I am, I would have liked to see a similar analysis of the mistakes made by enthusiasts for Howard – of whom there were very many writing in the press in the same period and very silly things they were saying too. Winning does not bless all the mistakes of the conservatives and losing does not demonise all the mistakes of those people who in their hearts support Labor.

In many ways the silliest thing published in the entire election campaign was the front page of the *Australian* on the morning of the poll with the banner headline “Latham within Striking Distance” over a story by the paper's political editor Dennis Shanahan that argued Labor could still snatch the election on preferences with a late shift among wavering voters. Now that was wrong, profoundly wrong. So why the mistake? The only explanation I could come up with in the end was that this was a campaigning story – put on the front page of the *Australian* to scoop up a few last waverers who might be thinking of voting for Latham. The reason for the error is everything.

But back to Gerard's piece in the *Quarterly* – there he asks why we at *Media Watch* failed to cover the same ground on television as he does in his dossier. Well let me tell you why. *Media Watch* is driven by tip-offs, often from bloggers. Now very few tip-offs are as beautifully organised, as elegantly set out and as literate as Gerard's fifteen page denunciation in *The Sydney Institute Quarterly* – but we take all this stuff and we analyse it and we investigate to we see if there's anything in it for *Media Watch*. My view is that Gerard's denunciation would have to be radically focussed – cut way back – before it could go to air. It's one thing to suspect bias, it's another thing to prove it.

First, a proper appreciation of time has to come into the argument. Until last April, no journalist could simply be declared love-struck for advancing the proposition that the political ground had shifted when Latham was elected leader in early December 2003. A new and extraordinary figure appeared to have arrived in politics. There were people already back then, very early last year, saying this man hadn't got what he was supposed to have. They were very perceptive analysts. But in January, February, March and April of last year, Latham was transforming Australian politics.

His approval rating was at 62 per cent, which I understand is the highest approval rating a Leader of Opposition has had since such polls were taken. He was almost beating Howard as preferred Prime minister at something like 47 to 43 per cent. Nearly half of all Australians wanted him, at that point, to be Prime Minister and the Labor Party was standing, at the end of March and into April (at least on the AC Nielson poll) on roughly 55 per cent on a two party preferred vote.

Now the people who were writing in January, February, March and April last year that a transforming force had arrived in Australian politics were wrong – but it is completely unfair to declare their judgement so clouded by love of Latham that they deserve public denunciation. The people of Australia at that time were solidly backing Latham and so were a number of press commentators. People changed their minds and commentators were proved wrong. That happens all the time. But in this case and in those months, their analysis can't simply be condemned as wildly infatuated, politically motivated journalism.

The second reason *Media Watch* would refocus Gerard's analysis is this: he is a great critic of the many commentators who claimed Latham "won the campaign" while losing the election. Gerard says of Craig McGregor, "Like many journalists he did not say how a political leader can run a good campaign and still lose votes and seats." Well here's my thumbnail explanation. A prime minister has all the benefits of office. It's called the incumbency factor. A prime minister controls budgets and slush funds: he hands money to people. A prime minister has also a record of administration on which he can be judged.

These are the advantages of office a leader of the Opposition has to overcome. I think commentators can legitimately say somebody out-campaigns an incumbent but is still beaten. On campaigning alone, Latham did pretty well. Yes, he lost and he lost big-time. But campaigning does not alone determine how people vote.

The third reason why *Media Watch* would radically focus Gerard's dossier was the basis of my recent essay in *Overland* magazine. This is Gerard's notion that commentators who are out of step with the majority are somehow showing bias or a warped point of view. In *Overland* I asked those making such arguments to listen to what they're saying. Can't they hear the rhetoric of East Germany as they condemn journalists for being "out of step with the people"? Can't they hear Prague before the Spring? Isn't it something we all agree on in a free society: that our moral views, our political views, our intellectual views, are *not* determined by a vote. They're determined on other bases.

One of the primary functions of political leadership is to teach people to change their minds. Australia was taught to change its mind about economics – first by Howard in Opposition, then by the great salesman Keating in office and continuing now under Howard as prime minister. If you think there was popular support for change each step of that way – you are wrong, really wrong. The support is there now but that's because people have seen the transformation brought by economic change. To say that journalists like me should always represent the will of the people is a profound error we need to challenge, particularly in intelligent groups like this. Ideas change; the view of the majority changes; people can be wrong. It is not an anti-democratic statement to say that a majority of people can be wrong.

There's a fourth area in which *Media Watch* would not back Gerard's dossier. He's rather hard on a few people who changed their minds, particularly when reality struck them in the face. There's nothing more real than an election result. That is reality come home to roost. So commentators changed their minds. What else were they supposed to do after Labor's defeat? Let's not forget that fabulous quip of Maynard Keynes: "When the facts change, I change my mind. What do you do, sir?"

But at the same time I think Gerard is absolutely right in eviscerating those commentators who were not courageous enough to admit they were wrong and pretended seamlessly to have changed from one attitude to another. In the end *Media Watch* can be faulted for not doing a really zinging brutal few minutes on the show about those people who said to Latham in the last days of the election, "Mate how does it feel, to have won the campaign?" and who, the following Monday and Tuesday, couldn't find a single thing he'd done right.

A final reason *Media Watch* would radically shorten the list of commentators Gerard condemns is that we wouldn't agree it was proof of bias or infatuation to see Iraq as an issue in the election campaign. Gerard writes of Matt Price that "his election prediction was in fact an exercise in wish fulfilment. He wanted to believe that Iraq would be a factor in the 2004 campaign and that this would work against Howard. It was not, and it did not." Now I don't know exactly what Gerard means by "factor" but it would be a very brave man who said the Iraq war was not a "factor" in the elections. It was not decisive; it wasn't crucial; and there were many disappointed people who hoped it would lose Howard the election. It never was going to – particularly after Latham handled the issue himself so ineptly – but you simply can't say that Australia's role in the war in Iraq was not part of that campaign.

As a connoisseur of mistakes, I'd argue that the greatest error made in international political life in the last decade or two has been the claim that Iraq had weapons of mass destruction that justified an urgent pre-emptive invasion. I can't find a respectable reason that justifies that great error. My guess would be that historians are going to be far less forgiving about this than voters have been in the US and Australian elections.

Gerard has assembled a huge dossier of errors but not, to my mind, established why these errors were made. I don't think they can be put down so simply to political bias and infatuation with Labor. We all make mistakes. Sometimes we make mistakes for the best possible reasons; sometimes through carelessness and ignorance; sometimes with malice and sometimes without; sometimes because we're driven by ideology and sometimes because the utterly unexpected happens between the prediction and the outcome. Even so, making mistakes matters. They count against us. There is no getting away from the fact that in the end we – and I don't just mean journalists – earn the respect of our peers and the public by getting things right.

FUNCTIONS - 2005



Photographer: David Karonidis



Photo - David Karonidis

Michael Keating

Michael Keating AC, former head of the Department of Prime Minister & Cabinet under the Hawke and Keating governments is the author of *Who Rules?* (Federation Press, 2004). In an address to The Sydney Institute on Tuesday, 1 February 2005, Michael Keating challenged the notion that a privatised economy in any way diminished the control of government. In his view, the deregulated economy has seen government responsibility increase sharply in ways not envisaged when reform was introduced. For example, a single income family with two children now receives half its disposable income in government support, a dramatic increase from 1983 when such a family received just four per cent of its disposable income from the government.

WHO RULES? HOW

GOVERNMENT RETAINS CONTROL OF A PRIVATISED ECONOMY

Michael Keating

Just over twenty years ago, a group of American academics were invited to do a review of Australia. These Americans came to the conclusion that the two striking characteristics of Australian society in the early 1980s were our general distrust of markets and our strong endorsement of egalitarianism. The Americans considered that these two features constituted a distinct and abiding Australian tradition. They then concluded that our pervasive distrust of markets meant that Australians preferred government determined solutions, even if efficiency was sacrificed. This surprised the Americans who, I suspect, were academics mostly from the north east of America who had in no sense signed onto Reagan's agenda of smaller government. But they still thought our distrust of markets was somewhat curious.

Since then, the Australian economy has been opened up. It has been deregulated and government has favoured the creation of market competition and choice. Perhaps, inevitably, this change in our government's approach has provoked a concern that markets are now so powerful they can strain or even overwhelm governments so that governments no longer have an independent capacity to determine and then achieve their policies. Hence the quite widespread opposition to neo-liberal economics, economic rationalism and globalisation, including the opposition to national competition policy, the privatisation of Telstra and the various protests outside meetings of the World Economic Forum, the IMF, WTO and so on. Interestingly, in many respects, supporters of free markets also accept that neo-liberalism and globalisation have weakened government, but these proponents of free markets welcome the expected loss of government power. The one thing both the Left and the Right agree on is that there's been a loss of government power to markets.

In my book, *Who Rules – How Government Retains Control of a Privatised Economy*, I explore how much power government actually does have today, and whether that power has changed and, if so, how and why has it changed. The critical issue for me is whether

government has retained the power to govern. By that I mean, can a democratically elected government decide and implement its preferred courses of action that make a difference to society and its economy. In particular, can governments successfully intervene to smooth economic activity, encourage economic development and reduce the uncertainty, and sometimes the unfairness, that can result from market imposed solutions.

My main conclusions are first, that governments' responsibilities are continuing to increase. The longstanding popular conception of government in Australia, that it has a duty to ensure a series of public entitlements, dates back to the early 1930s and the eminent historian Keith Hancock. It's a conception that sees government as a vast public utility to provide us with a set of public entitlements, and is one that remains politically alive and well today. Indeed, if anything, government responsibilities have continued to increase. Take, for instance, the greatly expanded government funding for child care and aged care, which used to be much more the responsibility of the family. Today more women are going out to work and the government is taking over those responsibilities. Or, for instance, a series of various bail-outs in recent times of medical indemnity insurance, assistance to sugar, Ansett and so on. All were in trouble but in no case was the government the cause of their trouble.

Secondly, there's been no reduction in government intervention. Total government expenditure and taxation, in all countries, not just Australia, is as high or even higher than ever before. There has been a massive and continuing increase in regulation, particularly environmental and social regulation. While economic regulation has significantly changed its character. Within the last 20 years we have increased occupational health and safety regulation, and tended to substitute consumer and investor protection for producer protection. The end result has been some change in the character, but no reduction in the amount of economic regulation.

Thirdly, governments can still govern and achieve their policy objectives. In particular, government can make a difference to the achievement of a prosperous, fair, and secure society where people have the opportunity to not only realise their potential but to enlarge their capabilities. And fourthly, the shift to markets represents a change in *means* by governments, but not in their objectives; often in an attempt to enhance or restore the power of government.

Fundamentally the attractiveness to governments of the shift in favour of markets is that often these markets can still be managed by governments. At the same time markets create or will create, desirable incentives for individual actors to pursue the government's objectives. So even globalisation, while it releases very powerful forces, can often be managed if the government changes its means. And of course there

are considerable advantages to our society remaining open to engagement with the rest of the world.

In effect, governments may need to construct and manage markets, so as to create a synergy between the objects of the individual, or individual interest groups, and the broader collective objectives of society. In that way the apparently independent activities of free agents become the instruments of government. These instruments are politically attractive because they're the least coercive possible. To paraphrase Adam Smith, what I argue is that government can guide the invisible hand of markets so as to ensure that individuals pursuing their own self-interest also act in the public interest.

In my book, this thesis is demonstrated by examining the three major areas of domestic policy. First, macro-economic policy or stabilisation policy, as it's sometimes termed; second, national development and micro-economic policy; and third, the provision of services, where I concentrate on human services as being the rather more controversial aspect of marketisation.

Let me say a few words about macro-economic policy. First the objects of macro-economic policy have not changed; they are the same as they were two, three and four decades ago. Although people are worried that international markets and capital flows are more powerful than governments, they still hold their national government accountable for rising living standards, low inflation, low unemployment and a fair distribution of incomes. If government doesn't deliver on those objectives then the electorate takes the view that they should get rid of the government. So, whatever people think about the power of governments, they hold them accountable for achieving rising living standards, low inflation, low unemployment and a fair distribution of incomes.

Secondly, government still has control over the key economic instruments. You might think that government has lost control of the exchange rate, and lost control of wage rates, where they used to try to influence the wages set by the Arbitration Commission. But you need to remember that governments never controlled the *real* exchange rate or *real* wage rates. And it's the real exchange rate and real wage rates that matter in terms of business decisions; in terms of how competitive you are when you come to trade or how competitive labour is. The Australian government didn't directly control other countries' prices or even our own prices. Moreover, governments only had very limited control over the nominal exchange rate or the nominal wage rates. Many countries, who fixed their exchange rate, have found that they couldn't hold the rate when there was serious imbalance on the external account. Equally, over-award payments put constant pressure on the Arbitration Commission, so over quite long periods of its

existence the Commission was in a sense shadowing the market rather than leading the market.

In reality, governments have only ever had two instruments for macro-economic policy. These are fiscal policy and monetary policy. In my book I show that the scale of fiscal intervention has not changed and markets have not inhibited government attempts to pump-prime in a recession. I will add that since my book was published, it is clear that markets haven't prevented government spending binges before elections. However, I will concentrate on pump-priming, and you'll find that the discretionary fiscal stimulus in response to the last two recessions in 1983 and 1991, was bigger than any previous fiscal response in Australia's history, including the Great Depression. Secondly, levels of taxation and government expenditure haven't declined. Thirdly, income tax has not changed much relative to incomes since the mid 1970s, and that includes the introduction of the GST. If you look at average tax rates for people on different levels of income, post the GST, they're much the same as pre the GST and are much the same as they were since the mid 1970s. So the system of income tax in terms of its progressiveness and levels hasn't changed much.

Internationally, taxation levels are not racing to the bottom. The large differences between countries in expenditure and taxation are continuing. The high tax countries are still much higher than we are and have been so for a long time, notwithstanding a more and more integrated world economy. If you turn to a single country, take the United States, which is far more integrated than the world economy – with its single currency, the US dollar – you will find quite significant differences in taxation levels between the two states Massachusetts and Mississippi. And if you think about why Massachusetts can sustain such a high tax rate relative to Mississippi, and indeed why people migrate from Mississippi to Massachusetts, it's because you need to look at how taxation is spent. Presumably those people who migrate are migrating because they value the education which is financed by taxation in Massachusetts relative to the education which is much less financed by taxation in Mississippi. So I would conclude that mobile capital flows might lead to a change in the mix of taxation in favour of relying more on the taxation of expenditure, but I don't think governments are going to lose control of taxation because of the forces unleashed by globalisation.

What has changed in recent years, or in the last 20 years has been the focus of monetary policy and some aspects of its conduct. The major change was, of course, the floating of the exchange rate. This change was forced by the globalisation of capital markets. However, the Australian financial system has never been immune to international financial disturbances. Witness, for example, the impact of

the Great Depression. Floating the dollar has not reduced the policy independence of the monetary authorities; rather it has restored that independence. When we had a fixed exchange rate, monetary policy had to target the exchange rate of the target country, and in our case that was the USA. So the Australian monetary policy essentially had to follow US monetary policy. By adopting a floating exchange rate, Australia has, for the first time, the scope to conduct an independent monetary policy that can be directed towards stabilising domestic demand in Australia. As a result, although international financial shocks may now present a greater threat, because of the larger scale of international capital flows, the floating exchange rate now offers greater protection against those capital flows or financial shocks.

One worry, however, is that while the floating exchange rate provides governments with the capacity to run independent monetary and fiscal policies, are international financial markets now so powerful that governments are unwilling to use that independent capacity? In effect, would governments rather please the markets and the brokers because of the capacity of markets to destabilise governments? I don't think the evidence supports any such conclusion. Instead I suggest that the authorities operate within a corridor of what I call credibility, which is largely independent of market forces. That corridor of credibility can be widened, and stabilisation policy then becomes more effective if, firstly, markets are competitive and flexible and the economy becomes less inflation prone. And that, of course, was the key reason why we undertook micro-economic reform. Secondly, if there is greater independence for the Reserve Bank. Thirdly, if the government adopts a medium term fiscal framework and a charter of budget honesty to help reinforce budget discipline. Where the authorities then have the necessary economic credibility they have considerable capacity to pursue well-judged monetary and fiscal policies that will be accepted and endorsed by markets.

To give you some examples of this, in response to the East Asian economic crisis in 1997/98 Australia clearly adopted an independent monetary policy and let the exchange rate depreciate. This depreciation allowed Australia to avoid the worst of that crisis which was all around us, and trade through it. Similarly Australia managed to avoid most of the impact of the recession in Europe and in the US in 2001. And the transmission of monetary policy stimulus through the exchange markets has been more effective than if we'd relied on the domestic markets alone.

Let me now say just a few words about governments and national development. First of all, governments still accept responsibility for encouraging national development but fundamentally there has been a change in strategy. The creation of more competitive markets, has enormously facilitated macro-economic policy. Now that we're

no longer so inflation prone, stable economic growth is much more possible. As the government keeps reminding us, we've had thirteen years of stable economic growth and that's done more than any tariff policy ever did for industry development.

Secondly, there's less reliance on targeted industry assistance. Under what I term new industry policy, there's a greater focus on correcting instances of market failure. That has involved a shift to what is sometimes termed generic assistance, such as research and development, and education and training, which is available to all firms in all industries, rather than targeted to specific firms or specific industries. The aim is to enhance our competitive capability by improving our factor endowments. This new approach is very much influenced by the work of people like Professor Michael Porter, on how countries can gain a sustained competitive advantage. And thirdly there's been re-regulation rather than de-regulation. I mentioned earlier, in this context, that the government has accepted it has a responsibility to create competition and ensure the proper flow of information so that markets work better.

Nevertheless, there are still elements of the old style protection. Governments still bail out firms and there is still some attempt to pick a winner; particularly by state governments, but the federal government is not immune to it either. In addition, although the government operates in a market framework, it continues to accept social obligations. For instance, there is a wages safety net through the living wage case, and there are any number of subsidies still around. To some extent, however, these subsidies are more transparent. For example, public utilities are often encouraged to identify their community service obligations and the cost of them. While budget subsidies are more likely to be tied to adjustment by the industry than they used to be; and that's true for both the sugar industry and the dairy industry where the subsidies have been tied to industry adjustments.

But perhaps the greatest concern about marketisation for its critics are its alleged implications for the provision of human services. For example, it's frequently asserted that the funding for human services has been cut. However, when you look at the evidence that's just plain wrong, but unfortunately the critics don't seem to be very numerate. To give you the briefest and most essential facts – social expenditure increased by two per cent of GDP during the years of the Hawke and Keating governments. While the decisions of the Howard Government, up to the 2003 budget, have added another 1.5 percentage points of GDP to social outlays on a net basis. And I'll bet Howard's added a bit more since the 2003 budget, with the huge family assistance package in the 2004 budget and a number of election promises, both adding to social expenditures.

The second major criticism is privatisation. It is alleged that contracting out of services has resulted in a loss of government control and public accountability. In responding to that criticism firstly we need to recognise the very limited extent to which human services have been marketised so far. Many services have hardly changed at all; public housing, for example, has hardly changed at all; there's very little competition or choice between state schools; TAFE is still essentially funded in a way that preserves its monopoly or quasi-monopoly. In addition, many human services, although government funded, were always privately delivered; the best example being medical services. We've never had any attempt to turn your GP into a public employee. Aged care and child care are both being enormously expanded, but private provision existed right from the start. And I would query whether this expansion would have been possible if the state governments had been left to provide aged care and child care. This expansion really depended on getting the private sector, or non-government sector, involved. There has also been some increase in user charging, most notably for universities, but again in that case, the HECS has ensured that access is maintained. The data certainly shows that university access has been maintained, including after university fees went up. The number of university places in Australia is now about three times what it was 20 years ago, and it's difficult to see how that could have been financed without any charges at all. The most radical change, in terms of marketising human services, has been the substitution of the previous public employment service – the old Commonwealth employment service – by the privatised Job Network. But you need to note that this market for employment services that's been created is still very much a managed market.

Indeed for all these human services, where the government pays, the market remains a managed market. The government typically controls access to the market. The government sets quality standards and monitors performance against those standards, and sometimes the government influences or even controls the price that is set by the private providers. The provision of government funded human services is very much through managed markets, and that is critical to assessing the extent of government control and public accountability.

In my view, and I elaborate on this in my book, there are further opportunities to extend the marketisation of human services, in public housing, health, schools, TAFE and universities; all of which would lead to greater efficiency, greater choice, more responsive services and no loss of equity, including access. In fact, at least in the case of public housing, it would certainly improve access because access to public housing is very heavily rationed at the moment.

Perhaps the most interesting question is whether markets have somehow changed our values. That issue could arise even where

government is in control of the market. For example, have our values in some way changed because of the marketisation of services, and in turn has that change in values affected the nature of the service and how it's delivered? Here I discern two particular concerns. First, many believe that the pursuit of market based solutions has led to greater inequality. Second, there's no doubt that markets have increased the focus on individuals. Some would claim this focus on individuals comes at the expense of collective needs and at a cost to inter-personal relations and the building of communities. In effect many people are concerned that the quality of life has declined, and allegedly that decline is a consequence of the greater role of the markets.

On the question of inequality, there is no doubt that earnings inequality has increased. The statistics certainly show that. But this increase in earnings inequality reflects changes in the composition of jobs. We've created a lot of skilled jobs and the number of unskilled jobs has declined. That change in the composition of jobs has altered the distribution of earnings. On the other hand, the evidence that I've examined shows no systematic change in relative wage rates. If you look, for example, at the minimum wage rate and compare it with average weekly male earnings, you'll find that ratio is higher today than it was at the beginning of the 1970s. This is because the minimum wage rate has risen relative to average weekly earnings since the beginning of the 1970s.

The second finding that I want to draw out is that these changes in job composition reflect changing technology and changes in the pattern of demand in favour of services, such as education and health. They don't really reflect changes in government policy, including the policy to open up the Australian market to international competition, which at most has had only a very modest impact on the changing composition of jobs in Australia. One obvious effect that reducing tariff barriers has had is on workers in clothing and textiles. But it's very hard to find another industry that has been affected negatively by the opening up of the Australian market in terms of job composition. Instead technology has mainly affected the composition of our jobs, along with a huge increase in the demand for skilled labour. The reason why relative wage rates haven't changed very much, I suspect, is the equally large increase in the supply of professionals. The graduates rolling off the university production lines have roughly managed to match the higher demand for their services. That's probably the main reason why relative wage rates have stayed stable.

You also need to remember there's been huge increases in taxpayer funded income support, particularly to families. While the distribution of *earnings* has become more unequal, the distribution of *incomes* or *disposable incomes* has remained roughly unchanged because of the huge increase in government assistance to families. Just to give you

some graphic examples of this, if I take a low single income working family with two children in January 1983, four per cent of that family's disposable income came from family assistance. By January 1996, 41 per cent of that family's income came from family assistance. Since John Howard was elected in March 1996 it has now gone up to over half of that family's income coming from family assistance. So there's been a huge increase in assistance to families to offset any change in the distribution of earnings.

Let me now turn to the quality of family life and social relations. I agree with the commonplace observation, that society is more individualistic, and possibly more materialistic. Certainly people report difficulty in satisfying their material aspirations and they are any number of people who want to get more hours of work, I assume for that reason. Furthermore, people like Professor Michael Pusey, are convinced that work and economic pressures have increased. I think they do have survey data and so on which helps to sustain that conclusion. Indeed, people reporting difficulty in juggling their work and family responsibilities is a topic which I think John Howard described as a "barbeque stopper".

So I do not wish to dispute the concern that we are having difficulty meeting our material aspirations. But the HILDA survey, which is run by Melbourne University, has found that there is no sizeable negative relationship between working long hours and the quality of family life, or between working hours and general well-being. I suspect that's because for many people their work is a source of satisfaction and social contact, rather than just a source of frustration and anxiety. In my view Australia has been experiencing an unprecedented period of social, cultural and technological change. Increased education, feminism, changing attitudes to marriage and TV and the motor car have all helped to make us more individualistic and they have changed the nature of social relations in that way. Many people probably feel liberated by these changes, while others have felt rising anxiety and resentment. But it's drawing a long bow to suggest that markets are the cause of all this materialism and pressures on family and community values. I accept that markets can create uncertainty so the market may have added to the climate of uncertainty, but more fundamentally I think the development of markets in Australia has been more an expression of, and a response to, other more fundamental changes in society rather than their main cause.

Nevertheless we need to recognise that people want to be able to participate in their society. For that reason governments do need to build our social capital and thus improve peoples' opportunities to participate. Markets are not the solution to every social problem, even when they are being managed by governments. Creating a market for drugs probably won't fix the drugs problem. I would also argue that

markets won't fix welfare dependency either; there are reasons for welfare dependency other than just the disincentives in the present interaction of social security means tests and the income tax. My view is that devolution of service delivery by governments to empower and encourage people to participate in cooperative enterprises, is equally important to restoring mutual trust and reducing insecurity. Moreover it's arguable that individuals only realise themselves and gain esteem, including self-esteem, by interacting with other members of society. So for that reason in my book I have outlined further reforms of health, public housing, and education, in favour of *both* markets and devolution. The hope is that devolution will enhance the capacity of government to realise its own objectives by refashioning the welfare state into what I call a welfare society where people are less dependant on the state and are better able to build their own capabilities in cooperation with their fellow citizens.

Finally I want to say a few words about why government is in fact, more difficult than it used to be, even though this increased difficulty is not because of markets. As I've argued markets represent a way of restoring and enhancing government power. Nevertheless governments do face a more difficult situation than they once did. That's fundamentally because democratic governments depend upon consent, and consent is much less easy to obtain and mobilise today than it used to be.

There are several reasons why authoritarian government is less acceptable than it was say 50 or more years ago. First, we now have more educated and critical citizens. Critical citizens need to be persuaded rather than commanded. Foremost among the critical citizens are what I call knowledge workers, and about 40 per cent of us now in the workforce are knowledge workers. We're people who essentially depend upon our intellectual capital and for the first time in the history of mankind that means we actually own our own capital. When we walk out the door, we take our (intellectual) capital with us and that fundamentally changes our relationship with our employer. Capitalist production has traditionally relied on the employer owning the capital and labour not owning the capital. But now, in the case of knowledge workers, labour owns the capital and so knowledge workers have to be managed in a quite different way. We do not accept the traditional hierarchical commands that used to govern working relations, and we extend that attitude beyond the workplace, to include our dealings with government.

The second major change in our society is the increasing demands on government. I have talked about that already, but I think we also need to recognise that there are more pluralistic values, and a number of cross cutting divides now, which affect our politics, whereas once the critical political divide was between so-called labour and capital.

Now we have a divide between knowledge workers and non-knowledge workers. We also have divides in terms of liberal social voters versus conservative social voters. And often these various over-lapping political divides are mutually incompatible. Accompanying this more confused political situation is a loss of trust. All these developments have combined to weaken the authority of government.

The third issue is the capacity of political parties and governments to integrate and mediate the various claims that are being made upon them. Our system of government has traditionally depended heavily upon the political parties to carry out this integration and mediation task. However, that capacity of our political parties has atrophied, along with their membership, and they are now much less representative of the various social and economic currents in our society. These are the reasons why I think government needs to look at new ways to mobilise consent. Markets are a less intrusive way of allowing people to choose, but markets are not appropriate to all occasions. In effect markets and choice need to be accompanied by better opportunities for citizens and communities to make their voice heard as well.

To sum up, governments do face more difficult challenges in a more complex world where ever more is demanded of them. Markets have proven to be an instrument to augment consent and thus maintain the reach of government power. Markets can be managed by governments to induce changes in behaviour consistent with government objectives, but market induced changes in behaviour are not always sufficient. They need to be complemented by changes to improve voice as well as choice so that citizens feel that they own policy outcomes, at least as these policies affect them personally.



Photo – David Karonidis

Colin James

Colin James is a well known New Zealand political journalist and analyst who is a weekly columnist with the *New Zealand Herald*, has a monthly column in *Management Magazine* and is an occasional commentator on radio and television. Responding to a view that the Australian-New Zealand relationship has been affected by different perspectives on defence and foreign policy, especially since the war in Iraq, Colin James spoke for The Sydney Institute on Tuesday, 3 February 2005 to set out some of the background to this perceived parting of the ways, describing the emerging sense of new nationhood developing in New Zealand.

THE PACIFIC-ATION

OF NEW ZEALAND

Colin James

If you say the title of this talk quickly it will resonate with many Australians. Much of the commentary in Australia about New Zealand – apart from an obsession with trivia and curiosities – is about the military and seems to presume New Zealanders are free-loaders or pacifists or both.

I do not intend to traverse those arguments at length this evening. Australians who want to understand the genesis of the New Zealand position should read Hugh White's contributions to the Otago University Foreign Policy School in 2001 and the New Zealand Institute of International Affairs Inaugural Foreign Policy Lecture in 2002. Tracking back through history instead of taking the ANZUS breach in the 1980s as his starting point, Hugh made sense of that apparently sudden rift by contexting it within a difference of strategic perspective stretching back over many decades. Standout examples are New Zealand's condemnation in the League of Nations of the rape of Abyssinia by Mussolini, its decision to fight with the British in Italy in the Second World War instead of with Australia in the Pacific and its great reluctance (under a conservative government) to commit fighting troops in Vietnam (and then only a handful). Hugh did not approve the New Zealand perspective but he did say that if he was a New Zealander (and not just a periodic climber in the Southern Alps) he would support the government's defence policy for New Zealand. He coined a neat aphorism for the divergence of approach: "Same bed, different nightmares."

I mention in passing three other contextual factors: New Zealand's geographical position, which places it far from south-east Asian hotspots (though, of course, its exports heavily depend on Asian shipping lanes being kept open); its small size, which means it must work with others, whatever and wherever the action and means it is more likely therefore to repose its hopes in multilateral institutions; and its high loss of men in both world wars. New Zealand has not felt itself directly threatened, except very briefly in the early 1940s. It has, however, been very active as a peacemaker and peacekeeper in

United Nations and coalition forces. Too few Australian commentators have acknowledged New Zealand's critical contribution in East Timor or acknowledge that in the past decade New Zealand troops have been involved in Yugoslavia, Bougainville, Afghanistan, policing the Gulf and in reconstruction in Iraq, not to mention the Solomons. I have little doubt New Zealand will be there, alongside Australia, when peacemaking and peacekeeping are needed in West Papua. New Zealand and New Zealanders are not pacifists. Nor is the Prime Minister or the current government, as the speedy offer to the United States of military help after 11 September 2001 made clear.

That is not to gloss over the severe rundown – by a conservative government – of defence spending in the 1990s by one third in GDP percentage terms and the failure to lift that percentage by the present government. This justifiably concerned Australian policymakers and commentators. It is, I think, no accident that when Australians evoke the spirit of ANZAC the NZ is now silent, as it is in ANZUS: Australians have too little cause to remember that the original corps on Gallipoli came from two countries, not one. As in Australia, there is in New Zealand a memorial to the war dead in every tiny locality and on honour boards of institutions and clubs. It was a searing experience.

I want to stay on the subject of Gallipoli for a moment because, as among Australians, there has been a remarkable upsurge of New Zealanders making pilgrimages to the Dardenelles each Anzac Day, encouraged, I might add, by the Prime Minister who has sponsored an annual Gallipoli essay competition for teenagers. Young people attend Anzac Day parades in considerable numbers. Large numbers lined the streets of Wellington late last year to mark the arrival from France and interment of the Unknown Warrior.

What does this add up to? Something that might be called national pride, or at least a heightened national awareness – in a society that has been uncertain and almost self-effacing hitherto. It can be seen in recent polls endorsing a new flag to replace the British one that is indistinguishable to outsiders from yours. It is just possible that change will happen in the next parliamentary term.

I don't want to overstate this. In part the greater confidence may derive from a bouncy economy that for a decade has kept up with Australia's, possibly done a little better. That bounciness is mainly because the economy is now highly flexible after the radical reforms of 1984-92 despite some mild re-regulation by the Labour-led governments since 1999. In part also it is because high-end protein is in demand and a century of relative decline in the terms of trade may have reversed. There are some very good niche industries, not least in wine but also in aspects of textiles, software and biotech. While there are some worrying distortions – private debt is alarmingly high and so

is the balance of payments current account deficit, for example – the economy is better based than for a long time.

But the economy is not a sufficient explanation for this new pride and confidence.

There is now a growing sense of heritage which, as a “young country”, we have lacked until recently. New Zealand is beginning to age a little, to acquire a sense of its past and to value places and events. The national museum, better known by its Maori name, Te Papa, is thronged every day. We at last are beginning to want to know our heritage. We have a history.

And we now also have a voice. That is best known abroad through some fine film-making – not just *Lord of the Rings*, which has generated tourist interest but which I found excruciatingly boring and stopped watching after the first instalment, but the likes of *Whale Rider*, a truly indigenous film, superbly scripted and straddling two cultural worlds and a multiple prizewinner abroad. But there is much more than film: in the past 25 years there has been an explosion of writing, the fine arts and crafts, dance and music. I have argued for 15 years or so that this has amounted to New Zealand’s independence revolution, its coming of age.

This coming of age has entailed what, for want of a better word, I have called the “indigenisation” of the ex-British. My parents called Britain home. My generation didn’t. My generation protested in the 1960s, started to make its mark in the arts in the 1970s and took power in business and the government in the 1980s. In New Zealand the 1980s were a dramatic decade: every policy area was reshaped, including aspects of the constitution. The value-set was changed. In part this reflected what was happening in all our sorts of societies, notably the United States, as a prosperous and self-obsessed young generation demanded cultural freedom. But it was particularly intense in New Zealand because it marked not just a break with the previous generation but a break with history, the cutting of the colonial umbilical cord, a re-examination of our history. By the end of the 1980s we no longer self consciously expressed our distinction from the mother country; we were unselfconsciously New Zealand. We were indigenised. You know what I mean: Australia did it 20 years before.

This is a fraught process because it goes to the heart of “identity”. If the chattering classes’ newspaper columns are anything to go by, you here still periodically worry about “identity”. We haven’t long started. Like you, we don’t have a “folk” basis for this reformed identity, as most nations in the old sense of that word have for their identity, and we don’t have a uniting “idea”, as the United States does, or did. But my generation and the generations younger than mine know we have left behind the imperial identity that sustained us through most of the twentieth century, an identity which, despite our

brash assertions of a brave new world, was a “better Britain”, not a non-Britain: we were better than Britain at sport, we didn’t have such a rigid class structure, we had space and sun, we were self-reliant and outdoorsy and down-to-earth and matey and we made up government as we went along. Now we ex-British New Zealanders make our own statements about ourselves; we do not rely for distinction on comparisons with our ethnic parent nation.

If that were all we were doing in New Zealand, indigenising the ex-British, it would be fraught enough – and it has some stages to go through yet. To be fully indigenised we need to be confident and free enough in our independent spirit to reclaim our British history and heritage. Te Papa’s non-Maori collections do not reach back further than 1840, when the Treaty of Waitangi, in effect ceding sovereignty, was signed between Maori chiefs and British representatives. It is as if for non-Maori there is no history, as if the ex-British and all the other immigrants came from nowhere.

But, fraught as the indigenisation of the ex-British is on its own account, it is complicated by a second “indigenisation”. That is the “reindigenisation” of Aotearoa (the Maori name for New Zealand). These two indigenisations have been going on simultaneously, intersecting and intensifying the process. That “reindigenisation” is not exclusive to New Zealand. Indigenous peoples round the world are claiming recognition and redress. You know a little of that, I think, in Aborigines’ growing assertiveness.

But I have the impression indigenous rights are a side-issue in Australia, a minority interest. In New Zealand indigenous rights are inescapably part of national life. That is because New Zealand’s “aborigines”, the Maori, are numerous and getting more numerous. They make up a sixth of the population now and the under-25s are around a quarter which means an already large minority will become larger. Add in their Pacific island Polynesian cousins and the numbers are a fifth now and nearly a third of the under-25s. Those numbers have huge implications for economic performance and social cohesion. New Zealand has no choice but to come to terms with the “reindigenisation”.

So assertion by Maori of their place in the society and the power structure is undeniable. It has forced profound changes in policy and our way of life and those changes are irreversible. Over the past 20 years people with as little as an eighth or a sixteenth Maori ancestry have claimed their heritage and this practice is becoming more common – it gives turangawaewae, a “place to stand”. Rob McLeod, who chairs the Business Roundtable, a big business organisation, wears his (light-skinned) Maori descent as a badge. Ten years ago, perhaps even five years ago, he would not have.

Of course, miscegenation has blurred the ethnic boundaries between Maori and non-Maori. All Maori have some non-Maori blood, mostly ex-British, so they are part of the primary indigenisation. And twenty-first century materialism runs deep through the whole of our society. Maori like DVDs and Kentucky Fried as much as the rest.

But don't mistake this for a simple assimilation into a British-derived value-system. Too many Maori over too long a time have reclaimed Maori heritage and regenerated the culture and too many governments over too long a time have responded to their claims for a distinctive place in the culture, society and power structure for us to revert to the cosy homogeneity of the 1950s.

A program of redress for breaches of the Treaty of Waitangi, most notably over land taken illegally or duplicitously, has resulted in some large settlements with tribes and has also delivered nearly two-fifths of the fishing resource and one-fifth of the shellfish resource to Maori ownership – though it has ruled out claims for oil, gas and minerals and the radio spectrum.

Maori have claimed, and largely won recognition, for a wide range of “taonga” – loosely translated as “treasures” – which the Treaty explicitly purports to protect. These include preservation of the language, Maori sacred sites and Maori “knowledge”, such as herbal remedies.

In effect this has given a special place in public policy to Maori culture and spirituality. It is an animist culture that sees all things, animate and inanimate, as connected and sees the past and future as part of the present – you could hardly find a more diametric opposite to the post-Christian mainstream culture. In a wide range of legislation Maori must be consulted before decisions are fixed. This has led to a road being rerouted to avoid disturbing a taniwha, or spirit. It has led to more costs for developers and to some bad feeling.

Maori have also won, initially under conservative governments, a role in delivering education, health and some other government services through tribal organisations and agencies, on the grounds that they may be more culturally appropriate and so more effective. There have been some scandals over misappropriated money or unsafe practices but also some impressive success stories.

Putting all that together has encouraged some Maori intelligentsia and leaders to assert a parallel social and political order with the European and even (a few) to argue for parallel parliaments. This is a step too far for the majority – in fact, much of the rest is, too, though there has also been a remarkable tolerance. But it underlines the fact that New Zealand is bicultural before it is multicultural and that biculturalism is now about power-sharing, not just tolerance of and support for the minority's cultural activities. It is not a subset

of multiculturalism, with which New Zealand is also wrestling and which biculturalism complicates.

But there is a deeper development. Maori culture is beginning to infuse the newly indigenised ex-British culture.

Maori, as I have indicated, have absorbed a great deal of the dominant culture. All speak English, all but a handful as their first language. They all live in a predominantly British-derived society and share the aspirations and contradictions of that society. Even the most ardently traditional Maori are bicultural – and in modern hands Maori arts and crafts are drawing on a wide variety of non-traditional influences, particularly “western” influences. Most Maori want what non-Maori want from the economy. And large numbers of Maori do not practise or even know traditional Maori culture and are indistinguishable from the ex-British except by colour and often not even that.

But now the influence is also working in the other direction. There have always been tokens of Maori culture in the majority culture: place names, the All Blacks’ haka, a few words, a couple of songs young people sing in London pubs to distinguish themselves from Australians. But now it is spreading and deepening.

In 1999 the singing of the Maori version of the national anthem at the rugby world cup triggered uproar among non-Maori. Now the standard way to sing the anthem is the Maori version first, followed by the English version, even at conferences of the conservative National party. The word hui is widely used for a meeting or conference and other words that are mysteries to Australians are sprinkled on the pages of our newspapers and not in italics. Even quite conservative people frequently begin a speech with a few ritual phrases of Maori. Few formal events now do not start with a powhiri, a formal Maori welcome. Almost without noticing it and with little fuss, non-Maori are acquiring some Maori habits and language. No indigenised ex-British in New Zealand can be entirely free of Maori culture. The two indigenisations may often appear in conflict but they are also intertwined.

And this entanglement is going to deepen as the generations pass. If you are under 25 you have been confronted with Maori culture in school; you are, for example, highly likely to have done some kapa haka, traditional Maori song and dance – even the palest-skinned and most conservative schools have their kapa haka groups. At the national schools choral contest in the past couple of years, the boys of Christ’s College (New Zealand’s Geelong Grammar) have thrown off their jackets at the end of the contest and performed a vigorous haka. Kapa haka is beginning to develop new forms that scandalise Maori traditionalists but it is driven off Maori culture and it will be something very distinctively New Zealand.

Next consider music. The most vibrant driving force in young popular music is coming from Maori and Pacific islanders, especially Pacific islanders. In the theatre Maori and Pacific islanders are emerging as writers and performers in growing numbers. In the graphic arts the same building on Maori tradition is creating new forms that cannot be from anywhere but New Zealand-Aotearoa. I don't want to overstate this. It is in its infancy and its influence on mainstream culture will develop only gradually over the next generation or two. The mainstream is still unmistakably British in origin. But I think the influence of Maori and Pacific culture will grow inexorably over the coming generations.

Note that I have in the past couple of references slipped in "Pacific" beside Maori. Samoans and other Polynesians from New Zealand's tiny former empire to its north-east – the area New Zealanders habitually think of as "the Pacific", by contrast with the Australian focus on the "arc of instability" in Melanesia – are increasingly making an impact, not just in sport where they are now indispensable, but in popular and fine arts.

And in the process the link with Polynesia, broken with the great Maori migrations eight centuries or so ago, is being reforged. Maori were isolated for six centuries and then dominated by the British for most of the following 200. Now they are being reconnected with their northern heritage, rejoining the Pacific. And not just Maori. New Zealand as a whole is gradually being Pacificised or Pacificated. We have lived in the Pacific while remaining, most of us, in Britain in our heads. Now we will gradually become Pacific in our heads, too.

You may find this novel. If so, you will not be alone. The Pacific influence is still largely below the national radar. Most New Zealanders have either not registered it or have registered it only subconsciously. But, with nearly a third of our under-25s of Pacific ethnicity (Maori and the islands), the influence will over time reach through the subconscious into the mainstream of our national life.

It will be a growing distinction between New Zealand and Australia. It will make New Zealand even more incomprehensible to Australians than the ANZUS breach did. I have often felt Australians have puzzled about New Zealanders in much the way Henry Higgins did about women in *My Fair Lady*: "Why can't a Kiwi be more like an Oz?" The answer lies in the Pacific.

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Lt General Peter Leahy AO (Chief of Army)

The Australian Army in the 21st Century

Dr Tim Flannery (Director, South Australian Museum; Author *Country* [Text 2004])

My Country – Flannery's Australia

John Hamilton (Associate Editor, *Herald-Sun*; Author *Goodbye Cobber* [Pan Macmillan, 2004])

Dr Melanie Oppenheimer (Senior Lecturer, University of Western Sydney; Author, *All Work No Pay: Australian Civilian Volunteers in War* [Walcha, 2002])

Stories From The Front – and the Home Front

Heather Ridout (Chief Executive, Australian Industry Group)

Hon Warwick Smith (Executive Director, Macquarie Bank)

Australian Business & China: Two Views

Wayne Swan MP (Shadow Treasurer)

Labor's Economic Agenda: Creating Wealth for the Common Good

Christine Wallace (Journalist; Author *The Private Don* [Allen & Unwin, 2004])

Donald Bradman: A Private Life

Michael Ledeen (Resident Scholar, American Enterprise Institute [AEI]; Author *The War Against the Terror Masters* [St Martin's Press, 2002])

The War Against the Terror Masters

Mark Scott (Editor-in-Chief, Metropolitan Newspapers, Fairfax)

The Business of Great Journalism

Professor Cheryl Saunders AO (Professor of Law, University of Melbourne)

Professor Geoffrey Bolton AO (Chancellor, Murdoch University)

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David Marr (Journalist & former presenter, ABC TV *Media Watch*),

Catharine Lumby (Director of Media Studies, University of Sydney)

Gerard Henderson (Columnist, *Sydney Morning Herald* and *The Age*)

The Media and Australian Politics

Dr Michael Keating (Former head, Department of Prime Minister & Cabinet; author, *Who Rules?* [Federation Press 2004])

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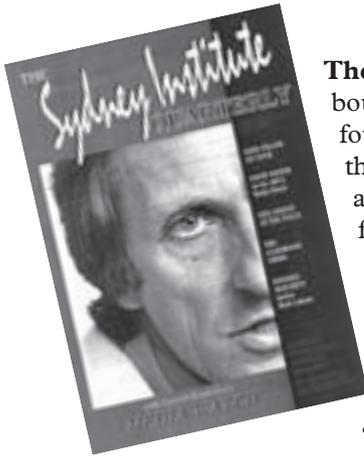
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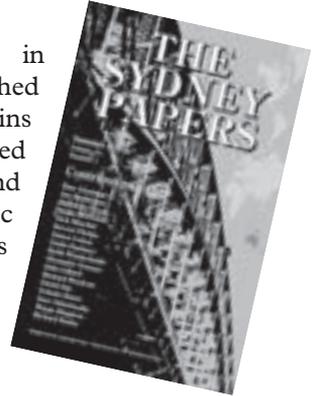
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