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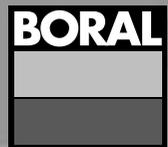
# The Sydney Papers

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BORAL



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Photo – David Karonidis

*Yasmina Khadra*

Yasmina Khadra is the nom de plume of Mohammed Moullessehou, an Algerian army officer. His first books were thrillers, set in today's Algeria – a country where over 50,000 people were killed in a civil war after the elected fundamentalist party was removed by military coup. He is also the author of three books published in English – *In The Name of God* and *Wolf Dreams* and *The Swallows of Kabul*. He now lives in France. When Mulessehou was identified his loyal readers in Algeria and France were shocked. Yasmina Khadra - "Jasmine Green" – was a man. His novels are critical of both Algeria's Islamists and the politicians who run the country. Yasmina Khadra addressed The Sydney Institute on Tuesday, 24 May 2005.

# FROM ARMY OFFICER

## *TO WRITER OF FICTION*

**Yasmina Khadra**

Good evening. I'm very happy to be in Sydney, even if I haven't seen much of it yet. Thank you for having come in such large numbers, I'm touched. I am Algerian. I was born in 1955 in the Sahara to a father, who was a nurse, and a nomad mother. My father participated in the Independence War and became an officer in the army. After independence, he wanted to offer something to his country: I was his gift.

In 1964 when I was nine years old, my father sent me to a military boarding school. At that age one has neither the courage nor the force say, "No", so I accepted my fate. This school was conceived for orphans of the war, whereas I had a mother, a father and a whole tribe of people surrounding me. I never understood why my father abandoned me to this academy. It was an extremely difficult life. But I had the suffering of others around me to attenuate my own. I was a puny little weakling and never did I muster the courage to desert. Then one day I discovered literature. It started with the classic Arabic story tellers and then the fables of La Fontaine. I discovered the power literature has to help us dream. And every time I opened a book I had the feeling that I was deserting.

The school where I grew up was a medieval fortress with quite high walls, so thick you couldn't even hear the traffic outside. Terrible. Then one day I decided to write a little fable. I was perhaps ten years old. It was pure plagiarism. Then I also wrote "Little Mohammad", which was another example of plagiarism. It was the story of Tom Thumb with the nuance that little Mohammad decides to stay in the forest rather than make his way home as Tom Thumb did.

Everywhere I go people are surprised to see a military officer and a writer in one. In my view all military people must be writers because it is the only other way for them to be anything else but pawns. Every book I wrote was a way for me to say, "No." At 17 I wrote my first publishable collection of short stories. And it was good being a soldier and a writer, especially in the Algerian Army. I was an amazing success. All my junior colleagues who wanted to write letters to their

lovers came to see me. So I wrote letters through which I vicariously lived these amorous liaisons. And I discovered a wonderful phenomenon: that is you can be beautiful through words. This was a great discovery for me as I really wasn't pretty to look at, much like today, being gaunt with cropped hair. It was an easier task for me to perform the twelve labours of Hercules than to seduce a young woman. My first love letter came from a young high-school student. And I wrote a letter to her, everyday. And through words I learnt how to love. I thus started my career as a writer.

At the time I was a lieutenant in the Algerian Army. I was already quite lucky to be able to write within this institution. What was important for me was the writing above all. I managed to write six novels. These were quite modest attempts because I had to censor myself. I didn't ever attack the real problems. Then in 1988, I won a small literary prize in France. Between France and Algeria, there is a very passionate relationship and of course the military hierarchy immediately thought that I must be a traitor. They imposed a censorship committee on my work. A pamphlet was distributed among the whole army asking all writers within that army to submit their text to a central military censorship committee. For several weeks I fielded telephone calls from curious people. Who was this pamphlet addressed to? I was of course the only novelist in the Algerian army. As I was already censoring my own works, I couldn't imagine how I could possibly submit my work to another censorship committee. What would be left of my work after this? So I decided to stop writing. That was very easy to say; but very hard to do. I was very unhappy and my wife was having difficulty putting up with me. She said, "Why don't you write under a pseudonym?" I told her that in Algeria it was not possible where the military had the means of uncovering the person behind a pseudonym. Then she told me this magical thing, "You gave me your name for life; I'll give you mine for posterity." I was so proud that I found the courage to write again.

For eleven years I wrote in secret, never once revealing my identity. I started writing the Inspector Llob mysteries, a character who has become mythical in Algeria today. Then there was the fundamentalist war in Algeria. I was an officer, and my chief responsibilities were the war on terror. And, of course, I saw monstrous things. The anniversary date of the beginning of the Algerian Civil War is 1 November 1994. I was in a cemetery to partake in a commemoration service. There were a lot of people, a lot of kids, and noticeably some scouts who were attracting attention because they looked so smart in their uniforms. Everyone was happy and then suddenly a bomb exploded. The scouts were no longer there. And then I sank into a mood which was ineffable, and hard to explain. One month later, I came back to my senses and lo and behold I had written a book which

was my next novel, *Morituri*. That is how Yasmina Khadra was born. I remember at that time the world had no idea what was going on in Algeria. So I tried to associate my profession as a military officer with my life as a writer to help explain things. And I think that I've shed much needed light on the Muslim fundamentalist phenomenon.

After the trilogy with Inspector Llob, I wrote *In the Name of God* and *Wolf Dreams*. When the Taliban decided to desecrate the ancient Buddhist sites, I took a lot of phone calls from European journalists. They couldn't fathom that this would be possible. My response was simple: read "*In the Name of God*." In my book, an ancient site is destroyed in order to construct a mosque. It wasn't until September 11 that people realised that Muslim fundamentalists could be the children of rich people, educated people, middle class people. I had already spoken of this in *Wolf Dreams*.

When I participated in debates in France about Muslim fundamentalism I was outraged by people's ignorance of the realities of the situation. People were making things up about the subject. So it was imperative for me to give people my concept of what was happening, relay my way of thinking. The Western approach has always been peripheral; people interpreting things as it suited them. The Western mentality is incapable of penetrating the mentality of the Taliban. I'm a Muslim. My intervention is a way of saying, Islam is not that. We needed to situate this phenomenon in its context: madness and governmental incompetence.

In *The Swallows of Kabul* I continue to speak about this phenomenon. I've never been to Kabul but I know intimately the mentality of the fundamentalists. We've had Taliban in our country, Algeria. Terrorists who have come from Pakistan. It was easy for me to describe Afghanistan because it resembles life in the Sahara. I'm very happy that this book has touched and informed lots of people.

People like the Taliban don't have a view of how society should be. They are not builders. They are vandals. And the only way they can justify their authority is repression. I didn't need to do extensive research to understand what they were trying to do because I have met these people in my life. I've spoken to them: they shot back at me.

It was very important for me to intervene. Today my combat, my fight, is even bigger. We need to shout louder than the gurus because Muslims will mimic those that best draw attention to the Muslim cause. If it's an athlete, all Muslims will be athletes. If a writer, all Muslims will be writers. If it's a terrorist, all Muslims will be terrorists. I'm leading my combat against these people. I'm jealous about the notoriety of Bin Laden. It's an uneven combat. What can a book do, albeit a master-piece, against terrorist attacks.

Yet I believe in it and I continue to believe in it. Already my books have managed to effect change in Algeria. In 2001, one year exactly

after the attack in New York, at a book conference in Frankfurt, I received such an overwhelming reception, so much so that fundamentalists decided to chase me out of Germany. They condemned me, and those that had invited me, to death. Against my will, the organisers put me on a plane to return to France. I believe that in life we are never really safe, so I returned to Germany to continue my book tour. In Munich there were three people who asked to see me who were fundamentalists. They told me that my books had helped them not to be drawn to the “dark side”. If it’s only for that, I need to keep writing. If my books can save one person on this earth, I’ll keep on writing. I’m someone that believes that literature can set the tone and morals of a country.

I can quite confidently say that fundamentalism has been defeated in Algeria today although there may be some small groups of militants remaining. But the problem is that we didn’t learn anything from this war. Little else has changed. Corruption, repression, incompetence and nepotism still exist. Maybe a miracle will occur and people will change their mentality. The Koran says that you can only change a nation once you’ve changed people’s mentality. And there are other like-minded people who are trying to change people’s mentality.

A few weeks ago I was in Kuwait city where I was honoured and given quite an esteemed prize. The motivation for giving me this prize was that I had made a contribution to changing the mentality of Arabs. This is my victory.

But the Western world, I believe, has chosen to speak to the terrorists. I’ll give you a very simple example. If there was a terrorist today in Paris giving a conference and me giving one at another venue nearby, everyone would be going to hear the terrorist. I’ve actually been in a situation like this in France, competing for an audience with a fundamentalist. There were twenty people at my meeting and more than a thousand at his. It’s the choice of the Western world.

In Algeria we’ve worked for years against the fundamentalists; we’ve never been helped. In ten years we waged a war against the fundamentalists with general indifference from the Western world. In Algeria, it was September 11 every day. Four years ago in France when the French press attacked the Algerian Army they went as far as to say there were no fundamentalists in Algeria, only Army officers who killed civilians. When I tried to explain, I was excluded from the debate. Before I came to France, the French said that my books were some of the best analysis of the problems in the world. But when I defended the Algerian military I immediately became a suspect and I’m still paying for that today.

*The Swallows of Kabul* received very small media coverage in France. It was primarily the bookshops that made it live. Even given the honour of best book of the year, it practically went unnoticed

in France. And, as I live exclusively by writing books, that's quite a dangerous predicament. It's a form of censorship.

But when I speak about the French media, I'm not referring to France the country. France has helped me more than any country in the whole world. The French ambassador helped me to come to Sydney. In Hong Kong, Toronto, Madrid, wherever I've been, they're there for me. So I make a distinction between the media and this Christian generosity which is represented by France. I left Algeria for one simple reason - and not because I felt threatened, because I don't let myself be afraid of fundamentalists. In France I'm offered quite a lot of help to pursue my career as a writer. For example, when I was invited by the Sydney Writer's Festival, I gave my passport to the publishing house. That was it, as simple as that, and I was here. Any editing house in Europe can call me and the following day I can go and speak to them. In Algeria this would be impossible. It's a bureaucratic nightmare. I'd need to fill out forms, see people, it's terrifying. There are amazing authors in Algeria who don't have the same life as I do. Algeria doesn't create favourable conditions for writing. Books are a luxury. I sell my books at exorbitant prices there. There's no literary debate, there's no television and there's no radio because the system hasn't changed. Everything that might elevate the people and enlighten their consciences still remains practically forbidden.

In one of my books I wrote that the biggest sacrifice is to continue to love life, come what may. I hope that people will become aware of this. For me, fundamentalism is itself a form of suicide. In the West, there are young people who can find no other solution than to kill themselves. They're lost. Some people in our society only think of killing others. But I'm very optimistic. There's a veritable revolution that is fomenting in the Arab world and if there are demonstrations in the street, so much the better.

Meanwhile, I'm will keep on writing. My next book is called *The Attack* and it takes place in Israel.



Photo – David Karondis

*Maryanne Confoy*

Morris West died at the age of 84 in 1999. His heyday as a writer was the 1960s and 1970s. His novel, *The Shoes of the Fisherman*, published the day Pope John XXIII died in 1963, was an unforeseen publicity coup. Through the 1980s and 1990s, however, West's fiction became increasingly issues-driven and polemical. Maryanne Confoy, Professor of Practical Theology, Jesuit Theological College, and author, *Morris West Literary Maverick* (John Wiley) believes there is much to the life of such a profuse author who remained something of a mystery, not least of all to himself. Maryanne Confoy addressed The Sydney Institute on Wednesday 25 May 2005.

# REMEMBERING

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**MORRIS WEST**

**Maryanne Confoy**

Why remember Morris West, and why write a biography about him? The man was a popular and prolific writer with over 30 books, plays, films and an extraordinary number of radio serials in the late 1940s and early 1950s. He was perhaps best known for his church trilogy, *Devil's Advocate*, *Shoes of the Fisherman*, *Clowns of God*, thrillers such as *The Ambassador* on the Vietnam war and its political intrigues and *The Tower of Babel* set in the Middle East and still pertinent in terms of its perceptions of the issues underlying the battles.

Alongside his fiction he also wrote articles in international journals and newspapers on politics, religion and travel. A lover of art, he enjoyed painting in his later years and he loved to write poetry – especially at meals with his friends. He was a renaissance man whose love of history, the arts, and of languages, of which he spoke several fluently, shines through his writings and in his conversations. His book-sales ran to around seventy million, and his works were translated into twenty-seven different languages. For this type of success and public prominence at first on the international and then the national scene, West had to be more than simply a good story-teller. He was deeply concerned with what was happening to the people in the world around him, and he was equally concerned with what was happening within himself.

I am a man involved in the life and affairs of my own time. I am involved in its economic, political and moral dilemmas, my novels express these dilemmas in dramatic form. They focus the reader's attention upon these dilemmas as I have experienced them in my own life.<sup>1</sup>

West wrote in order to understand himself, and to make some sense of what was happening in the world around him, and in doing this he helped other people understand some of the issues that they were facing in their own experiences.

I write because of the common need of man to communicate himself, if only to a blank sheet of paper; because the knowledge of myself is a weight on me and I have no right to lay it all on the woman I love.<sup>2</sup>

One of his early successes in the late 1940s that illustrates his approach to writing, and one reason for his early popularity, was his radio serial:

The Burtons of Banner Street - Presenting the story of an ordinary family - one family of all the families in the world who are going about their business with faith and courage, for upon them rests the burden of rebuilding the world that was.<sup>3</sup>

This was a post-war serial and West was well able to tap into the memories of ordinary people in the dialogue. A letter to the Editor of *The Listener In* commented in the "Axes and Orchids" section: "Orchids to a rather well publicised radio program of 3 AW, 'The Burtons of Banner Street' a serial which has been running for a long time now, and I wouldn't miss an episode". Robert Peach commented that "Grown up children all listened to it and identified the Burton's problems with their own problems ... You had to have problems and problem solving to have a serial!"<sup>4</sup> This serial was programmed to run on around 30 Australian radio stations and produced around 1000 episodes – the first Australian radio serial to achieve this – in spite of the constraints that the sponsor, Bex manufacturing company, placed on the writers:

No booze. No politics. No religion. No agnosticism. Nothing of the supernatural. No divorce. No indelicate situations. No questionable phrases, suggestions or innuendoes.<sup>5</sup>

West and his staff certainly worked in a different advertising ethos from the present!

Through the radio production company he set up in the late 1940s *Australasian Radio Productions*, West serialised the novels of P.C.Wren, Sherlock Holmes<sup>6</sup> and he adapted the BBC production of Dick Barton, Special Agent.<sup>7</sup> Another great hit came from the Arthur Upfield Australian mystery series with half-caste aboriginal Detective Inspector Napoleon Bonaparte (Bony) as the hero. This program was produced in 1952 to critical acclaim.<sup>8</sup> He had a long-running "Colin Chester" series titled: "The Mask of Marius Melville", "Darkness on the Danube", "Forbidden Frontiers", and "Assignment in Athens". Robert Peach played the part of Aubrey ffyshe ("spelled with two small ff's dear boy") with panache. West had great fun with his character "The Great Ho T'ung" a mythical Chinese philosopher-poet in the series. Soon people everywhere were quoting 'The Great Ho T'ung' and his aphorisms for every close call, wise word, or awkward situation, and even for the mundane: "The Great Ho T'ung says it's time to leave now mate!" West had a capacity to capture the imagination of his listeners, and to use catchy terms and names that people remembered easily.

West enjoyed describing the origin of his creation of Aubrey ffyshe's name and character. For an expensive Hector Crawford production, "The Magic of Music" a full symphony orchestra had been hired at great cost. The appointed time for the production to commence arrived, and all were present, except for the narrator, a bumbling, gifted, alcoholic English ex-d'Oyley Carte singer, Clifford Cowley. Brilliant though he was, and gifted with a magnificent voice, Cowley drove his co-workers and employers to distraction by his eccentricities and his self-indulgence. On this particular occasion the orchestra had arrived and settled down; they were all ready to begin the rehearsal but the narrator, Cowley, was missing. Calls were made to various watering-holes, but Cowley was not to be found. With the narrator for such a crucial role absent, they could not even commence the rehearsal.

Several hours later, a drunken Cowley staggered on to the set and took his place without any apology to anyone. Crawford was furious and ground out the comment: "Mr. Cowley, you are very, very late, and your lateness has cost us an enormous amount of money." Cowley's never-to-be-forgotten response to the towering figure of Crawford was, "Mr. Crawford, in England we spell fuck with a double f. Now, ffuck off!" West delighted in the retelling of the story of the shocked reactions of those present. Cowley's character then became the basis of his series, "The Mask of Marius Melville". Subsequently, West developed his "Harlequin" serials in which Robert Peach played George Harlequin, a character later to be developed further in his novel, *Harlequin*.

West's writing career had its beginnings when he was at school at Christian Brothers' College, St Kilda, editing the school paper. He had a sense of his own writing gifts and was critical of the efforts of some of the masters with whom he worked. He wrote his first book when he was in his late 20s - it caused such a storm in the Catholic world of the time that it became a best-seller. The first run sold out and within the year it had a reprint and the sales ran to around 10,000 copies. Published in 1945, *Moon in my Pocket* told the story of his Catholic family life, his life as a Christian Brother, his departure from the Brothers, his first love affair and his experience as an Army Intelligence officer in World War II. This was the book that made West a maverick in the Catholic society of the time.

These were the days when a code of silence prevailed in most families and communities, especially in the community of the Irish Church of the 1940s and 50s. People did not talk about things that happened at home, publicly or even privately. Loyalty was upheld at the price of truth, and to question or betray this was to risk being shunned by family and friends. By lifting the veil from the cloistered

monastic life and exposing it to the public, West was seen as a traitor – a scandal to his family and his church!

It was through the contacts made as a consequence of the success of his book on Mario Borelli and the children of Naples, *Children of the Sun*, that West received his first journalistic accreditation to the Vatican from the London newspaper *Daily Mail*. West contacted an American friend George Seabury who lived in Rome, and was a high-ranking Pan American executive. Seabury had important contacts through his public relations networking in the airline. All the American clerics flew with Pan American at that time. Seabury helped West with the flight, lent him his flat while they were in Rome, arranged an audience with the Pope, and opened up new avenues socially.<sup>9</sup>

West's background in a religious order was useful as were the social and professional contacts he made in Rome during that time. They provided him with both themes and content for novels which were constructed around Vatican intrigues and which included paradoxes and contradictions in Catholic life.

One of his most powerful opening sentences was the opening line of the *Devil's Advocate*, in which he described the experience of a "Vatican Mouse", Monsignor Blaise Meredith, a character who was based on an English clergyman that West met. Meredith had been diagnosed with terminal cancer: "It was his profession to prepare other men for death; it shocked him to be so unready for his own."<sup>10</sup>

West was spoken of as a prophetic writer. He was always a step ahead of the crowd with his writing technique. He would ask himself, "What if ... ??" He would then pursue his hypothetical question with the possibility of developing a mystery or a thriller. Luck was sometimes with him; he had an extraordinary success with *Shoes of the Fisherman*. He was in a cab with Joy in New York for the book's promotion when they heard the news of the death of John XXIII – the timing was perfect! With the cabdriver they went to the Cathedral to pray for the Pope.

His "What if?" question for *Shoes of the Fisherman* was his interest in what could happen if the Catholic church had a Pope who had himself experienced the abuse of power. West did not depict his newly elected Pope, Kiril I as an Italian as most Catholics would have expected. Instead Kiril was a Ukrainian Cardinal who had escaped from a communist prison camp in Russia. The concept that West had struggled with in this novel was again one of personal and communal openness to both institutional and personal change, and to the question of freedom.

West's basic questions were related to Kiril's suffering in the gulags. Would a man who knew what it was to be totally powerless and dependent on his jailers be more liberating and empowering in his

leadership of others? Would his own experience of repression mean that he would be more liberal to dissenters in the church? Would this be the occasion when a church leader would be open to the prophetic element in his dealings with his people and his world?

The novel shows that a liberal stance in any organisational leadership, and particularly, that of the Roman Catholic church is a much more complex issue than it might appear to the uninitiated and naive. Kiril's antagonist in the exploration of liberty and leadership is the Russian. Kamenev, a Marxist ideologue who, paradoxically, is more open to change than Kiril whose Catholic faith, in this context, is debilitating and constricting for him and those he serves, rather than liberating. Political inertia, "a prudence, a reserve in public utterance and public action"<sup>11</sup> as proposed to him by his counsellors begin to affect Kiril. The Vatican mindset is discussed by one of Kiril's supporters amongst the Cardinals:

We move familiarly where (Kiril) must move for a while awkwardly and strangely, in the headquarters of the Church. We accept the inertia and the ambition, and the bureaucracy because we have been bred to it, and in part we have helped to build it. You know what he said to me yesterday? ... I celebrated Mass once in seventeen years. I lived where hundreds of millions will die without ever having seen a priest or heard the word of God, yet here I see hundreds of priests stamping documents and punching time-clocks like common clerks.<sup>12</sup>

West did not tone down, and nor did he caricature his picture of the problems he saw the Church facing as an institution, with its political constraints operating both within the institution itself, and in its international political identity. He simply wrote about what he had observed and heard spoken about in Rome:

Men who did a godly work were apt to become careless of the human aspect of it. Men who dealt with the currency of eternity were apt to rest too hopefully on the future and let the present slip out of their control. Those who were sustained by the two-thousand year old structure of the Church were protected too softly from the consequence of their own mistakes. With so much Tradition to rest on, they were often prickly and suspicious about new modes of Christian action.<sup>13</sup>

West had experienced life in many spheres of action. He had experienced life in the church, the army, the media, and in politics - he was number 73 in the line of secretaries sacked by Billy Hughes. He experienced life in Hollywood as a screenwriter for his novels that were produced as films - *The Big Story*, *Second Victory*, *Devil's Advocate*, *Shoes of the Fisherman* and *Salamander*. He knew the poverty of the depression era and he enjoyed the luxuries of the millionaire as a successful novelist. All these experiences fed into his novels, but also into his public stand on behalf of the underdog. He had a finely tuned sensitivity for those who suffered from bullies or the abuse of power.

Over the years West expressed his resentment of the fact that in his formation years in the Brothers he had been deprived of reading the newspapers, so he made up for this with an avid interest in his world – a world which has some striking similarities with our own. West’s concern for the struggle between good and evil disturbed him, particularly when he lived in Europe in the 1970s when the Red Brigade and other terrorist groups were beginning to hold political leaders to ransom by their violence. At that time he described himself as near to despair at the struggle between good and evil in the world, with his perception of the balance tipping towards evil rather than good. He gave public lectures and tried to write about the issues he saw. While his battles went on outside himself in relation to a number of causes and political movements, it was raging within as well.

In that darkness of near despair I tried to force myself to remember all that I had been taught as a child and as a man, endowed in a religious family with the gifts of belief and hope and love. In that same moment I found myself asking whether the gifts were not an illusion.<sup>14</sup>

It was a crisis of belief in human nature that he experienced in this period. Out of this despair came some of West’s most powerful writings about the divided self. He had a succession of books, all working around the same theme of hope and despair in a world of madness.

The difference between good and evil (is) how much you’re prepared to pay for survival. The killing of a child? A blasphemy against the dignity of man? A rejection of the God you worship, if you have one? But who sets the price? Who draws the hair-line? And why is one man’s right another man’s wrong? That’s the real tragedy of the human condition. We never know for certain. Play all the rules, give homage to every commandment and every counsel in the Book, you still come to the point where you don’t know.<sup>15</sup>

West’s understanding of the pain and complexity of both having the right to choose and in making a choice between good and evil comes through in novels such as *Proteus* which examined the phenomena and epidemiology of violence in our society. In *Proteus* West was exploring the question whether the goodness of one human being could triumph over the evil of another. If the thoroughly evil person violated a thoroughly good person, could such a violation be overcome by goodness alone? Or would the good person have to resort to evil in the effort to act to save the life of another? In this case the good man’s daughter had been kidnapped by terrorists. “If I act I become one of them. If I act not I become their slave.”<sup>16</sup>

The novel explored ways in which “bridges of benevolence”<sup>17</sup> can be built. Such bridges enable people to overcome the cruelty and violence that have become endemic in society, and provide alterna-

tives to the imposition of “the discipline of fear” as a control and to the militaristic responses that arise so easily in society today. The ex-soldier could never forget the tragedy of war: “Herein lies the reason for my near despair during the writing of *Proteus*. The lessons of war have been forgotten ... Even in the most tolerant and civilized society, cruelty still is used as an official instrument of social control.”<sup>18</sup>

For West, “most sinister of all, the public has been conditioned for a long time to a new mythos of violence”. His concerns were not irrelevant to today’s world. West was convinced that history repeated itself.

Every time I enter an airport, there are armed guards and body searches by security men. I am supposed to be grateful for their protection. I feel rather that I am trapped in a repetitious nightmare of menaces and mayhem. ... Yet I am one of the privileged. So far, thank God, the violence has not touched me or my family. But what if it did? What if my son were battered to death in a police cell, my daughter violated by the interrogators of a secret police? This was the point of departure for *Proteus*. It was also the beginning of a private inquisition into what I was, what I truly believed, and to what extremity that belief would sustain me.<sup>19</sup>

Although the issues West was anguishing about were different, the political response was not unlike some of our own struggles in the present time.

In the early 1950s the Korean War was being waged and in the post World War II experience many people feared there was an imminent possibility of its expansion into a wider war.<sup>20</sup> There was “a sense of foreboding” about the “increasing peril” from over-populated South-East Asia<sup>21</sup> among Australian citizens. In the post-Pearl Harbour world, the advisability and the legality of pre-emptive strikes on potential enemies were being discussed on a variety of fronts.<sup>22</sup>

The intrigues of the Petrov affair reinforced the political tensions and divisions and the Australian sense of being under threat.<sup>23</sup> There was a great fear of the evils of communism, particularly within the Catholic community. “Virtually every issue of the Catholic papers reported communist attacks on Catholic laity, bishops, priests and nuns ... the ‘Red Juggernaut’ (was) heading straight for Australia.”<sup>24</sup>

West’s European experience had shown him what the fear of the stranger, the enemy, can do to the fabric of trust in people and in their relationships. *In Clowns of God* he wrote:

Fear is everywhere ... it taints the most casual talk. It enters into the simplest domestic calculation. Our faculty members are now asked to report to the security service on the political affiliations of our students. So this, the most elementary of relationships is corrupted ... the propagandists raise what Churchill called ‘the bodyguard of lies’. But if fear is an infection; despair is a plague ... How does one express these in terms that will keep human hope alive?<sup>25</sup>

I am convinced that if West were alive today he would be speaking out against the politics of fear and the promotion of a culture of violence now as he did then. His concern was always for the human casualties and consequences of such political maneuvering. "It's the old story: if you're faced with riots at home, start a crusade abroad. Man is a mad animal, and the madness is incurable."<sup>26</sup> West had no illusions about war – in Asia or the Middle East.

As one of the leaders in the teach-in against Australian involvement in Vietnam at the Australian National University, Canberra, on 27 July 1965 West gave a speech that was memorable for its impact on the Australian response to the war. In his analysis of the protest movement in this period, Donald Horne commented that Morris West's intervention was a turning point for the anti-war movement.<sup>27</sup> In an interview 30 years later, West wrote of the experience:

I remember my speech very well and the consequences and I simply said that I do not believe ideas can be stamped out by guns and bombs and that we shouldn't be fighting Asians in Asia and that the whole thing would have dire consequences. That was a turning point in my own life. ... we were threatened ... people told me that my children were going to be molested in some way on their way to school. And it confirmed the realization which I had come to, that the writer, independently of the worth of what he does or says, has an importance in this community, he has a responsibility, and I guess that's the line I've followed through my life.<sup>28</sup>

Against the political leaders of the time he argued:

The terrible danger of an act of war is that it appears to absolve us from all our inconsistencies of moral attitudes and all our real wrongdoings. Once we send a man to fight for a cause, we believe we have discharged all our obligations to the cause. We don't any more question whether the cause be good or bad, because we have sanctioned it with blood ... And this is where the truth ends and we begin to create myths to justify ourselves.<sup>29</sup>

West suffered for his stance: "Sir Frank Packer and his patron Bob Menzies and the editorial staff of the *Daily Telegraph* gave me concentrated hell for my public interventions on the Vietnam issue."<sup>30</sup> Bomb threats and threats to harm his children came by phone and mail.<sup>31</sup>

The sophisticated instruments of modern communication can be converted overnight into the tools of tyranny, to stifle protest and pervert the national conscience. If you read with half an eye you can see it happening now. We are being conditioned for war. We are being systematically desensitised to its implications.<sup>32</sup>

West had seen the power of the written word to change people's minds and to influence societal movements. One of his first experiences of this was in 1957 when *Children of the Sun*, his story about the worker-priest Don Mario Borelli and his work on behalf of abandoned

children in Naples, was received with such acclaim in Europe and the United States. He described his reaction to the many tributes that he received in those years of success:

And once again, there was this extraordinary sensation of being caught in a dimension to which one personally did not seem to belong, and once again, parallel with that, was the extraordinary sense of power. It was in a very strange way an experience of mystery... I recalled ... something that Borelli had said to me ... "At this moment Morris, you and I are the most dangerous men in the world because we have an idea and we have the means to put it into words".<sup>33</sup>

That West took his role as a writer so passionately can be seen in the relationships between West, his editors and his publishers. Normally the reading public is not privy to what takes place behind the scenes of the book publishing world. Some of these stories could almost make a television series in themselves. West's initial entry into writing was through his own experience as a radio producer and serial writer, but along with these he also brought the salesman's approach to his work. This was both a benefit and a liability to him over time and according to fluctuations in his popularity. West took an active interest in the business side of his publishing, with mixed consequences for himself, his agents and his publishers. As time went on West, "used his success as a sword over the head of his publishers ... His books were becoming less popular."<sup>34</sup>

West had published with William Morrow and Co. from 1957 to 1983 and was described as, "a company author".<sup>35</sup> This choice was not by chance, from the perspectives of both author and publisher. Morrow saw the success of *Children of the Sun*<sup>36</sup> and bought the rights to publish "a trade paperback reprint edition under license from Doubleday".<sup>37</sup> They saw West's promise in the early days of his writing, and bought *The Naked Country*, *Gallows on the Sand*, *The Concubine*, and *Kundu* "originally published as Dell paperback originals ... Morrow reissued the four in a one-volume edition."<sup>38</sup> West believed that: "The best publisher is one who understands that his own future is bound up with the future performance of its authors, individually and collectively. The author who leaps overnight into stardom is a rarity."<sup>39</sup> Larry Hughes, at first editorial director, and subsequently president of William Morrow & Co, had a good symbiotic relationship with West from 1961 to 1983 when he moved to Harper & Row. They were friends, but West was always on the lookout in case he was not valued, or treated according to what he believed he deserved in terms of both respect and remuneration. This sensitivity can be seen in his correspondence with the publisher and with his agents.<sup>40</sup>

Along with Hughes' plans for various marketing activities, his letters include warm invitations for dinner, and for theatre engage-

ments on those occasions when the Wests were to visit New York City. The hospitality was mutual, as was the obvious friendship that existed between both men and their families. Although it was primarily a working relationship their mutual affection and communication continued long after their alliance in business. A letter to Morris about how the publication plans for *The Tower of Babel* were taking shape also carried thanks to both Joy and Morris, for

... a lovely two days and nights in Rome ... Please Joy, give my very best to your swinging mother. Tell her we'll never forgive her if she doesn't look us up when she comes to New York. Again, thanks for your hospitality, generosity, and friendship ... I mean it sincerely when I say I think (your children) are three of the most attractive youngsters that I have ever run across, and considering that I have a few of my own I feel I am somewhat expert in that kind of a judgment.<sup>41</sup>

There were also gifts shared between families, books for the children, hospitality received and given, and other treats mentioned in the letters. The informality of their friendship is seen in the varied requests mutually asked and received. A letter from West asks a favour of Hughes, would he buy "one of those hideous plastic manufactured toys which is called 'Creepy Crawlers' ... and send it to Paul West, third class airmail ... and charge it to my account?" Hughes has a handwritten note on the letter asking a clerk to do the task and to let him know when "Mission is accomplished". At the same time it is a relationship based primarily on mutual respect and business.

On his return home to Australia in 1982, West continued his interest in the Australian publishing world, and particularly in regard to the rights of writers. In 1964, the same year that he was received into the World Academy of Science & the Arts, West was instrumental in the foundation of the Australian Society of Authors. West became its first vice-president, later to be the second president and he consistently worked towards negotiating better pay rates and rights for Australian authors. His review of the history of the society, *A Writer's Rights* by Deirdre Hill,<sup>42</sup> emphasised the importance of authors holding their rights sacred, both their copyright and moral rights. He held this belief firmly because writers were "under constant and subtle attack" by newspaper and magazine editors, film producers, and even "workshop theatre" – "who is the creator of the finished work – the director, the actors or the author?" He was one of the early voices to bring the notion of intellectual and moral rights to the Australian publishing consciousness. "These two entitlements – copyright and moral right – are fundamental to the identity of the author and to the economy of his professional life. So long as they are intact, the author has a standing-place. Without them he is a beggar in the marketplace."<sup>43</sup> Officers of the Australian Society of Authors met with the Australian Broadcasting Company in 1964 to negotiate for an increase

of fees “paid for the broadcast of unpublished short stories. The ABC raised the rate from £15 to £20.”<sup>44</sup>

One of the things that struck West on his return to Australia was “how close to the surface our traditional prejudices and attitudes still are ... Then I became aware of other things. Like the subsidised arts and how politicised they had become in a strange way. The institutionalisation, in some ways, of corruption, which has become a feature of our lives and which can be the jumping off point for greater corruption.”<sup>45</sup> *The Ringmaster* is a novel of international financial and political power-broking. An Australian polyglot is the “Ringmaster” in this circus of life. As he works with the major players in the intrigue the Ringmaster is confronted by the contrast between Western and Asian powers, and Australia’s global plight:

My own big empty country was in dire straits with three years’ wool-clip in store, no market for her grain, and company after company sliding into bankruptcy because of profligate spending of borrowed money and usurious interest rates ... We were in a hell of a mess. The international tariff agreements had broken down. Our farm products were priced out of the market by US and European subsidies. Our value-added industries could not compete against low-cost Asian labour ... My family have been on the land since the year dot. Now they’re all vassals and villeins of the banks.<sup>46</sup>

In an interview for the Spanish magazine *Revista Cosas* on his predictions in *The Ringmaster*, West responded “Everything predicted in *The Ringmaster* has either come to pass, or is still a threatening possibility – famine, civil disorder, ethnic rivalries, all the accumulated pressures of pre- and post revolutionary history.”<sup>47</sup>

Fiction and non-fiction come together in West’s efforts to take his country and its future seriously. His concern was for the generations yet to come. On several public occasions and in letters he speaks of children and their future. He worried about his own grandchildren and what sort of life they might have in a world in which they have had little influence, but where they inherit the burden of short-sighted and greedy generations that preceded them:

We have been spendthrift of our resources and now the bills are in. We have become partisans instead of patriots. We are dividing, confronting, introducing for vote-catching purposes policies untested and panaceas which may well turn out to be poison for this country. ... I want for myself and for my grandchildren none of these things. I want an equitable society. I want a judiciary beyond slur and I want a Parliament whose privileges and whose dignity are preserved by those who sit there and if a man has muddy boots I want him to walk outside until his boots are clean.<sup>48</sup>

West’s “pulpit-style” oratory does not come from arrogance but from a deep concern for and commitment to the wellbeing of

the future citizens of Australia and of the world. He continued his activities on behalf of those he perceived to be the “underdogs” of Australian society. He was an advocate on behalf of rural communities, indigenous people and he spoke out against what he perceived to be the community betrayal of banks and transnational corporations with their practices based on greed and with the propensity for corruption.

In the mid to late 1990s West began to think about a biography. He described his own autobiographical memoir as *A View from the Ridge: The Testimony of a Twentieth Century Catholic*. It was around that time that I began to work with West on a book that explored key themes in his writing and which was titled: *Morris West a Writer and a Spirituality*.<sup>49</sup> His commitment to his search for faith had intrigued me over the years, and I found his explorations of people’s search for meaning and purpose in the context of contemporary business and political circumstances, the intrigues and the conflicts, to be a helpful resource for my own students.

West took his faith seriously and spoke about it often, but a distinction can be made between his Christian creedal commitment and his personal spirituality as he posed three questions, “Who am I?”, “Why am I?”, “Where am I going?” These questions were answered by West in different ways at various stages of his life. Yet no matter how conclusively he believed he had dealt with them they kept coming to the surface and as a consequence, demanded of him yet another book to find new answers that would enable him to come to terms with the new life circumstances that confronted him as he aged. He recognised this recurring angst and tried to come to terms with it:

I believe firmly with Carl Jung, that every problem of the human psyche, no matter what its symptoms, is at bottom a “religious” problem in the largest sense of the word. The novelist who is prepared to address himself to the thoughts and feelings that come to people after dark, and in the recurrent solitudes of individual experience will always be read. The reading of the novel is a private, uninhibited and most intimate communion, and people are hungry for the kind of intimacy which affirms their individuality and also their “catholicity” in the universal brotherhood of man. Who is the only animal with the gift of laughter and the gift of tears?<sup>50</sup>

Each time the questions of identity and faith came to the surface West needed to revisit and rework aspects of his past in light of his present experience, and to generate renewed hopes for the future. His customary process was to develop his ideas through his works of fiction.

Although West’s literary fame as a Christian novelist was closely connected with the success of his church-based novels such as *The Devil’s Advocate*, his convictions about the God of his Christian

religion were not always matched by his personal affirmation of God in his innermost being. While West consistently affirmed his belief in the Christian God of love and mercy when he was questioned about it more deeply, his responses evoke a God of darkness, of absence, and of mystery.

In *The Devil's Advocate* his clerical protagonist engaged in lengthy discussions about belief in God's attributes of omnipotence and mercy according to traditional Church teaching, but at the same time he described the experience of "the eerie solitude of the believer in the presence of a faceless God whom he acknowledged but must soon meet unveiled and splendid in judgment."<sup>51</sup> This aloneness in the presence of a "faceless God" illustrates the paradox of West's own tentative understanding of the God of his faith and the God of his religion.

Throughout his life West struggled with his doubts, questions and beliefs about himself and his relationship with his God. On one occasion when he was asked in an interview about the devout Catholic upbringing he had received, he commented, "My faith is as much a part of my identity as the colour of my hair." The paradox of such a statement from a man so preoccupied with language is well understood by any person who is prematurely grey, or even going bald! Yet this was the faith that he also described as, "An inspired act of will which is our only answer to the terrible mystery of where we came from and where we are going."<sup>52</sup> In the spirit of the period West *willed* himself to believe in God. He struggled to maintain his openness to that belief, in spite of his recurring doubts. Once again, West's way to deal with the questions that haunted him throughout his life about belief and unbelief, about life and death, was through his writing.

West often spoke out against pressures to conform in church and society. He argued on behalf of the maverick, the dissident who sees things differently from the crowd. A favourite hero of West was the sixteenth century friar Giordano Bruno an unconventional thinker whom West records as being punished by his church, not for his evil actions but for his dissident ideas. A "wandering scholar and restless spirit", a dilettante in his approach to life, Bruno appeared to be devoid of courage for most of his life. It was primarily when he was under investigation by the Inquisition that the courage of his elemental convictions came to the surface.

When he was writing the proposal for the play *The Heretic* West commented in his research notes:

I have always felt a very intimate relationship with this long-dead scholar. I understood his burning curiosity. It was the same curiosity that drove me round the world during my first creative years. I understood the pressure of conventual life on his turbulent and inquisitive spirit ... I suffered as he did the sense of personal alienation and public censure. I,

too, had to find out, as he did, who I was and what I was and where there might be a place for me in the big world.<sup>53</sup>

That Bruno's story was West's preoccupation when he knew that his life was drawing to a close is an indication of his own efforts to make sense of what was often to him a senseless world of violence, tyranny and the exploiting of ordinary people by those in positions of power.<sup>54</sup> It was also a means of befriending his own past. In his Preface to the play, *The Heretic* West wrote:

I found myself in him: my fears, my doubts, my own wrongheadedness, my conviction that soon or late, a man has to know a reason for living or dying. The reason may be wrong, but man's right to hold the reason is inalienable ... I wrote what I felt and what I believed, and I cared not then, and I care not now, how the writing is received ... I have walked for a space in a dark land and, thanks to Bruno, I have survived the experience and live now a little humbler and much richer in endurance. Morris West, Sardinia, July, 1969.<sup>55</sup>

West was deeply touched by Bruno's searching faith and his openness to ever-deeper questions rather than a closure of belief.<sup>56</sup> When asked during his trial during the Inquisition to recant his beliefs, West has Bruno respond with his own question: "Who says with certainty / What is a matter of faith and what of proper speculation?" When the reply is that "The limits are defined / From time to time by Papal documents / The Council's and the Church's common mind" Bruno responds, "But the limits change. So what may burn / Me now, tomorrow may make me saint and doctor / Of the Church. You see my problem!"<sup>57</sup>

For West faith is a gift that is received or rejected, and it has to do with how people see their place in the universe:

To accept darkness, to accept that beyond the mystery lies a light, beyond the despair lies a hope – that is the nature of faith and the grace to accept that and the grace to accept life is what I am talking about.<sup>58</sup>

As he aged, West began to move more explicitly into an exploration of the faith stance that he described later as that of a man who believes in the "Unknowable God". "I've arrived at the stage in my life where I am, I think, a Christian agnostic. I believe in God ... God is a name for the Unknown and the Unknowable. This is the real trial of faith, so I say, 'I believe but I don't know'."<sup>59</sup> He described the dialectic between his acceptance of the Christian tradition and his belief in God as one of Christian agnosticism:

It is not difficult for me to believe in the existence of God. for me the word "God" is three letters in the Roman alphabet that signify an Unknown and Unknowable who is the active origin of the universe. ... My act of faith in Him is a daily leap through a paper hoop. I think the leap is no less reasonable ... than the act of the man who stands and does

not leap ... Some kind of gift - in the Christian vocabulary it is called a grace - is always needed to make a projection from the known into the unknown.<sup>60</sup>

On several subsequent occasions West used other images to describe this “Christian agnostic” belief in God:

You have a butterfly on your hand; now if you close your hand to hold the butterfly you will kill it. And it’s not for nothing that the Greek word for butterfly is psyche, which is the soul. You must just leave it there or you will destroy it. This for me is the symbol of what we are. We don’t know who God is, what God is, but yet we give it a word. And we are here in the palm of its hand as it were. Yet like the butterfly, we can’t escape the consequence of who or what we are. And that I guess is what all the books are about in one form or another.<sup>61</sup>

West’s early images of faith as a leap into darkness changed after he had heart surgery. He described the experience:

Before I came in (to hospital), I had my chaplain give me the last rites. I don’t know what I expected - a sense of relief perhaps, like standing on a railway station with all one’s baggage packed, waiting to board a plane for some exotic place ... It wasn’t like that at all ...It was ... a propriety only, a thing well done but somehow redundant. Whatever had subsisted between myself and the Almighty was as it had been, complete and final. I was held, as I had always been, in the palm of His hand. I could leap out of it if I chose, but so long as I waited to stay, I was there. I was, I am. I have to accept that it is enough.<sup>62</sup>

West’s death was a gentle passing over. There was no evidence of pain, the pen was in his hand as he sat at his desk, apparently asleep. The grace he wrote about so often had taken over.

Why remember West? In his review of *Morris West: Literary Maverick*, Peter Pierce comments that among Australian authors,

None has been so prescient in his fiction, whether predicting papal succession, international terrorism, the quagmire of Vietnam, or another Arab-Israeli war. Yet (West) is largely without critical honour in his own country.<sup>63</sup>

Perhaps it is time to give him the recognition that is his due.

## Endnotes

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1. In an interview with Zaida Cataldo, *Revista Cosas*, Santiago Chile 9 May, West acknowledged that in Peter Landon, the Australian psychiatrist in *Daughter of Silence* he tells his own story.
2. Outline for the possible autobiography, opening paragraph, 2 January 1993
3. Philip Jones, Unpublished History of ARP, 44
4. I am indebted to Robert Peach not simply for his generosity with time and his memories, but also for his wonderful story-telling and re-enactment of those ARP days.

5. Philip Jones, 44
6. The serialising of Sherlock Holmes' mystery, *The Hound of the Baskervilles* was another triumph for West and ARP. *The Listener In* , 20-26 March praised the program and its production, a first in Australia.
7. This program created great difficulties for ARP because the BBC had complete fifteen and thirty minute segments with no space for commercials. Kauler's technical skill was once again called on to adapt the program to Australian time requirements.
8. *The Listener In* , 28 June 1952, *Broadcasting & Television* 4 August 1952. Upfield wrote to Phil Jones to thank him for the cheque received and in appreciation for high standards of script writing and production which were true to his novels. 13 May , 1953.
9. Michael Le Moignan, 1989, 29.
10. *The Devil's Advocate*, 1
11. *The Shoes of the Fisherman*, 42
12. *Shoes of the Fisherman*, 49
13. *Shoes of the Fisherman*, 88
14. *A View from the Ridge*, 141
15. *Tower of Babel*, 146
16. *Proteus*, 18
17. *Proteus*, 21
18. Letter to Lawrence Hughes, 3 December, 1978
19. Letter to Lawrence Hughes, 3 December, 1978
20. Carl Berger, 1957
21. Bruce Duncan, 2001, 158
22. Bruce Duncan, 2001, 158-159
23. Bruce Duncan points out that Menzies did not make use of the defection of Soviet consul Vladimir Petrov and his wife Evdokia for election purposes when it took place on April 13th 1954. However, Arthur Fadden did, "and the media played up the communist issue". Bruce Duncan, 2001, 214
24. Bruce Duncan, , 214
25. *Clowns of God*, 169
26. *Clowns of God*, 108
27. Donald Horne, *Time of Hope: Australia 1966-72*, Sydney: Angus & Robertson, 1980, 52-53.
28. Marion Frith "Epilogue: The Summing Up of Morris West" *The Canberra Times*, Saturday, 6 August 1994. p.C1
29. From the Aston James Conference, Melbourne, 19 November 1990. The Amdahl Executive Institute
30. From the Aston James Conference, Melbourne, 19 November 1990. The Amdahl Executive Institute
31. Murray Waldren "The Tranquillity of the Tallest Poppy" *The Australian Magazine* 27 April 1996 12-17
32. Aston James Conference, 19 November 1990
33. The Playford Lecture, 1986
34. Interview with Larry Hughes, 21/6/01
35. Interview with Larry Hughes 21/6/01
36. Originally published as *Children of the Shadows*.
37. Letter from Larry Hughes to Martin Levin, 13 July 1995
38. Letter from Larry Hughes to Martin Levin, 13 July 1995
39. Morris West, *The National Times* 14-20 October 1983, 46-47
40. I am grateful to Anne M.Guzzo Assistant Archivist at the American Heritage Center, University of Wyoming for her help in making the correspondence

between Hughes and West available to me. I am also grateful to Larry Hughes for his generosity in relation to time and his material.

41. Letter from Larry Hughes, 23 October 1967
42. Deirdre Hill, *A Writer's Rights: The Story of the Australian Society of Authors 1963-1983*, Sydney. Australia & New Zealand Book Company, 1983.
43. Morris West review of, "*A Writer's Rights*": *The Story of the Australian Society of Authors, The Australian Author*, March, 1984, 10.
44. Deirdre Hill, "*A Writer's Rights*": *The Story of the Australian Society of Authors*", *The Australian Author*, March, 1984, 34.
45. *The Throsby Tapes*, "Morris West", Collins, Sydney, 1986146 (ABC Radio National, 9 September 1985)
46. *The Ringmaster*, 91, 96
47. Zaida Cataldo, "Morris West Interview for *Cosas Magazine*" *Revista Cosas* 5 September 1991
48. The Playford Lecture, 1986
49. Maryanne Confoy, *Morris West a Writer and a Spirituality*, Sydney: Harper Collins, 1997
50. Arthur T. Leone, "Author in Search of Himself", *The Catholic World*, Glen Rock NJ: Missionary Society of St Paul, Vol. 200, no.1, December 1964, 174
51. *The Devil's Advocate*, 41
52. *The Devil's Advocate*, 94
53. Research Notes for *The Last Confession*, section titled: "A Personal Connection".
54. Not only was West working on the book which was published posthumously as *The Last Confession*, but he had just completed the libretto of an Opera in two acts, music by Colin Brumby, 1999.
55. Preface to *The Heretic*, "A Play in Three Act" by Morris West, London, Heinemann, 1970, ix
56. A contemporary and popular example of such an approach among some believers can be seen in the poster: "God said it. I believe it. That settles it".
57. *The Heretic*, 87-88; In *The Last Confession*, West simply wrote: "what may burn me now, tomorrow may make me saint and doctor of the Church." 172.
58. Peter Costigan, "The Keeper of the Dreams", *The Herald*, 18 November 1986, 6
59. "Spirituality and Sexuality", Eremos Institute, Sydney. 11th. July, 1981
60. "Testimony of a 20th Century Catholic", *America* 2 December 1967, 679
61. Angela Bennie, "The Spirits that Move Morris West", *The Weekend Australian*, 18-19 June 1988, p. 9
62. *Lazarus*, 78
63. Peter Pierce, "Man Without a Shadow", *Australian Book Review*, April 2005, 39



Photo – David Henley

*Simon Guttmann*

From 1978 onwards, the monetary targets set by Malcolm Fraser's Liberal/National Party Coalition government were each exceeded. However, the policy of targeting was maintained as a vital component of economic strategy. Financial deregulation made the interpreting of the monetary growth very complicated, however, and in January 1985 projections were abandoned. Simon Guttmann is the author of a study of the evolution of monetary policy from the mid 1970s to the mid 1980s – *The Rise and Fall of Monetary Targeting in Australia*. He addressed The Sydney Institute on Tuesday 7 June 2005.

# **THE RISE AND FALL OF MONETARY TARGETING IN AUSTRALIA: FROM PHILLIP LYNCH AND JOHN HOWARD TO PAUL KEATING<sup>1</sup>**

**Simon Guttman**

On 24 September 1984 the Federal Treasurer, Paul Keating, was named *Euromoney* Magazine's Finance Minister of the Year. In Australia, Keating was quickly termed the "World's Greatest Treasurer".<sup>2</sup>

Since the election of the Labor government in March 1983, economic performance had improved dramatically – the inflation rate had declined; unemployment had fallen; and economic growth, for the most part, had been robust. In granting the award, *Euromoney* also cited the government's decisions to float the Australian dollar, remove foreign exchange controls, remove restrictions on domestic banks and allow foreign bank entry. Keating's introduction of these changes was described by *Euromoney* Managing Director, Sir Patrick Sergeant, as "bold, brilliant and above all brave".

Four months later, *Euromoney*'s accolade seemed a distant memory. The Australian dollar, after considerable stability following the December 1983 float, depreciated by 15.5 per cent against the US dollar over the first three weeks of February 1985. After stabilising in March, the dollar fell further in April. With a market-determined exchange rate seeming to provide a ready barometer, it appeared that the gloss on the government's economic performance, so evident in September, had vanished.

The dollar's fall reflected a variety of factors. The most important factor was the loss of confidence in monetary policy in financial markets. On 29 January 1985, just days before the Australian dollar started to depreciate, Treasurer Keating announced the suspension of the 1984-85 monetary projection he had presented in his August 1984 Budget speech. Based on the view that the money supply and inflation were closely linked, projections for monetary growth had been set in Australia since 1976. My book is about the influence of that seemingly

simple idea – that controlling the money supply means controlling inflation. It examines why this idea gained favour in the mid 1970s, how it was used to support a number of economic policies and why it lost appeal in the mid 1980s. In my remarks tonight, I want to provide some preliminary answers to these questions.

### **The road to monetary targeting**

The formulation and implementation of a particular economic policy approach has sometimes been explained as a result of governments simply adopting the advice of bureaucrats. Michael Pusey's 1991 account of the rise of "economic rationalism" is a good example.<sup>3</sup> The story of monetary targeting is, however, one of stark contrast. Targeting, essentially, was a political response by the Opposition Liberal and Country Party Coalition to the deterioration in economic performance in the early to mid 1970s. Understanding the rise of new policy approaches when they are embraced by a political party in opposition, and later implemented in government, is significantly more complicated, and also more interesting, than when policies are adopted by governments on the advice of bureaucrats.

In considering the rise of monetary targeting, it is perhaps useful to start with the academic world, as that is where the idea was first developed. The notion that there is a close and casual relationship between the money supply and inflation has a long history in economic thought. It can be traced as far back as 1752, to the Scottish philosopher David Hume.<sup>4</sup> The idea was reformulated in the early part of the twentieth century and then in the middle of the twentieth century.

A focus on the money supply seems to be most suited when the pressing economic issue is inflation. But in the decades following the Great Depression of the early 1930s, policymakers' overwhelming concern was the maintenance of low unemployment. Fiscal policy was the policy instrument of choice to achieve this, following the influence of John Maynard Keynes' 1936 *General Theory of Employment Interest and Money*.<sup>5</sup> In the *General Theory*, and also earlier work, Keynes had argued that through varying its own expenditure and taxation rates, governments could maintain a level of total or aggregate demand in the economy that would ensure the maintenance of low unemployment.

Through the 1950s and into the 1960s something close to a consensus position on the role of economy policy, shared by the majority of policymakers and academic economists, had emerged. This position, labelled Keynesian, held that, by judicious changes to fiscal policy and, to a lesser extent, monetary policy, policymakers could manipulate the level of aggregate demand in the economy to

smooth the business cycle and, depending on society's preferences, achieve a desired combination of unemployment and inflation.

The Keynesian consensus was not shared by all economists. The principal exceptions in the 1950s and early 1960s were the "monetarist" economists at the University of Chicago, of whom Milton Friedman was most prominent. Friedman argued that inherent stabilising forces would return the economy to its "natural" level of output. Moreover, Friedman contended that policies to help "speed up" the economy's return to its "natural" level of output were not only ineffective, they were also harmful, as they tended to increase, and not reduce, the swings of the business cycle. In terms of fiscal policy specifically, using a budget deficit to stimulate demand during an economic downturn was dismissed on the grounds of "crowding out". When the government borrowed in capital markets to finance the deficit, interest rates would rise, causing a reduction in private sector expenditure equivalent to the increase in government expenditure. As such, expansionary fiscal policy would not have a positive net effect on output, but would simply lead to a transfer of resources from the private sector to the government.

Friedman's key area of research, however, was monetary policy. He argued that by helping to preserve monetary stability, the central bank could make a significant contribution to preserving economic stability. Friedman's focus here was on the money supply. He argued that changes in the money supply could lead to fluctuations in real output and/or the inflation rate. But, after a period of about 18 months, changes in the money supply would be fully reflected by changes in the inflation rate. Hence Friedman's famous aphorism: "inflation is always and everywhere a monetary phenomenon".<sup>6</sup> It followed that a monetary growth target should be set, such that the central bank would supply the economy with just enough money to cover the potential rate of nominal income growth, making some allowance for the ongoing improvement in the efficiency with which money is used (in technical terms, the velocity of circulation of money). The result would be a stable inflation rate close to zero.

For most of the 1960s Friedman's ideas and policy approach gained little support from academic economists and from policy-makers. That began to change from the late 1960s, however, as the inflation rate began to increase, which the prevailing "Keynesian" policy approach seemed incapable of preventing. Friedman offered an explanation for the increase in inflation – policymakers had attempted to expand the economy beyond its natural level of output and employment – and also a solution – reduce the rate of monetary growth to the potential rate of real output growth in the economy. By the early 1970s, the appropriate role of economic policy, which had seemed so

settled just a few years earlier, was the subject of much debate. The monetarist – Keynesian controversy was joined.

By the early 1970s monetarism had made significant strides in the academic community. However, if economic ideas are to influence policy they must, ultimately, appeal to politicians. The economic dislocations of the early to mid 1970s created an environment in which the ideas put forward by academics might be latched on to by politicians seeking a solution to the malaise that confronted them. However, in a crowded battlefield of ideas a fortunate conjunction of circumstances was necessary for any particular idea to become dominant. It was also a crowded battlefield of economic problems. During this period, there was a rapid boom-bust cycle, a dramatic increase in inflation, post-war record unemployment, a substantial increase in wages, and a blow-out in the budget deficit, among other problems. The Whitlam government's failure to come to terms with the economic challenges it faced has been well documented. While the implementation of "the program" dictated fiscal policy, there was no target for monetary policy, absent the maintenance of the fixed exchange rate. But what seems most curious looking back on this period are the difficulties the Liberal and Country Party Coalition had in presenting a coherent and credible economic alternative to the Whitlam government. After a period of time, the Coalition would latch on to monetary targeting. How and why this occurred is a fascinating story. I would like to spend a couple of minutes providing an outline.

Reflecting the position of Liberal Party Leader Bill Snedden, for 1973 and much of 1974 the Coalition supported a mix of prices and incomes policies to defeat inflation. Despite this position, the Coalition opposed the December 1973 prices and incomes referenda, which would have given the Commonwealth parliament the power to directly control prices and incomes. Regardless of the merits of the referenda, the Coalition's opposition easily led to accusations of their being weak and indecisive.

The April-May 1974 election campaign also created significant angst for the Coalition. Even though the Coalition had precipitated the election by providing the government with numerous triggers for a double dissolution, it was ill prepared when the election was called. During the campaign, the Coalition's economic program was savaged in the press. Indeed, the *Australian Financial Review* was critical of the Coalition's economic policies in no less than seven editorials during the six-week campaign. To make matters worse, despite the continued increase in the inflation rate, the Labor government received the overwhelming public endorsement of academic economists.

The experience of the election campaign suggested that a fundamental re-thinking of the Coalition's economic program was essential. However, soon after the campaign, the Coalition re-affirmed their

commitment to prices and incomes policies. But at the same time, the advice the Coalition's leadership was receiving was starting to change considerably. Following the trials of the campaign, the Coalition leadership's key advisers – people such as Andrew Hay, Ainsley Jolley and Richard Sheppard – with the backing of the Coalition leadership, had made a determined effort to increase the involvement of academic economists in policy development. A number of the academics who would come to provide assistance were favourably disposed to monetarism and monetary targeting, as were some of the advisers. This became particularly important as the economic environment changed considerably in the second half of 1974.

After falling in the middle of 1974, money supply growth started to increase substantially towards the end of the year. At the same time, the inflation rate continued to accelerate, reaching 16.3 per cent for 1974. What was absolutely crucial in tying these two things together was that the budget deficit began to increase substantially in the latter part of 1974. While the budget had been in deficit in 1972-73 and 1973-74, the size of the deficit had been relatively modest. So, this was the first time during the period of the Whitlam government that this conjunction of circumstances – escalating inflation, a rapidly expanding money supply and an increasing budget deficit – had materialised. For the Coalition, the following critique of the government presented itself: excessive government spending led to an increase in the budget deficit; the budget deficit was financed by the Reserve Bank, often termed “printing money”; and “printing money”: led to inflation. The policy upshot of this critique needs to be stressed: to reduce the inflation rate the monetary growth rate must fall, and a lower rate of monetary growth necessitated lower government expenditure. For the first time, the Coalition was able to provide a compelling economic justification for its key political critique of the Whitlam government – the excessive increase in government expenditure. The economic critique was also easy to sell politically. For instance, in mid 1975 Shadow Treasurer Phillip Lynch was to suggest that, in line with the expanding budget deficit, “The one factory in this country with its lights going day and night is the Government Mint”.<sup>7</sup>

If new ideas embraced in opposition are to be implemented in government, they must be able to be sold to the public, raising the importance of the role played by the media. The Coalition was particularly fortunate here. From late 1974, key segments of the press became favourably disposed to monetarism. Two economic journalists deserve specific mention: P.P. McGuinness, who at the time was writing for the *Australian Financial Review* and the *National Times*; and Alan Wood, who was writing for the *Sydney Morning Herald* and also the *National Times*. In this context, the monthly economics and financial markets newsletter put out by *Syntec*, under the director-

ship of David Love, is also relevant. *Syntec* was a strong supporter of monetary targeting and in the absence of the preponderance of similar publications today, it would appear that it was quite influential among the business and financial community. The final point to note here is Milton Friedman's well-publicised visit to Australia in April 1975. In news conferences and various lectures, Friedman reiterated arguments that the Coalition had been presenting for a number of months. The benefit of this for the Coalition cannot be overestimated.

### **The bureaucracy**

So far, I have not said anything about the bureaucracy – about how Treasury and the Reserve Bank viewed monetary targeting. In one sense, this has been quite deliberate, for to understand why monetary targeting was introduced in Australia the focus must be on why it appealed to politicians, principally the leadership of the Coalition. However, to understand the introduction of the monetary targeting policy in government it is necessary to explain how bureaucrats viewed targeting.

The key bureaucrats were the economists of the so-called “official family” – the Department of the Treasury and the Reserve Bank. Within these organisations, strong supporters of monetary targeting were to be found in the mid 1970s. Yet the position of both organisations, as represented by the views of the Secretary and Deputy Secretary of the Treasury, Frederick Wheeler and John Stone, and the Governor and Deputy Governor of the Reserve Bank, Harold Knight and Don Sanders, was one of scepticism, if not hostility, to targeting.

Wheeler and Stone were too wily public servants to favour committing the government and themselves to a monetary target. However, they did understand that setting some form of monetary objective – what was eventually called a monetary projection – was congruent with a number of their interests. For instance, a monetary projection or target added weight to Treasury's view that the budget deficit needed to be reduced. A similar conclusion is to some degree apt for the Reserve Bank. Yet it is clear that the opposition of senior Reserve Bank officers to monetary targeting also reflected a number of practical impediments to achieving a monetary projection or target, such as the fixed exchange rate. Having said that, the Bank, being the organisation it was in the mid 1970s, would also have viewed as undesirable the extra attention a public monetary target would bring on it.

### **Policy under the Coalition government**

The Coalition government rejected the Reserve Bank's advice, and in March 1976 the first monetary projection was set by Treasurer Phillip Lynch. Projections were subsequently set in the yearly budget

speech, by Lynch and his successors as Treasurer – John Howard and then Paul Keating.

The implementation of a new policy approach is rarely straightforward. Governments are likely to find that achieving the goals enunciated when the policy was first advocated is significantly harder than they envisaged and that trade-offs have to be made between competing objectives. Such factors are clearly evident in examining the Coalition government's implementation of monetary targeting.

The initial monetary projections set by the Coalition were achieved. The government was, however, unable to demonstrate that monetary policy had been successful, since economic developments often contrasted with the rhetoric that underpinned its policy approach. A lower rate of monetary growth, for example, did not always lead to a lower inflation rate. The government's difficulties were compounded when monetary growth exceeded each projection set from August 1978 and inflation and unemployment remained intractably high. Those outcomes raise a crucial question: why did the Coalition government persist with an approach that had essentially failed? The government remained committed to targeting, I would suggest, for three broad reasons:

- First, targeting provided a justification, if not a cover, for slowing government expenditure and wages growth.
- Second, abandoning targeting would have amounted to an effective repudiation of the government's overall economic approach, with its focus on reducing the inflation rate.
- Third, abandoning targeting threatened an adverse reaction from financial markets, for whom targeting had become an article of faith.

In these circumstances, it is perhaps not surprising to find that the government's discussion of the monetary targeting policy was often misleading and gave selective attention to empirical evidence. It might well be asked, what of Treasury and the Reserve Bank? Sections of both organisations were well aware of the difficulties with monetary targeting. But the considered examination of the issues that might have been expected from Treasury and the Reserve was largely absent. With few exceptions, their discussion – full of assertion and largely devoid of evidence – was often of a similar standard to that of the government.

Despite the fact that continuing with the monetary targeting policy served a number of its interests, the government did seriously consider abandoning the policy. In his 1982–83 Budget speech, Treasurer Howard suggested that the government had considered abandoning projections, but it had decided against this, because the financial markets remained committed to the policy. This was a most remarkable statement. The relevant comparison today, it would seem,

would be for the Treasurer and/or the Reserve Bank Governor to say that the authorities no longer believed in inflation targeting, yet had decided to retain the policy because the financial markets remained committed to it. It is not difficult to imagine what the consequences of such a statement would be.

There was clearly an element of pragmatism in Howard's comments, given that the financial markets would have reacted adversely had projections been abandoned. But the decision to retain projections reflected more than just pragmatism. As I suggested a moment ago, given that projections were its principal anti-inflation policy, abandoning a projection would have amounted to an effective repudiation of the government's overall economic strategy.

### **Policy under the Labor government**

Monetary targeting was elevated in importance with the election of the Labor government in March 1983. This was somewhat surprising, given that the Labor Party had been quite critical of the targeting policy in Opposition. As with the Coalition government, the Labor government's decision to retain monetary targeting reflected pragmatic considerations. Following the forced exchange rate devaluation in the immediate aftermath of their election, the government realised that abandoning projections threatened an unfavourable reaction from financial markets and detrimental consequences for its credibility. However, at the same time, the Labor government clearly repudiated the Coalition government's economic approach. The hierarchy of economic policy objectives had changed – reducing unemployment was given equal if not greater weight than reducing the inflation rate – and the monetarist link between monetary growth and the inflation rate was rejected. A consensus-based incomes policy, the Accord, became the principal anti-inflation instrument.

The increased focus on the monetary projection under the Labor government was extremely ill-timed. The Hawke Government had followed the Fraser Government and continued to remove controls on the banking system. Such changes increased the competitiveness of banks vis-à-vis non-bank financial institutions. This was quite important, as monetary targeting had always focussed on a measure of money based on the business of banks. If the banks were becoming more competitive, and winning market share from the non-banks, trying to assess the implications of a given rate of monetary growth for economic activity and inflation became even more difficult, if not virtually impossible.

This was realised by the Reserve Bank and also Treasurer Keating. The simple solution would have been to abandon targeting, pointing to the policy's failure over a number of years and also the complications posed by financial deregulation. However, taking this option

was complicated by one vital factor – the financial markets remained committed to targeting. As such, abandoning targeting threatened an unfavourable reaction from the markets, which, as I mentioned earlier, would have been disastrous for the new government's reputation. In the event, Treasurer Keating announced a projection in his 1984 Budget speech, though he did note the complications posed by financial deregulation. Circumstances became pressing in early 1985. In line with the freeing-up of restrictions in August 1984, the banks' balance sheets started to expand considerably and monetary growth started to diverge substantially from the monetary projection. As there was a reasonable chance that this would continue as the year progressed, the government decided to save itself from potential future embarrassment and suspend the projection. In the absence of a projection, what one commentator called the financial markets' "teddy",<sup>8</sup> communication with the markets regarding economic and financial developments by both the government and the authorities became crucial. The significant depreciation of the dollar that followed the suspension of the projection showed that the limited communication undertaken had been unsuccessful.

Close analysis of this period, and the targeting period more generally, thus provides an opportunity to examine whether governments and bureaucracies incorporate past experiences when facing new challenges. The book concludes with an examination of that point in the context of monetary policy in the late 1980s and beyond.

## Conclusion

John Maynard Keynes famously said that the "ideas of economists and politicians ... are more powerful than is commonly understood".<sup>9</sup> On a similar theme, Joan Robinson, a colleague of Keynes, later added: "The purpose of studying economics is not to acquire a set of ready-made answers to economic questions, but to learn how to avoid being deceived by economists".<sup>10</sup> An examination of the monetary targeting period would seem to add some weight to both of these perspectives.

The ideas developed by economists clearly mattered a great deal for public policy. The Coalition government's introduction of monetary targeting was dependent on the development of monetarism. Moreover, targeting provided the Coalition with a cover – if not a justification – for other policies it favoured, independent of the perceived value of targeting as a device to improve economic performance. A similar comment is to some degree apt for Treasury and, to a lesser extent, the Reserve Bank. Thus, while ideas definitely matter, their perceived value to improve economic outcomes is only one factor that will determine whether they influence policy. The fact that ideas do not translate directly into policies, and that governments

must reconcile competing objectives and provide a rationalisation for their policies, raises the importance of Robinson's dictum. While the government, the Treasury and the Reserve Bank did, on occasion, provide a considered discussion of monetary targeting, unfounded assertion, dissembling and obfuscation were the rule. Misguided policies and unfavourable economic performance were arguably the result. I hope that my book demonstrates the benefits for public policy, and thus economic performance, from close analysis of the transmission from ideas to policies, and the need to carefully scrutinise both.

## Endnotes

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## FUNCTIONS - 2005



*Photographer: David Karonidis*



*Dr Samina Yasmeen*



*Geraldine Doogue*

Photo – David Karonidis

On Wednesday 15 June 2005, at the Sydney Institute, presenter of the ABC TV's *Compass* program Geraldine Doogue AO joined Dr Samina Yasmeen from the University of Western Australia in a seminar designed to answer some of the questions emerging as Western society is increasingly impacted on by Muslim experience. Geraldine Doogue, with Peter Kirkwood, has published *Tomorrow's Islam* – a collection of insights and accounts of Islam from extensive research and interviews around the world. Dr Samina Yasmeen teaches courses on world politics, strategy and diplomacy, and Islam and world politics.

# **“DEALING WITH *ISLAM*” IN AUSTRALIA: AFTER THE LONDON BOMBINGS**

**Samina Yasmeen**

The London bombings of 7 July and 21 July 2005 have refocused attention in Australia on the relationship between Islam and the West. Continuing the theme of civilisational clash popularised by Samuel Huntington, some have argued that the nature of this relationship is inherently antagonistic. Others have revived the theme of understanding, making an exception of the core contributors that lead to Islamic militancy. These contours of the debate are reminiscent of what transpired soon after the terrorist attacks on the United States on 11 September 2001. But a new element in the discussion relates to the role of Muslims living in liberal democracies: instead of focusing on the “threat” emanating from “outside”, attention is being focused on the danger posed by “home grown” Muslim terrorists living in the West. Taking cues from the profiles of the London bombers, Muslim youth has emerged as particularly worthy of this negative attention. Meanwhile, Muslim educational institutions in Australia and radical Muslim leaders are being identified as the contributors to potential or existing pockets of Islamic radicalism in the country.<sup>1</sup>

The Howard Government has responded to this new threat scenario by adopting a dual strategy: while engaging the moderate Muslim leaders, it has introduced a new set of anti-terrorism measures. The response is essentially similar to the one adopted by other liberal democracies after experiences of such attacks in the last four years. The Bush Administration, for instance, embarked upon a process of engaging moderate Muslim leaders in the US soon after the 11 September bombings. Its meetings with these leaders and newfound emphasis on Muslim religious events such as Ramadan and Eid were designed to reflect American acceptance of Islam. On the other hand, the emphasis on Homeland Security was to communicate the Bush Administration’s commitment to the War on Terror both domestically and internationally. The British government’s engagement of Muslim leaders paralleled by its counter-terrorism measures also communicates similar messages.

Although the underlying rationale for the strategy is not to implicate all Muslims as terrorists while remaining vigilant against “the threat”, it suffers from two basic problems. First, it unintentionally perpetuates the myth of an antagonistic relationship between Islam and the West. The very act of identifying Muslims as the “other” that needs to be engaged creates the space for those who are predisposed to viewing Islam and Muslims in negative terms. Their views are articulated in the cyberspace as well as through the media. Given the general lack of understanding of Islam and Muslims, such expressions often create and sustain other negative images about Muslims in liberal democracies. Australia is no exception to this rule. Since the London bombings, anti-Muslim websites have reinvigorated their campaign against Muslim migration. Letters to the editor in various newspapers also provide space to venomous attacks on Islam and Muslims. Some simply point out that Muslims live in another era. Others are concerned about the growing Muslim population in Australia, and its implications for the country’s future direction. The prospects of a “Muslim Australia” emerging at some stage causes these groups to argue for an end to Muslim immigration into the country. Others exhort Muslims to emigrate of their own volition. Such characterisations, in turn, reinforce the perception among some Australian Muslims that they are living in a predominantly “hostile environment” which refuses to acknowledge them as equal citizens. A “positive step” by the government, therefore, is unintentionally contributing to negativity.

Second, the strategy reflects an inability to fully comprehend the context in which moderate, Orthodox and radical Muslims operate and the underlying dynamics which governs their relative balance in Australia. As elsewhere in the world, the three sets of views reflect differing interpretations of the relationship between religious texts (both Qur’anic verses and Prophetic traditions) and the context. For the moderate and progressive Muslims, any understanding of the text cannot be divorced from the context in which Islamic injunction need to be interpreted. For them, the essence is more important than the form. While it does not extend to changing the ritualistic elements of Islam, the moderates argue that changed circumstances require Muslims to modify their behaviour without compromising the integrity of their religious beliefs. Essentially, they argue against rigidity of views in Islamic practices. The orthodox groups, on the other hand, subscribe to the view that the meanings of Qur’anic texts and Prophetic traditions are fixed in time and space: emphasising the permanent nature of Islamic injunctions, they question the view that the text must be read in relation to the context. Such an approach finds expression in some orthodox Muslims attaching significance to traditional Islamic dress code. In some extreme cases, it also extends

to questioning the need to watch television, and listen to music. For them, the manifestation of being a good Muslim necessitates their constant referral to the ideas and practices of the early Islamic period. Radical Muslims occupy the space closer to the orthodox end of the spectrum. For them, the ideal of being a “good Muslim” acquires a political meaning as well. A good Muslim is seen as being imbued with the “true Islamic ethos” of Jihad against threats posed by enemies of Islam. Ignoring the body of theological interpretations which identify Jihad as a personal struggle, these radicals argue that Muslims need to counter the threats posed to Islam by both Muslims and non-Muslims.

Despite the recent concerns, a large majority of Muslims in Australia (as elsewhere) belong to the moderate end of the spectrum. Reflecting the global trends, however, the number of Muslims subscribing to orthodox ideas has increased in Australia in the last decade. But not all of them have shifted in the direction of radicalism. Essentially, radical Muslims remain a minority in Australia. Nonetheless, it needs to be emphasised that the relative balance between moderate, orthodox and radical views is not fixed. It shifts constantly in response to either group employing appropriate imagery to suggest that they represent and stand up for Muslims. Closely entwined with it is the idea of being a “good Muslim”: often the imagery is used to draw parallels between Islamic history and today’s world. But, the balance also shifts in response to changes in the wider society and their interpretation by different groups. Some radicals, for instance, could use an event to establish the inherently anti-Islamic nature of the “western society” in which they are living. This could convince some Muslims of the validity of the radicals’ point of view. In the same vein, the moderates could also use an event to argue for greater space for progressive views and practices among Muslims in Australia. This could cause some erstwhile orthodox Muslims to reassess their views as well.

Interestingly, it is often easier for the radicals and orthodox groups to claim that their views are more authentic than those held by the moderates. They only have to use an oppositional language or claim “knowledge of the Real Islam” to argue about the anti-Islamic nature of the dominant society. They also enjoy the luxury of casting moderates in the role of “collaborators” who are willing to join hands with the government against the interests of the majority of Muslims. The moderates, on the other hand, have to resort to logic and rationality to stress that Qur’anic texts and Prophetic traditions guide Muslims into living in harmony with the dominant non-Muslim society. Their questioning of the oppositional language, however, is made difficult when the wider context in which they operate provides greater ammunition to the radicals.

The anti-terrorism legislation being introduced in Australia is creating an environment in which radical/oppositional ideas can gain more ground among Muslims in Australia. On 27 September 2005, the Prime Minister and State premiers agreed to introduce these laws after being briefed about the nature of the threat. Upon the State premiers' insistence, a sunset clause has been added. The laws provide for the police "to stop, question and search people".<sup>2</sup> Moreover, "they also get control orders that allow them to track people, including by attaching electronic devices. The control could mean house arrest... and suspects can be detained preventively; a new incitement law will replace the present offence of sedition".<sup>3</sup> There is a growing concern that, despite all denials, the laws will profile and target Muslims, and they will become second-class citizens. There is also a concern that their rights as Australian citizens will be compromised due to an emphasis on countering terrorism. These views and concerns could be capitalised upon by the radical elements to appropriate the position of representing and protecting Muslim interests. Moderate Muslims in Australia, therefore, will be placed in an even more difficult situation than before.

To say this is not to question the government's right to institute laws that can best protect its citizens. A number of countries, both Muslim and non-Muslim, have adopted laws that target militancy and militants. Australia has a right to do the same. But given the multicultural nature of the society and the relatively smaller number of Muslims in Australia, the goal of protecting citizens requires creative thinking. To some extent, this process is already apparent. Until very recently, federal and state governments were inadvertently empowering orthodox Islamic views in Australia by engaging those who obviously looked Muslims. A clear shift has taken place with the willingness at all levels to engage moderate Muslims who may not subscribe to the traditional Islamic dress code. The multiplicity of views among Muslims is being slowly recognised. This was obvious during Prime Minister Howard's first meeting with Muslim representatives in August 2005. The group, while not totally representative of Muslim diversity in Australia, did include a mixture of moderate and orthodox points of views. The selection and engagement of Muslim leaders, however, needs greater attention than was given during this first meeting.

Instead of relying upon a select few to represent Muslims in Australia, it would be better to institute state-based representative groups that can provide better understanding of the multiplicity of views in the country. These groups need to be more inclusive and reflect the demographic nature of the communities living in different states. They also need to have more representation from professionals, women and youth if they are to provide a better understanding of the

dynamics and views among Muslims. The process will not be easy because some might feel alienated as was the case in the Prime Minister's meeting with Muslims. But an effort must be made to sacrifice speed for authenticity and accuracy while looking for representatives among the Muslim communities.

In the present state of heightened concern on all sides, a lot of ideas are being propagated about the "Muslim threat to Australia" which contributes to a sense of alienation among them. If not understood and catered for, this could create the conditions the anti-terrorism laws are trying to avoid. Part of the money allocated to counter-terrorism, therefore, could better be allocated to developing an understanding of the context in which Australian Muslims interact with the wider society. There is a need for collecting reliable data on the views, concerns and needs of Muslims in Australia. Research also needs to be conducted on the views held by the wider society on Islam and Muslims. Such research data could help identify areas that need to be addressed to create greater harmony and reduce potential threats. Until such research is conducted, it would be better not to introduce policies that unduly focus on Muslim educational institutions or take on the onerous responsibility of training Imams for the mosques.

The "national action plan" to deal with terrorism, however, needs also to go beyond the immediate concerns about the threat of 70-80 or 800 militants to creating an environment in which Muslims can operate freely without fear of being persecuted.<sup>4</sup> As the anti-terrorism laws are enforced, the law-enforcement authorities (particularly the police) need to be educated about Islam and Muslims. Such training would enable them to perform their task without being unfair to the majority of peaceful and cooperative Muslims. It would also take care of the possibility of civil law suits against the police and the allegations that they are racially profiling people.<sup>5</sup> The state-based advisory groups could play a role in this training. They could also use this connection with the police to reassure their respective Muslim constituencies that they would not be unnecessarily harassed. Not that it would exclude all possibilities of radicalism among some Muslims, but at least, we could claim that the Australian government and society has been united in dealing with the threat of terrorism.

\*Note – This paper has been revised to take account of the London bombings in July 2005

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# ISLAM AND THE WEST

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Geraldine Doogue

I hope that with our book, *Tomorrow's Islam*, we satisfy some of Samina's requirements. Ours is a journalist's book, not an academic book. It arose out of a journalistic assignment, back in 2003, 18 months after 11 September 2001. I had suggested to my co-producer at *Compass*, Peter Kirkwood, that we do a documentary called "Tomorrow's Islam", but this went on to become the book of the same name. The book doesn't have a view - except to say that we want to contribute, if possible, to not repeating the catastrophes of the twentieth century.

We proposed to be progressive about Islam around the world. To ask questions like, "Who are the people who represent Islam? What are their views? Where do they live? What are their interests, influences, family? How do they straddle the requirements of their faith and identity while dealing with the West?"

The idea was to introduce a mainstream audience to the faces of progressive Islam; to be accessible in tone; curious about not only their theological and spiritual tendencies, and what makes them, the individuals, tick. We wanted to draw viewers towards an ongoing interest in how Christianity and the West and Islam might make common cause in the twenty-first century. In other words, we wanted to be constructive about what lay ahead by, above all, stressing the people involved. At the moment, we only hear details of what doesn't work." We thought fresh material lay here. We also thought we might achieve something new and contribute something positive to allaying fears about some inevitable "clash of civilisations" of the Samuel Huntington.

A great line of Paul Keating's was, in a way, our guiding spirit - as he would say, in any two horse race, always back self-interest at least you know it's trying. We decided, eventually, that this was our self interest. That, as journalists, we ought to pursue people with whom we thought we could live. We did this unashamedly because it is in our self interest. Wendy McCarthy, a great reader and old friend of mine, told me that, above all, she felt this quality was exhibited in our book: she heard people's voices. And she'd been keen to hear them.

Just last week I read a mostly good review, by Steve Cole, of another new book in this genre called *Faith at War: A Journey on the Frontlines of Islam, From Baghdad to Timbuktu*, a long but interesting title by a man called Yaroslav Trofimov. I read the review with interest. Cole is an associate editor of the *Washington Post* and I was particularly keen because Trofimov had apparently done what we had decided not to do. He had sailed right into the middle of the typhoon as it were; he'd zigzagged around the Middle East, meeting all manner of people, taking lots of risks. Interestingly Cole opined that having described itself as being about faith, faith on the frontlines, very little about faith was presented in this book; very little about individual faith, daily ritual, symbolic rights and so on. He said, in fact, there's very little about the people involved, in other words people beyond their role as politicised players.

I'm not claiming that we did it perfectly but we did try to set up some sort of people-to-people contact and ruthlessly stuck with that goal. These were the sort of people Samina has just talked about. We dubbed them "diaspora" Muslims for the sake of ease. Muslims don't like this term because they say there's nothing that divides Muslims but I think it is quite helpful as a term to our eyes because it's the first time in history that Muslims in large numbers have lived outside traditional Muslim societies. By definition they seem to have achieved the holy grail, probably an unwise term for me to use.

How have they done it? We wanted to explore if they might offer some hope or freshness that, arguably, other diaspora populations have offered back to their traditional religious source: as one of our most elegant contributors, Imam Faisal from New York, suggested American Jews had offered to Judaism and Catholics in the US and England, e.g. have offered Roman Catholicism? Well suffice to say that they believe they can offer something back to traditional Muslim countries.

The people we spoke to and who contributed to our book felt they were in a great tradition of diaspora giving back. They believed they had something to offer traditional Muslim countries. Some of them I might add genuinely missed Muslim society and its sensibilities, most notably the communal nature of Muslim societies, that community nature which indeed many of us may regret waning in our own societies. Often I found there were very interesting yearnings that were common to both cultures and groups of people, most notably a Shiite man by the name of Ridwan al Killidar, who had been a refugee from Iraq living in London for 15 years.

Ridwan al Killidar had been persecuted by Saddam Hussein and lost family in that awful regime. He has returned now to Iraq, but I'm afraid I can't find him. His family were custodians of a great shrine. He spoke with such affection about being in a society where everybody

did certain things at the same time, where tasks were explicit and obvious. He hadn't found that in the West, although he had found a lot of other things he valued but not that.

Most conceded they couldn't easily live, though, in traditional Muslim societies due to the repressive nature of many of them. Some were angry, very angry about this, like the impressive American Muslim Muqtedar Khan, who is an engineer by training from the sub-continent. Others were fatalistic; I discovered a lot of fatalism I must say. Some blamed Western attitudes for fuelling some particularly repressive regimes but this wasn't quite as strident as I thought it might be. Some are like Tariq Ramadan, controversial and straight out of central casting. He's a good looking philosopher activist, based in Switzerland and France and he will round savagely on Saudi Arabian influence and money and the way he believes it's distorting emerging Muslim communities and strangling them at birth, in a sense, in the West.

But we were seeking Muslim diagnoses of how their beloved religion could be repositioned in the modern world so that Muslims could take their place better in international debate and that Muslims' own quality of life would improve, bearing in mind those very disturbing conclusions reached by Muslim researchers in the UNDP report of 2002. The most hopeful specific practice that we heard about was something called *ijtihad*, As I understand it, this was the practice, mediated by scholars and wise men, when there was perceived to be a gap between the law as understood from the Quran and a contemporary dilemma. In other words, a form of interpretation was considered, only by the wisest of men, as a mean of resolving a modern problem. And by these means, new understandings were reached, based on judgements about how the Prophet lived and what message his actions might indicate for the modern predicament. However, in the thirteenth century, Islamic rule started to come under such persistent challenge from a range of sources, but finally from the Mongols and, like most threatened belief systems, there was a mood to circle the wagons, as it were; the gates of *ijtihad* were deemed to have closed. And they've never been re-opened.

Various people to whom we spoke, particularly in Indonesia and in the US where the Muslims we met felt surprisingly comfortable, felt this had contributed to the start of the great Muslim retreat and contraction; when they had started looking within, fearful, and did not create the conditions for vital renewal.

Now this is not easy to resolve. We sat at a writer's festival recently with an impressive man by the name of Mehmet Ozalp a Turk by birth who came to Australia in the 1980s. He became a bit lost settling into Australia and turned to his religion more than he would have normally. He now conducts tours around the Gallipoli mosque

at Auburn and he's written a book called *101 Questions You Asked About Islam*, trying to categorise the questions he's constantly asked. He's also set up the Affinity Intercultural Foundation to help build bridges between Muslims and the broader community and to nurture a unique, tolerant Australian Muslim identity. In other words, there's a lot to admire and to share. Mehmet Ozalp told us there haven't been any great scholars, no suitably wise men, around since the thirteenth century to do reinterpreting which is depressing to hear. He also said that Islam by nature was a public religion and wrote the following in his book in chapter 6:

Islam is a private and public religion at the same time. It announces its creed five times a day in the call to prayer. Muslims stop their daily activity to pray five times a day wherever they are. You can't help but notice the scarf on a Muslim woman, fasting people in Ramadan and the spectacular pilgrimage every year. Islam is very much in the social sphere for these reasons.

All religions have this community attachment, of course, but Mehmet Ozalp did believe that the sense of belonging to a community of believers was perhaps strongest in the case of Islam. I have to admit I was happy to hear him distil it like this because one of the conclusions I gradually came to during our little quest was that this may be part of what the West is struggling with, in regard to Islam. Religion has become so privatised in the West and we're very uncomfortable about explicit displays of religiosity. I think this does constitute a gulf. This is why some of the American Muslims were very comfortable, because they felt there was much more overt religion there. I heard Gerard Henderson speaking about this on Radio National just a few weeks back.

I want to end with what I wrote in our book's epilogue:

One of Christianity's great gifts is its invitation to every person, irrespective of rank or talent, to develop an intimate relationship with God. One of the gifts of Islam, acknowledged by even those sceptical about its adaptability, is its great sense of community with a kind of egalitarianism the West may not fully understand. Father Michael Fitzgerald, the Englishman in charge of the Vatican's relations with other faiths and an authority on Islam, sketches some other useful distinctions. In France, Muslims who convert to Catholicism found the figure of Jesus Christ very attractive or were drawn to the concept of Christian forgiveness. On the other hand, Catholics became Muslims because they were looking for certainty. Islam was clear cut, giving people a firm view of where they should stand, whereas Christianity offered a kind of freedom beyond its laws. There are differences between us and they matter; knowing this is liberating. What we do with the knowledge is all our own work.

## FUNCTIONS - 2005



*Photographer: David Karonidis*



Photo – David Karonidis

*Ken Henry*

Dr Ken Henry has been Secretary to the Treasury since April 2001. After early years as an academic, Ken Henry joined the Treasury in 1984 when he accepted a position in Treasury's Taxation Policy Division. From September 1986 until June 1991, he worked as senior adviser to the federal Treasurer. In July 1992 he took up the position of Minister (Economic and Financial Affairs) in the Australian Delegation to the OECD, returning to the Treasury in January 1994. Dr Ken Henry addressed The Sydney Institute on Monday 20 June 2005.

# THE TASK OF ECONOMIC

## *POLICY*

**Ken Henry**

Thank you for the opportunity to speak to you this evening. My topic is the task of economic policy. That is rather a big topic and so I'm going to narrow it immediately by concentrating on the performance of national income, or real output. My aim is to provide something of a synthesis of short-run and longer-run stories about our economic performance in this relatively narrow, but important, domain.

### **Are we still all Keynesian?**

In 1965, *Time* magazine quoted the Nobel prize-winning monetarist Milton Friedman as saying "we are all Keynesians now".<sup>1</sup> All Friedman meant by this remark was that all economists use "the Keynesian language and apparatus".<sup>2</sup> But that is not how he was interpreted. Rather, the comment was taken to mean that all economists accepted that there would be occasions in which there was a deficiency of aggregate demand relative to productive capacity; that on those occasions, labour would be underemployed; and that in those circumstances there was a role for governments in taking fiscal policy action to stimulate aggregate demand to "take up the slack".

Now for most of the post-war twentieth century, most economists in most developed countries would have agreed that the most pressing economic problem was unemployment. Keynesian economics was bound, therefore, to be at the centre of twentieth century macroeconomics. It contained both a diagnosis and a cure for the principal economic ill.

The Keynesian model contemplates the existence of macroeconomic equilibria in which the labour market doesn't clear. Other things equal, higher levels of government spending – even if financed by higher taxes – produce macroeconomic equilibria with less unemployment. So unemployment is "cured" by increasing the size of government.

The case for fiscal activism was never uncontroversial in this country. At one end of the spectrum were those who saw in Keynesian

economics a powerful new argument for government intervention on a large scale. At the other end were those who worried that unemployment might have a “structural” explanation and/or that fiscal activism might only lead to inflation and the “crowding out” of private sector activity.

The controversy was reflected in the conduct of macroeconomic policy. From the first oil price shock of 1973 through to the end of the 1980s fiscal policy in Australia was charged with pursuing a variety of targets. As I have noted on an earlier occasion,<sup>3</sup> government statements announcing expansionary fiscal packages appeared in August 1974, August 1975, August 1982, August 1983, November 1991, February 1992 and August 1992. Every one of those instances of fiscal expansion was *preceded* by an attempted fiscal contraction to control inflation and *followed* by an attempt to consolidate the fiscal position in order to restrain the size of government<sup>4</sup> and make room for private investment; in particular, to avoid crowding-out. And in the late 1980s fiscal policy was set a current account objective – underpinned by the so-called “twin deficits” proposition. This is a story of activist fiscal policy with multiple objectives.

By the 1990s, however, a consensus had emerged, in Australia and elsewhere, that fiscal activism had to be limited. Fiscal policy had to be given a medium-term anchor. At the same time, a view emerged that macro stabilisation should be primarily the responsibility of monetary policy. But monetary policy, too, had to have a medium-term anchor.

The period following the early 1990s recession has established a consensus in favour of medium-term macro policy frameworks. This period is remarkable for many reasons. First, it is a period of relatively high average rates of growth and relatively low volatility. Second, it is, as I will show in a moment, a period in which real output has been relatively close to the economy’s productive capacity. Third, by the mid 1990s inflation was low and stable, at a rate that both policy-makers and the community regarded as appropriate because it was no longer having a material influence on people’s economic decisions. And fourth, it is a period in which the weight of economic policy debate has shifted from demand to supply.

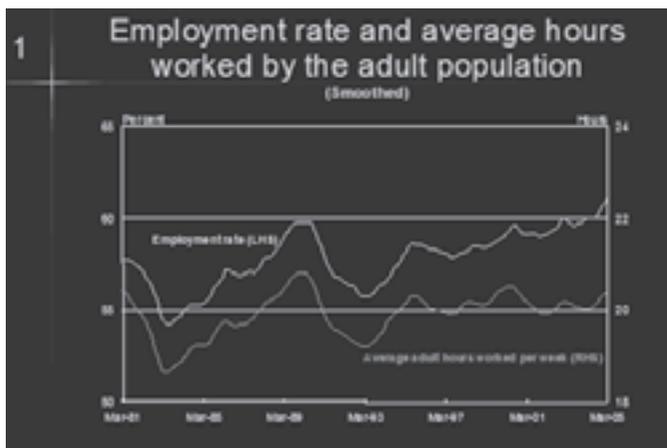
The last of these observations is particularly striking for a student of post-war economic history: one has to wonder whether the policy debate in this country is not the sort of thing that one might have hoped to see in a “classical” economy of the sort that economists thought existed before the Great Depression and the ensuing Keynesian revolution; a debate about the factors that influence our productive capacity rather than the factors that influence our demand for it.

This shift in policy attention – from pre-occupation with the management of effective demand to an interest in the things that affect aggregate supply – is timely since, especially for demographic reasons, the principal macroeconomic issue of the very near future will be inadequate participation, not unemployment – a problem of too few people wanting a job, not too many.

Let me now illustrate the thread of this argument with a few charts. I'll start with *Chart 1*, which is one of the charts that I presented last month in a talk to the Australian Business Economists.

To reiterate the points I made then, the proportion of the 15+ population in employment is at historically high levels. But if we take into account the changing mix of full-timers and part-timers in the workforce, and their average hours of work, we can derive a measure of average hours worked per head of the whole population of working age (15+ years).

I don't want to say "average hours worked per head of the whole population of working age" any more often than I have to, so let me, from now on, use the expression "average adult hours worked". This series is also shown in *Chart 1*, and it does not look so high by historical standards. Average adult hours worked have been at or around present levels on a number of occasions in this cyclical expansion. On this measure, it can plausibly be suggested that the Australian economy has been relatively close to productive capacity for about a decade, with no clear trend toward tighter or looser capacity constraints.



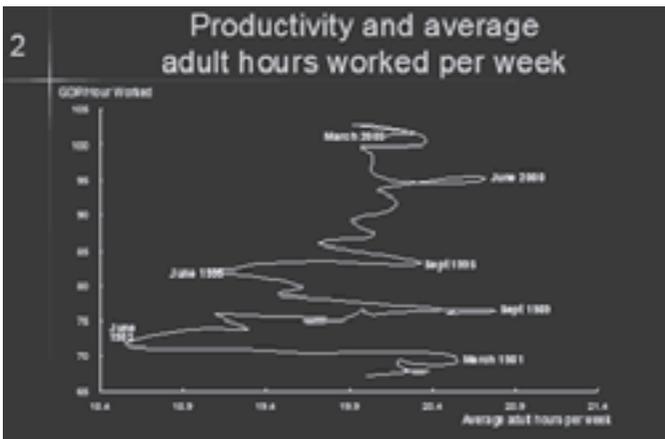
*Chart 1*

Now this thing that I have labelled "average adult hours worked" will be familiar to those of you who have been following the development of the so-called "3Ps" explanation of GDP.<sup>5</sup> It is, in fact, the second of those 3Ps – participation.

*Chart 2* takes all of the information contained in the second line in *Chart 1* and plots it against the horizontal axis. The vertical axis in *Chart 2* represents the third of the “3Ps” determining GDP – productivity.<sup>6</sup>

This chart will not be familiar to you, so let me spend a little time explaining it.

Consider the horizontal dimension first. When the economy is in recession, average adult hours worked are at a relatively low level, and we are over on the left hand side of *Chart 2*. By contrast, when the economy is operating close to its full productive capacity, average adult hours worked are relatively high and we are over on the right hand side of the chart.



*Chart 2*

Now consider the vertical dimension. The vertical axis of *Chart 2* represents the level of labour productivity, or GDP per hour worked. As productivity in the economy rises over time, we march up the chart – marching up more rapidly when productivity growth is strong, and more slowly when it is weak.

Now, at any point in time the state of the economy can be identified by a point in our chart. Each point corresponds to a particular level of average adult hours worked (measured off the horizontal axis) and labour productivity (measured off the vertical axis). But the position of the point tells us something else; since if we multiply average adult hours worked by labour productivity we have GDP per adult. And this is a rather important economic indicator.

GDP per adult is not the same thing as GDP per capita – which is the most widely used indicator of community living standards – but it is very close. Indeed, all we need to do to obtain GDP per capita is multiply GDP per adult by the proportion of the population aged 15+.

In the last several decades the proportion of the population aged

15+ has been rising strongly as a result of population ageing. It will continue to rise in the future – though at a much slower rate. This is the principal means through which population ageing influences GDP per capita. A secondary – but still very significant – means by which population ageing affects GDP per capita is through its impact on participation – on average adult hours worked. This effect arises because older Australians work, on average, fewer hours.

If we abstract from developments in the proportion of the population aged 15+, then Chart 2 can be used to tell a story of the evolution of community living standards, as measured by GDP per capita. On this measure, community living standards rise as we move either to the right, or upwards, or a combination of the two.

We can use this chart, then, to trace out – with quarterly data – the macroeconomic history of the past quarter-century, in terms that relate directly to the most frequently used measure of community living standards.

In 1981, the economy was acceptably close to its productive capacity.<sup>7</sup> However, the early 1980s recession generated a precipitous fall in employment. The line tracked to the left, and by the June Quarter 1983, average adult hours worked had reached their lowest ebb in the quarter-century of history shown in the chart.

As the economy recovered from recession, the line tracked to the right as labour utilisation rose back up towards the economy's level of productive capacity – a process that occurred over the years from 1983 to 1989. By the September Quarter of 1989, average adult hours worked had reached a level that has not subsequently been reached.<sup>8</sup> At the time, the economy appeared to be about to burst at the seams – as those who lived through policy discussions in those times would recall. Macroeconomy policy, both monetary and fiscal, was working hard – arguably too hard – to restrain the economy, and the extremely high level of labour utilisation attained in the September Quarter 1989 was not sustained for long.

Our chart shows that the early 1990s recession was shallower than the previous one in terms of the trough in average adult hours worked.<sup>9</sup> Coming out of the early 1990s recession, employment grew very rapidly for a couple of years from mid 1993, so that average adult hours worked had returned to a level somewhere near the economy's productive capacity by the September Quarter 1995.<sup>10</sup>

The subsequent decade, from the September Quarter 1995 to the present, has been one of remarkable macroeconomic stability, as the chart shows. Average adult hours worked have wiggled around a bit over this time, but the extent of variation is dwarfed by the experience of the previous fifteen years.

What accounts for this decade of relative macroeconomic stability? It surely hasn't been an absence of shocks. One need only recall the

Asian financial and economic crisis, followed within a couple of years by the whipsawing of the world economy, first by irrational exuberance with all things “new economy” in the late 1990s, and then by global pessimism and recession in the early 2000s.

So the recent stability of the Australian macroeconomy – and, in particular, the fact that it has remained close to productive capacity with low and stable inflation – is not explained by a lack of shocks. Instead, this stability and heightened resilience to shocks can, I think, be understood as a consequence of three mutually reinforcing developments; two of which I have already identified.

The first development that explains Australia’s more recent macroeconomic stability is the introduction in the 1990s of medium-term frameworks for monetary and fiscal policy. The small range of movement over the past decade in both the monetary policy instrument and the government budget balance would have come as quite a surprise to anyone familiar only with the experience of the preceding two decades. Over the decade, 1995-96 to 2004-05, the overnight cash rate has moved in a range from 4.25 per cent to 7.5 per cent, while the Australian government’s underlying cash balance has been in surplus for seven out of ten years, including the current financial year, and has ranged from a deficit of 2 per cent of GDP (in 1995-96) to a surplus of 2 per cent (in 1999-2000).

But macro policy moderation would not have been enough to keep the economy on an even keel without its having been accompanied by other developments. The second crucial development was the decision in December 1983 to float the currency. While the immediate post-float period was quite volatile, currency flexibility made a considerable contribution to macroeconomic stability over the last decade.

And the third crucial development – without which the first two could not have been effective – arises from the increasing policy focus on the supply side of the economy – a focus on microeconomic reform. Industrial relations reforms and competition policy, in particular, have contributed enormously to macroeconomic stability: first, by allowing the exchange rate to act as an absorber of external shocks; and second, by allowing fiscal and monetary policy to trend to relatively stable medium-term anchors.

It might be worth asking the question whether, because of the reform efforts of the past, we should not now consider ourselves to be most often in a “classical” world in which the economy naturally trends toward, and in fact spends most of its time quite close to, its productive capacity, or supply potential, without the need of continuous macro policy stimulus.

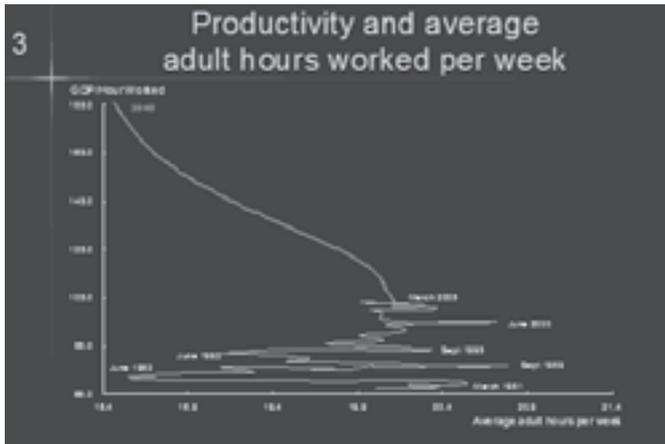
Answering this question in the affirmative would not imply a view that we have eliminated the business cycle. There will be future economic downturns. And when we see evidence of one we should not

be afraid of responding with activist expansionary macroeconomic policy.<sup>11</sup> Rather, an affirmative answer implies some conditioning of the exercise of macro policy activism – an acceptance that large swings in macro instruments are to be implemented (only) in extremis.

There is a further important insight to be derived from *Chart 2*. As I have noted, macroeconomic policy is pre-occupied with the economy's proximity to its potential level of output – its level of productive capacity. In terms of *Chart 2*, potential output should correspond to points on the chart at which inflation, and inflation expectations, are expected to remain steady. Since inflation has been steady over the past decade, we can be confident that output has been around potential for much of this time. We may conceive of a curve created by a succession of such points traced out through time. This curve could be thought of as a “macroeconomic performance frontier”. It represents the best that macro policy can hope to achieve given other policy settings. It traces out, through time, a capacity constraint implied by supply-side policy settings.

*Chart 3* shows how this “macroeconomic performance frontier” is projected to evolve over the next thirty-five years. It is based on updated projections of the kind we used for the *Intergenerational Report* (IGR) published with the 2002 Budget.<sup>12</sup>

From that perspective, the picture is sobering. While the process will be gradual, the ageing of the population over the next thirty-five years is projected to reduce average adult hours worked in the economy to a level *below* that experienced in the depths of the most severe recession of the past quarter-century.



*Chart 3*

## The logic of markets

The inevitable decline in average adult hours worked over the next few decades – the gradual leftward movement shown on *Chart 3*

– will tend to lower average community living standards. Participation policy can – indeed, must – do something to ameliorate the leftward drift illustrated in *Chart 3*; but it cannot arrest the drift. Increasingly, higher average community living standards are going to rest on enhanced productivity performance – on vertical moves within the chart that more than compensate for the negative horizontal drift.

A number of other countries already find themselves in this situation. Japan, Germany and Italy, for instance, all now have very slowly growing, or gradually declining, labour inputs. For these countries, productivity growth is the only way to achieve higher living standards. And this is what Australia will face in coming decades.

The updated IGR projections, upon which *Chart 3* is based, assume labour productivity growth of 1.75 per cent over the next 35 years. There is no great science to this number; it is simply the average rate of productivity growth that Australia has achieved over the past three decades. But it is very important to remember that even relatively small sustained deviations from this projection can result in quite significant differences in GDP per adult by the middle of next century.

This knowledge of the importance of productivity to our future wellbeing presents policymakers with an important challenge. If we are able, through changes in policy, to boost productivity above that projected in the IGR, then the result will be higher GDP per adult and improved national wellbeing. The government's fiscal position will also be stronger, leaving it better able to deal with the pressures of an ageing population.<sup>13</sup>

Another way of putting this is that the challenge of population ageing demands a focus on microeconomic policies that aim to expand the economy's productive capacity.

Much has already been achieved. I referred earlier to the float of the currency, industrial relations reform and competition policy. Competition has been enhanced by far reaching deregulation of capital and financial markets, tariff reductions, the removal of legislated protection for monopolies or duopolies in some industries, the reform or privatisation of government business enterprises and National Competition Policy. And all of these policies had one common aim – to increase the economy's supply potential, its productive capacity. In terms of *Chart 3*, they have acted to push out the "macroeconomic performance frontier".

It is now widely accepted – not only by commentators but also within the general community – that these policies have been a great success. Australia's ranking in the OECD by GDP per capita has moved from 18th in the early 1990s to 8th today and a recent OECD report rates the Australian economy very highly for liberalised product markets and low barriers to international trade.<sup>14</sup>

Of course, the reform process was not all milk and honey – there were also missteps and pain along the way. An obvious example is the huge pressure that was placed on the domestic banking system by the recession of the early 1990s. These difficulties stemmed, in large part, from the banks' inability to properly understand and manage the risks presented by the then recently deregulated financial system. But, overall, the reforms of the 1980s and the 1990s have seen Australians experiencing much higher standards of living in 2005 than would have been the case had governments not had the determination and perseverance to pursue difficult, but necessary, policy changes.

So, the reform program has been implemented, Australia is the strongman of the OECD and economic policymakers can now sit back, relax and enjoy the in flight service? Well, not quite. There remains much yet to be achieved on the microeconomic reform agenda.

Microeconomic reform pursues greater efficiency in the allocation of our scarce resources. That is, it concentrates on what economists call "allocative efficiency". Economists, like engineers, also have an interest in "technical efficiency". This latter concept considers whether there is scope for producing the same output with fewer inputs; it concentrates on waste.

Typically in their second year of university, serious students of economics encounter a powerful proposition with the somewhat grandiose title of "the first fundamental theorem of welfare economics". This is what it says: In the absence of externalities and other instances of market failure, a competitive general equilibrium is Pareto optimal, which means that no one person can be made better off without at least one other person being made worse off.

Clearly, a competitive general equilibrium is technically efficient; there is no "waste". But it is also allocatively efficient, in the sense that there is no alternative allocation of resources in the economy that would permit one person to be better off without disadvantaging at least one other.

Allocative efficiency, then, has a fundamentally important role to play in expanding the economy's productive capacity. Allocative efficiency gains have been a sure source of productivity growth in Australia.<sup>15</sup>

Microeconomic reform is about establishing the conditions that are necessary to support a competitive general equilibrium. It concerns itself with policies to correct externalities and other instances of market failure. But its principal focus is on establishing and protecting property rights and supporting a competitive environment in which markets can operate efficiently – an environment that produces outcomes that are both technically and allocatively efficient.

Microeconomic reform is about moving potential output closer to the production possibilities frontier.

The quest for technical efficiency occupies considerable resources in businesses all around the country. This is because businesses have an incentive to pursue technical efficiency enhancements – to eliminate “waste”. But individual businesses will not find it so easy to deal with obstacles to allocative efficiency. And it is not easy – even for governments – to assess whether an allocation of resources is efficient.

But there are some indirect indicators that give us a clue.

The most powerful is the following: in an economy that is allocatively efficient the prices paid for products will reflect the full social marginal cost of resources, including opportunity costs, used in their provision. One important implication of this is that we know for a fact that we do not have allocative efficiency whenever we see price differences between things that cannot be explained simply by the costs involved in transforming one thing into the other.

Thus, we know that the Australian economy is not allocatively efficient because we observe differences in water prices that cannot be explained simply by water transmission and purification costs. We know that the Australian economy is not allocatively efficient because we observe differences in transport costs as between rail and road that cannot be explained by differences in the cost of resources used in each. We know that the Australian economy is not allocatively efficient because we observe geographic differences in electricity prices that cannot be explained by electricity transmission costs.

Let’s look a little closer at these three examples. Thanks to a complicated web of different access rights and charging regimes, the price of water can differ substantially from one city to the next, from urban areas to rural areas, and even within the same rural area. For example, the Queensland unregulated river price of water is about 0.3¢ per kilolitre, while the price for urban users in Brisbane is more than \$1 per kilolitre. Moreover, comparing Australia with other countries, we observe that water for urban use in Australia is sold at less than half the price being charged in many European cities. This results, unsurprisingly, in urban Australians using about twice the amount of water as urban users in those countries. Under these circumstances, it is difficult to see how we could be achieving anything like an efficient allocation of water between its various uses, or an efficient allocation of scarce resources in the capture, storage and distribution of water.

One of the issues here is that many water charging regimes in Australia seek only to recover operating costs and a return on infrastructure. Typically, the water being supplied is assumed to have no economic cost; that is, no scarcity value. Unsurprisingly, if a commodity is effectively being given away, then demand will exceed

supply and we can have no confidence that what supply there is will be directed to its use of highest value added. So it is with water. Many major cities are experiencing water restrictions of one kind or another. Quantitative rationing is incontrovertible proof of the absence of an efficient market. And while we ration in the cities, we manage to grow highly water intensive crops on the driest continent on the planet. Why? Look at the prices.

Let me turn to the market for electricity, another basic product that is relatively homogeneous. In a competitive market, price differences between different geographic areas would reflect the cost of transmission between those areas. In March 2005, the cost to a residential customer of consuming an average amount (6MWh) of electricity per year varied from \$790 to \$1275 across various energy retailers in different states – a difference of more than 60 per cent from lowest to highest. While there may be some differences in the reliability of supply, there is a strong *prima facie* case that these price differences are not what we should expect in a competitive market.

Impediments to appropriate signals for efficient investment exist throughout our electricity supply chain. For example, across most of Australia, there are electricity retail price controls which can distort signals for new investment in generation and for consumers to adjust their consumption patterns in response to changing supply conditions. There should be no need to maintain these price controls once effective competition has been achieved in retail energy markets. Any distributional issues could be better handled through transparent community service obligation support measures, rather than through the general suppression of prices.

Another problem is the practice of planning electricity networks on a regional (state) basis, rather than from a broader national market perspective. This is preventing the efficient use of transmission links between states, creating barriers to efficient competition between generators in different states.<sup>16</sup> The issue is price.

My third example relates to land transport charging. Data from the Bureau of Transport and Regional Economics show that the rail share of Australia's inter-capital freight task has fallen from 70 per cent to 30 per cent over the past three decades. That is a dramatic fall. Many motorists would have noticed the increase in goods trucks using our major highways. This change has come about despite the removal of many of the physical, or engineering, impediments to rail's being a viable competitor to road: for example, the bulk of Australia's mainline rail network has now been converted to standard gauge track, significantly reducing the cost of running trains across state borders. Application of competitive neutrality principles through the commercialisation, corporatisation and in some case privatisation of government business has increased operational efficiency while the

development of access regimes for third party access to essential rail infrastructure has facilitated competition.

But one doesn't have to look very far to understand why rail is losing market share. Rail and road users are charged for their access to infrastructure. But there are big differences in the way these charges are calculated. Both rail and road access charges cover the cost of operating and maintaining the infrastructure. But rail access charges include a component to cover a return on "sunk" capital, while road access charges do not. This gives a significant price advantage to long distance road transport, distorting the choice of appropriate transport mode. On the basis of present relative prices, it is likely that 20 years from now, the volume of freight being transported by truck will have approximately doubled: twice as many trucks on the Hume Highway; twice as many trucks rattling around the streets of Sydney and Melbourne.

It is not underinvestment in rail that explains road transport's increasing market share. With present charging arrangements, many otherwise economic rail investments simply don't make the grade commercially. Once again, the issue is price.

These three examples I have used – water, electricity and land transport – are not ones that have been neglected in the micro-economic reform program. It may be considered remarkable that, despite two decades of reform, such large price distortions can still be observed in areas so critical to our national economic performance.

But the fact is that securing reform gains in areas of such complexity is hard. Getting prices right is not easy.

A couple of decades ago the institutional and regulatory arrangements affecting the allocation of financial capital were as fragmented and distorted as what we presently observe in the areas of water, electricity and land transport. And our labour arrangements were little better. Today, our systems for financial capital represent world's best practice. And considerable progress has been made, and continues to be made, in our labour markets.

Ours is the driest inhabited continent on Earth; the energy intensity of our economy is above the OECD average; and we have the most geographically dispersed population among developed countries. In water, electricity and land transport we can't afford anything less than world's best practice.

On the positive side, in each of these areas, ambitious Commonwealth-State programs are in place to take reform much further: the National Water Initiative; AusLink and the COAG Australian Energy Market Agreement. But the success of these programmes cannot be taken for granted. Their success depends upon their creating the conditions that support the emergence of prices that can be explained by economic factors alone – prices that capture full social marginal

costs, where relative prices are reflective of nothing more than product transformation costs. Indeed, for the reasons I have given, this statement is a tautology.

Finally, let me say something about the emerging pressure for increased infrastructure spending. This pressure is mostly well intentioned – more spending on infrastructure will indeed tend to increase the productive potential of the economy. And, with long-term interest rates and therefore the cost of capital at a cyclical low at the moment, both the public and private sectors are in a relatively strong position to undertake additional spending.

But without appropriate price signals, quality investment decisions will not be made. And present price signals are far from appropriate. The risks of making large infrastructure investment decisions in such an information poor environment are very great. Yet, if we undertake sensible reforms, delivering the right price signals and regulatory regimes that are not unnecessarily burdensome, the appropriate level of infrastructure spending will not be far behind. Indeed, with the right prices questions about infrastructure adequacy would be redundant.

After several decades of activist macro policy, motivated by an understandable pre-occupation with a persistent gap between actual and potential output, we have now experienced about a decade of relatively stable growth, at levels of output pretty close to potential. Macro policy activism has been replaced by medium-term anchors and, increasingly, the policy focus has shifted to the things that affect potential output. That shift in policy focus is timely since potential output is about to confront an unprecedented challenge, posed by population ageing. The time trend of potential output maps out a macroeconomic performance frontier. There is good reason to think that macro policy can keep us within close proximity to that frontier. The task of economic policy is, now, to push that frontier out as far as is feasible. As in the past, microeconomic reform has a vitally important role to play – in no area more pressing than infrastructure pricing.

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## Endnotes

1. *Time*, December 31, 1965.
2. Friedman (1968; p.15), cited in Skousen (2001; p. 399).
3. Henry (2003b).
4. A significant example is the 1985 "trilogy", which set upper limits for government spending, taxation revenue and the budget deficit. The "trilogy" was concerned principally with "size of government" matters but can also be seen as an early attempt to give fiscal policy a medium-term anchor, notwithstanding an unemployment rate of around 8 per cent.
5. See, for example, Henry (2001)(2002a)(2002b)(2003a)(2003c)2004a)(2004b), Treasury (2003), OECD (2003a).

6. The first of the “3Ps” is “population”. In respect of GDP, the population variable is the total population aged 15+. In respect of GDP per capita, the population variable is the proportion of the total population aged 15+.
7. That is, of course, not the only way to judge the health of the macroeconomy. Inflation in 1981 was unacceptably high, a legacy of inappropriate macroeconomic policies as well as the OPEC oil shocks in the 1970s. I return to this issue later.
8. In June 2000, average adult hours worked came close to regaining the previous peak in September 1989. That was, of course, associated with the economic boom that preceded the introduction of the Goods and Services Tax in July 2000.
9. But it was deeper in terms of the unemployment rate.
10. Of course, average adult hours worked is not the only metric by which to judge how close the economy is to its productive capacity. The unemployment rate in the September quarter 1995 was still 8.1 per cent; well above most estimates of the non-accelerating inflation rate of unemployment, or NAIRU.
11. An interesting analysis of the potential costs of a failure to act decisively is presented in Harrigan and Kuttner (2004).
12. The “macroeconomic performance frontier” is different from, but closely related to, the production possibilities frontier (sometimes called the product transformation frontier) familiar to students of economics. The latter is an efficient frontier (see later for a description of efficiency), free from any microeconomic policy or other distortion. By contrast, the macroeconomic concept of “potential output” – to which the ‘macroeconomic performance frontier’ corresponds – is the most that can be produced consistent with steady inflation *given a set of distortions*. Hence, potential output lies beneath the production possibilities frontier. The gap between the two is determined by the quality of microeconomic policy settings.
13. Gruen and Garbutt (2004) provides a discussion of the sensitivity of the IGR fiscal projections to productivity and participation assumptions.
14. OECD (2005).
15. Parham (2002), OECD (2003a; pp. 75-84).
16. The examples in the water and electricity sectors are from Port Jackson Partners (2005).



Photo – David Karondis

*Deborah Lipstadt*

In her book, *Denying the Holocaust: The Growing Assault on Truth and Memory* (Free Press, 1993), Professor Deborah Lipstadt made reference to historian David Irving as a Holocaust denier. David Irving sued Dr Lipstadt and her British publisher, Penguin Books, for libel in a trial that made headlines around the world. England's libel laws, unlike American laws, place an onerous burden of proof on the defendant - in this case, Dr Lipstadt. Dr Lipstadt and Penguin won their case resoundingly and exposed Irving's pseudo scholarship and false methodology. To reflect on the highs and lows of the trial, Deborah Lipstadt addressed The Sydney Institute on Wednesday 6 July 2005. Deborah Lipstadt's visit to Australia was sponsored by the Shalom Institute.

# HISTORY ON TRIAL:

## *MY DAY IN COURT WITH DAVID IRVING*

**Deborah Lipstadt**

When I wrote *Denying the Holocaust: the Growing Assault on Truth and Memory* my objective was not to debate Holocaust deniers or to persuade them that they were wrong. I was convinced then and remain convinced that there is no point in “debating” a denier. Anyone who fabricates, distorts, or invents documents and evidence – about any topic - is not someone with whom one can conduct a “debate.” Nor, for that matter, is it possible to “persuade” deniers, certainly not those who are at the heart of the movement. They are the ones who are fabricating the evidence and creating the so-called evidence. My objective in writing the book was to explore the history of the Holocaust denial movement and to demonstrate that Holocaust denial is naught but a form of antisemitism and, in many cases, racism.

In that book, I made a brief reference to David Irving, a man whose name is known to those of you who are World War II history buffs. At that time, he was the author of approximately 25 works on different aspects of World War II. I believed that many of his books demonstrated a rather simpatico attitude towards Nazi Germany. He seemed to me to be intent on trying to argue that while the Nazis may have done bad things, the Allies did equally bad things.

Until the late 1980s Irving hovered at the periphery of the Holocaust denial movement. He spoke at denial gatherings and published his articles in their journals. He claimed that Hitler did not know about the Holocaust and when he learned of it he tried to stop it. He contended that the number of victims was far below the six million which is commonly held to be the approximate number of victims. But it was not until the late 1980s that he openly expounded his Holocaust denial stance. The Canadian government had brought action against Holocaust denier Ernst Zundel under a hate speech statute. [Though Zundel was found guilty, the statute was evidentially declared unconstitutional by the Canadian Supreme Court.] At that trial, Irving testified on Zundel’s behalf and said the Holocaust was

a legend. He had, he told the court, seen evidence proving that the gas chambers were an impossibility. He was referring to the Leuchter Report, a completely bogus scientific report that claimed to prove there were no gas chambers. Leuchter did not have the credentials to conduct such a study and the report was ludicrous from a scientific perspective. Yet Irving accepted its conclusions at face value.

In the late 1970s Irving had published *Hitler's War*, a biography of Hitler. In this book Irving argued that Hitler did not know of the Holocaust and when he learned of it tried to stop it. When the book was republished in 1991 all mention of the Holocaust had disappeared. When asked about that by a reporter, Irving responded: "When something did not happen you don't even dignify it with a footnote." He acknowledged that some Jews had been shot. He could not deny this because there are so many contemporary reports about the killings, reports written by the German officers who conducted the killings and then widely distributed to numerous sources. Irving, however, attributed these killings to out of control rogue Germans and their Latvian, Ukrainian, and Estonian allies.

In the years thereafter, Irving's expressions of denial escalated in tone, content, and crudeness. He said things like more women died in Senator Teddy Kennedy's car at Chappaquiddick than in gas chambers at Auschwitz. When he appeared on the ABC in Australia with Kitty Altman, a Holocaust survivor from Melbourne, he asked her, referring to the number tattooed on her arm, Mrs Altman, how much money have you made from having that number tattooed on your arm? On another occasion he told his followers that he wanted to form an organisation called Auschwitz Survivors, Survivors of the Holocaust and Other Liars and declared that he intended to call it by its acronym, "ASSHOLS."

Given this record, I did not believe I was doing anything controversial when, in *Denying the Holocaust* I referred to Irving briefly and said he knew the truth but bent it to fit his pre-existing political conclusions. In other words, he wasn't a denier who had been duped by someone else, but he was a duper. Moreover, I wrote that he was the most dangerous of Holocaust deniers, because unlike other deniers he had a reputation as the author of all these books on history. He had entrée to certain scholarly circles; his books would be reviewed in leading literary and academic intellectual organs.

Historians tended to dismiss his comments about the Holocaust even as they took his other work seriously. They seemed willing to ignore the degree to which his writings about Hitler and his attitude towards Jews were skewed to make Hitler appear benevolent. For example, Sir John Keegan considered *Hitler's War* to be one of the best books written on World War II. Keegan dismissed Irving's claims about the Holocaust as groundless. However, he accepted his other

work as having value. I failed and fail to understand how people, such as Keegan, could so easily bifurcate between Irving's comments about the Holocaust and the rest of the work. If he fabricated in one arena, how did they know that he did not fabricate in other arenas? Why weren't their suspicions aroused? Keegan, however, would do something far more controversial in the course of my trial.

While my comments were harsh – that I freely admit – they occupied no more than a page in the entire book and, even more importantly, I considered them – given Irving's record – justified. After *Denying the Holocaust* was published in the United States, Penguin UK bought the rights. About four months after it appeared in London, I received a letter from Penguin UK saying that David Irving was considering suing me for libel. When I received the letter I laughed. The whole thing seemed so farfetched. Here was a man who had called the Holocaust a legend saying he was not a denier. Laughter seemed a most appropriate response. Given that this matter would occupy the next six years of my life, it probably was most inappropriate. How, I wondered, could a man who had said all the things I have enumerated – and much more – claim *not* to be a denier.

Of course under British libel law the onus was on me – the defendant – to prove the truth of what I said and not on Irving – the plaintiff – to prove the falsehood. The system, by putting the burden on me, essentially made me guilty until I proved myself innocent. This, of course, is the mirror image of the American system.

Irving was probably “venue shopping.” He could not have brought this case in the United States. There, not only would the burden of proof have been on him, but he would have faced an even bigger obstacle. In the United States the Supreme Court ruled, in *New York Times v Sullivan*, that a public figure – a politician, author, someone who puts herself or himself in the public arena – cannot sue for libel or slander unless they can prove “malicious intent”, i.e. that the person saying these things knew they were wrong or had every reason to know they were wrong and went ahead and said them anyway.

Once I realised the gravity of the situation, I stopped laughing. I knew I could not just ignore the legal threat. Had I done so, Irving would have won by default. Moreover, I felt I needed my own legal representation. Publishers have been known to abandon their authors when a case promises to be expensive. Since Penguin's insurance company was footing the bill, I knew that if they told Penguin to settle there was a good chance they would do that. Though Penguin, at that point, had not done anything to arouse my mistrust, I thought it the better part of caution to have my own lawyers. Penguin had good reason to not settle with Irving. Had they done so, it would have aroused other authors' fears about signing with them. Moreover, had they settled with Irving – essentially saying that Irving was justified

in suing me for libel - they knew that there was a good chance that, at the urging of my lawyers, I would sue *them* for libelling me.

I was lucky to get Anthony Julius, one of the more prominent, bright and talented solicitors in England. Julius had just finished representing the late Princess of Wales in her divorce. Anthony and his partner, James Libson, initially worked *pro bono*. However, when it became evident that the matter might well go to trial and continue longer than any of us had originally thought, they could no longer do so. I was exceptionally lucky when a group of people stepped forward and established a defence fund to cover my expenses. The existence of the defence fund ensured that, should Penguin abandon me [as they rather precipitously did during Irving's appeal of the judgment], I would be able to still pursue the case.

Anthony and James treated this case as if it was the most important commercial case to ever cross their desks. They did not assume that it would be self-evident to the judge that Irving was a Holocaust denier, who lied and twisted the truth. They assumed that nothing was self-evident. They were going to prove this point, by point, by point.

Secondly, we all agreed that we did want this to become a "did the Holocaust happen?" trial. Just like no court is needed to prove World War II happened, no court is needed to rule on the Holocaust. The existence of the Holocaust is an established fact. Our objective would be to prove that I told the truth when I said Irving is a Holocaust denier who knows the truth, and bends the truth to fit his pre-existing political ends. In order to prove this we followed the trail of his footnotes. By going through Irving's work and tracking his footnotes as they related to the Holocaust, we would demonstrate to the court the extensive nature of his historical calumnies.

We would show not only that he twisted the truth but precisely how he did so. While all those involved in the case came to it assuming Irving was lying, we were all shocked at the degree to which we discovered he fabricated evidence.

We also decided not to call Holocaust survivors as witnesses. We had two reasons for so doing. First of all, they would have been "witnesses of fact" and we felt we didn't need witnesses of fact to "prove" the Holocaust happened. Secondly, Irving was *pro se*, representing himself and we did not think it was ethical to put an elderly person in the witness box to be cross examined by a man whose only objective, we assumed, would be, to humiliate them and confuse them rather than elicit information from them. Instead of calling Holocaust survivors as witnesses, we assembled a dream team of historians to go through Irving's work and follow his footnotes to their original sources.

Our lead historical witness was Richard Evans of Cambridge. When he first agreed to serve as an expert witness, I suggested that we should argue that Irving shouldn't even be considered a historian. He may write books on historical topics but his fabrications were so overwhelming that, I believed, they disqualified him from being considered a historian. Evans disagreed. He didn't think it was efficacious to argue that a man who had written 20-25 books on World War II was not an historian. No jury or judge would ever accept that argument. I did not pursue the matter. Seven months later, I smiled when I read what Evans wrote in his report: "In no way can David Irving be considered an historian." I did not assume for a nano-second that Richard Evans had changed his mind because of my powers of persuasion. No, Evans had been convinced by the evidence, i.e. by his encounter with Irving's manipulations of the documents.

Evans, aided by tremendously industrious and talented assistants, had tracked Irving's footnotes and in every single case they found some invention, some distortion, something that rendered Irving's rendition of the Holocaust, in Evans' words, "a tissue of lies". For example, in his book *Hitler's War*, Irving promised his readers that the book contained "incontrovertible evidence" that as early as 30 November, 1941, Hitler had explicitly ordered that there was to be 'no liquidation' of the Jews." In the body of the book, Irving writes:

Himmler was *summoned* to the Wolf's Lair for a secret conference with Hitler, at which the fate of Berlin's Jews was clearly raised. At 1:30 p.m. Himmler was *obliged* to telephone from Hitler's bunker to Heydrich the explicit order that Jews were not to be *liquidated*...[emphasis added]

Irving based this claim that Hitler had demanded Himmler come to a secret meeting at which he ordered that Jews were not to be murdered on Himmler's phone log for the day. It listed a 1:30 p.m. phone call from Himmler to his assistant Reinhard Heydrich who was in Prague. Himmler made the following notations in his log about the call:

<i>Judentransport aus Berlin.</i>	[Jew-transport from Berlin.]
<i>Keine Liquidierung</i>	[No liquidation.]

The phone log indicates that Irving's claim that Himmler was stopping the liquidation of the Jews was simply not true. Himmler was ordering that one specific trainload of Berlin Jews not be liquidated. In Irving's hands this had morphed from instructions about one train into an order concerning all Jews. It hardly was an order that the killings were to stop. Moreover, you can only stop something which is already underway. His claim that this order came from Hitler, was, as my barrister put it, "pure invention." There was no evidence that Hitler had *summoned* Himmler or that he had *obliged* him to call

Heydrich. In fact, according to Himmler's log, he first saw Hitler an hour *after* the call was made.

In *History on Trial* I describe another example of Irving's fabrications. In the early 1990s a reporter had asked Irving whether he thought evidence used at Nuremberg had been fabricated. Irving had replied: "Oh, we fabricated a lot of evidence" and then illustrated his point by telling the story of the Nuremberg testimony of Marie Vaillant-Couturier, a French-Catholic resistance fighter who was interned in Birkenau. She described for the international tribunal how camp inmates died from thirst, starvation, beatings, insufficient clothing, illness, and gassings.<sup>1</sup> According to her, inmates who were punished received 50 blows with a stick. The beating was administered by a swinging apparatus manipulated by an SS man.

Vaillant-Couturier testified that, when SS officers needed a servant, they would accompany the woman commandant of the camp to the women's camp to choose an inmate. They made their choices when prisoners were being disinfected because then the women were naked. She also testified that one of the camp barracks was used as a brothel for the SS. Prisoners, who had been in other camps, had reported to her that the same brothel system existed in their camps.

Irving had told reporters at his press conference that the American Judge on the Nuremberg Tribunal, Frances Biddle, was so appalled by her testimony that he wrote in his private diary: "I don't believe a word of what she is saying. I think she is a bloody liar." But, Irving asserted, Judge Biddle kept these sentiments to himself and, therefore, her testimony entered the official record unscathed.

In his cross examination Rampton asked Irving if Judge Biddle had actually called her a "bloody liar." Irving admitted this was his "gloss," but insisted it was a legitimate gloss because Judge Biddle was "fed up" with this women's "implausible" testimony. Rampton took out a copy of the relevant pages of Biddle's diary. After summarising the various punishments Vaillant-Couturier had described, the American judge started a new paragraph. He summarized her description of the brothel and her claim that "all the other camps used the same system." Biddle then wrote: ("This I doubt.")

Rampton put down the page, looked up at Irving, and accused him of having taken a "side note" - Biddle's reference to her comments about brothels at other camps - and inflated it into "general doubts" about her entire testimony. Irving insisted that Biddle was rejecting her entire testimony, not one small aspect of it. Then he turned to Judge Gray and said he was willing to "concede, for what it is worth," that his comments about Biddle's doubts came "four or five... or possibly even ten years" after he examined the judge's diary in the archives in Syracuse, New York.

For the first time since the trial began, I thought Irving had made a good point. If so much time had passed between his visit to the archive and his press conference, then his failure to recall precisely what the judge wrote was understandable. But then I heard a commotion behind me. Heather Rogers, one of the junior barristers, was excitedly whispering in Rampton's ear as she hurriedly ruffled through her files. She excitedly pulled out a document, circled something on it, and handed it to Rampton. He studied it for a moment and then, somewhat offhandedly, resumed his cross-examination: "Tell me when you went to Syracuse?" Irving offered to check the precise date. Rampton, all traces of offhandedness suddenly gone from his voice, suggested he not bother. Gesturing to the document Heather had handed him, Rampton noted that in December 1999, shortly before the start of the trial, Irving had responded to our Statement of Case. In it he had written: "I originally read Judge Biddle's papers ... in 1988."<sup>2</sup> I suppressed a smile. Irving had - yet again - entrapped himself. The press conference at which he said Biddle called Couturier a "bloody liar" was in 1989. In other words, in contrast to the testimony he had just given, there had not been "four, five, or ten years" between his examination of Biddle's diary and the press conference. There had been one year. I wondered if Irving had forgotten what he wrote or, so accustomed to having his distortions go unchallenged, reflexively assumed he could get away with this.

But Rampton wasn't quite finished. In his diary, Irving recorded how, after his 1988 visit to the Biddle archives, he drove directly to Toronto to give a speech. We had the text of that speech. Irving had told his audience that Biddle had written "all this I doubt". Irving's first distortion occurred but a few days, not years - as he had just claimed - after reading Biddle's diary.

Irving, no longer able to claim that his distortions were a result of the lapse of years, now insisted that his addition of "all" was not a distortion because Biddle was clearly referring to all of Vaillant-Couturier's testimony. Judge Gray - who generally waited for Rampton to finish before asking his questions - intervened: "Yes, but he did not say *that*." After telling Judge Gray that he added the word "all" to make Biddle's comment more literate for an audience, Irving shrugged his very large shoulders and added: "Frankly, I do not think there is very much mileage to be made out of that."<sup>3</sup> Judge Gray said nothing but I imagined that he was not pleased about Irving's distortions of what a fellow judge, particularly one at an international tribunal, had actually written.

In *History on Trial* I relate numerous other examples where we demonstrated Irving's fabrications and obfuscations. There were no Perry Mason surprises, just dogged and outstanding research and

lawyering. I demonstrate how our experts did that in their reports and how my exceptionally talented and dedicated barrister, Richard Rampton, used that information in court to close off all avenues of “escape” for Irving. After Rampton demonstrated that Irving’s so-called “interpretations” of the various documents on which he “relied” in order to exonerate Hitler and raise questions about the Holocaust were based on unjustified readings and, in certain cases, complete fabrications, all Irving could do was claim he had made an innocent mistake or had misread the documents.

Throughout the trial, whenever we exposed Irving’s evidence as wrong, all that was left for him to do was to claim he had made a mistake, as he did in the case of Vaillant-Couturier. The problem for him was that every one of his so-called mistakes went in the same direction: the exoneration of Hitler and the Third Reich. This consistent pattern proved that these mistakes were anything but.

While preparing for the trial we had discovered that when speaking in “non-public” gatherings or writing in his diary, Irving made some very disturbing statements. We had found such statements in his diaries, letters, files, speeches and talks. We had access to this material because during a pre-trial hearing we had gained access to a large cache of his files and his collection of video and audio tapes. We also gained access to his private diaries. As a result we heard some things which he may never have intended to become public. For example, Irving wrote in his diary that whenever “mixed-breed” children were wheeled past his nine month old daughter, he would sing to her:

I am a Baby Aryan,  
Not Jewish or Sectarian,  
I have no plans to marry,  
An Ape or Rastafarian.

Once, when speaking to a private group of followers, he told them that he had watched the news on the BBC and was appalled at seeing “them reading our news to us.” When Rampton read this out in the courtroom, Judge Gray demanded more precision: “What did you mean by ‘them’ and ‘us’?” Irving, apparently trying to camouflage the fact that he had been referring to people of colour, rather matter-of-factly, said he was talking about women. “It is male news and it should be read to us by men.” I marvelled at the fact that he thought this was preferable to his racists statements. But Irving could not explain away the next statement on the tape. “For the time being, for a transitional period, I would be prepared to accept that the BBC should have a dinner-jacketed gentleman reading the important news to us, followed by a lady reading all the less important news, followed by Trevor McDonald giving us all the latest news about the muggings

and the drug busts – [rest lost in loud laughter and applause].”<sup>4</sup> McDonald, a well respected news reporter, was of Caribbean descent. Clearly, he was not talking about women.

Sometimes, however, he made these kinds of statements publicly. For example, in 1992 Irving was interviewed for the ABC. In the interview he acknowledged feeling “queasy about the immigration disaster” in Britain. The interviewer asked: “What do you think about Black people... on the British cricket team?” Irving replied: “That makes me even more queasy.” During his cross examination, Rampton asked Irving why he felt queasy. Irving, rather proudly, declared: “Because I am English.” I heard a long low whistle. The court usher, looked up in horror. I wasn’t certain if she was shocked by the comment, the whistler, or both. When Rampton observed that the players were English too, Irving reminisced about the passing of the England, “I was born into”, lamenting that it was “different from the England that exists now.” Rampton, who is Irving’s contemporary, responded: “Well, thank goodness.”

Judge Gray, who seemed particularly intrigued by this exchange, wanted Irving to clarify his comment about the cricket players. “Is the regret you feel about them playing for England... because of the colour of their skin?” Irving responded: “It is regrettable that blacks and people of certain races are superior athletes to whites.” Judge Gray did not seem satisfied. “Why is it regrettable?” “Well,” Irving answered, “it is regrettable - in as much as it is now described as being a racist attitude ...to point out that there are differences between the species.”<sup>5</sup> The minute Irving said the word “species,” Anthony sputtered: “SPECIES?”

The great irony is that much of what we learned about Irving through the discovery process we did not previously know – and would have *never* known – had he not decided to sue me. We never would have had these files, diary and video and audio tapes. We discovered his correspondence with a wide range of extremists, including those in Germany, the US and the UK.

Let me add one more element to this story. We looked at Irving’s treatment of Dresden because we wanted to see if when Irving dealt with non-Holocaust topics he could be trusted to observe accepted historical practices. Irving has been one of those greatly responsible for our mythic notion of Dresden as an unjustified Allied war crime. I am not suggesting that the death of Dresden civilians wasn’t a tragedy. According to the estimate of the Dresden Police, who carefully calculated the death toll, approximately 25,000 to 35 000 people were killed in a night and a day of bombing. That is, of course, a tragedy. But Irving, in various editions of his book, *Apocalypse 1945: The Bombing of Dresden*, and in speeches he has given on the topic, pushes the death

toll as high as a quarter of million, a number which would be virtually impossible in a night and a day of conventional bombing.

During the discovery process we discovered in Irving's research files that he had been repeatedly told by people who had been present in Dresden during the bombings that his estimates were completely wrong. We argued that the reason Irving so significantly aggrandised Allied wrongdoings was in order to create a moral equivalence between the Nazis and Allies.

In *Dresden Tuesday February 13 1945* the historian, Frederick Taylor, traces the mythic notion of Dresden as a massive Allied crime to three sources. Firstly to Goebbels, who took the Dresden Police report, which estimated that the death toll was 20,000–25,000 and added a zero so it became 200,000 – 250, 000. Goebbels' philosophy was to frighten the German people of an Allied victory by inflating Germany's losses. He thought this would make them fight to the very bitter end and that they would go down in flames rather than surrender. The second source for this mythic notion of the bombing of Dresden was the East German Communist government. The bombing had been conducted by the British and the Americans, not by the Russians. It was a means for the Communists to stress to the Dresdeners and, by extension, to other Germans the nefarious nature of the West. According to Taylor, the third source for the perception of Dresden as a war crime was David Irving. Irving's claims about Dresden worked their way into popular culture through Kurt Vonnegut who relied on it when he wrote *Slaughterhouse 5*. As our expert Richard Evans observed in his report, the critique of Irving's Dresden book has been so intense that when the last German edition was published, the publisher added the following two words to the front page: "A Novel".

How does his inflation of the Dresden death toll relate to his Holocaust denial? It enables him to draw a parallel, a false one of course, by arguing, as he did in a 1992 speech that 100,000 had died at Auschwitz "most of the them from epidemics" and that maybe about 25,000 were killed by "shooting or hanging." Such deaths are a "crime," Irving would acknowledge, but say it took four years to kill that many people. He would then say "Let me show a real war crime in one night and one day – 250,000 people were killed in Dresden." It is his way of making an immoral equivalency.

The judgment in this case represented a devastating loss for Irving. The judge said that Irving perverts and distorts history. He misleads. His versions of history are a travesty and, rather than being a mistake, they're deliberate. It was a sweeping condemnation of Irving's treatment of the Holocaust.

Let me finish with some personal observations. First of all, I don't believe that history belongs in the courtroom. The courtroom is not

the place to adjudicate history. I never would have brought this case into the courtroom. Does, however, my success in the courtroom prove that I am wrong? Is this the optimum place to adjudicate history? This case may be the exception that proves the rule. Our success in the courtroom can be traced in great measure to the fact that the judge was not adjudicating history or choosing between two versions of history. The judge was simply looking at how this man used and, more importantly, abused the existing documentation.

There were moments which were terribly laden with emotion. Those came primarily during my encounter with Holocaust survivors and children of survivors, veterans and others with some connections to the war and to the Holocaust. I'm not a child of survivors; I have no direct connection in that sense. Of course I know many survivors and I encountered others during the trial. One woman handed me a list with two sets of names. Everyone on the list had one of two different names, e.g. Horowitz and Klein. Most of the names had a birth date next to them and some had a date of death, though generally the death date was represented by a question mark. She had clearly tried to recreate the record of what happened to her family. She handed me the list. There's nothing one can say in such a situation. Words are inadequate. I tried to show as much empathy as I could, but it did not feel sufficient. When I handed the list back to her she said, "No, you have to have this, this is my evidence, this is my evidence." And she put it in my hands as I walked into the courtroom.

I had many other such experiences particularly after our stunning victory. I recount them in *History on Trial*. Let me share some of them with you. In the aftermath of the trial, I was inundated with letters, with press contact but again it was the contact not just from survivors but people with some direct connection to the war which touched me most and I'd like to close by reading you some of those communiqués:

Dear Professor Lipstadt,

You do not know me and we will probably never meet. My mother was killed in Auschwitz. If David Irving had won my mother would have been a victim a second time. So would everybody else who perished there. I love my mother very much and have not seen her since April 14th 1939 when I was fourteen years old. She was killed on October 23, 1944.

Gratefully yours,  
Anna Bertalina.

Dear Professor Lipstadt,

My husband served with Patton and on a Sunday entered the camps at Dachau, he was a hardened combat veteran as were the three others who went in with him. They broke down in tears. He recalled an inmate pointing at him and screaming in Yiddish, he had not realised that his dog tags on which he had a tiny Bar Mitzvah *mezuzah* were visible. "Du bist ein Yid?" When my husband said yes, he was Jewish, more yelling and others gathered. They couldn't believe a free Jew walked the face of the earth, let alone a Jewish soldier. It took my husband 28 years to tell me this. He told me when we were in Jerusalem at Yad Vashem. He buried the memories of what he had seen that deep.

Cordially,

Marion Lieberman.

Dear Professor Lipstadt,

British justice is a bit long winded and unemotional, like the mills of God it may grind salt slowly but on occasion it can grind exceedingly fine. I was a boy during the War but one thing is ineradicably engraved upon my mind, not the bombing which had long ceased but the memory of sitting in a cinema with my mother and sister, weeping, together with the rest of the audience as we saw the first dreadful newsreel pictures of the liberation of Belsen. Fair haired and light eyed, Christian, Goy and stranger I may be, but I cannot understand how that dreadful creature persuaded some of our children that their parents and grandparents are either liars or fools.

Sincerely,

Ray Waters.

And finally an email that came in two days after the trial.

Subject: You are the great winner

Dear Miss Lipstadt,

My name is Paula Castagno. I'm Italian, I'm 28 years old and fortunately I didn't new the Second World War. I red on a Italian newspaper that you won against David Irving. My Grandfather Aldo remained eight months in Auschwitz (like Disneyland, Irving calls Auschwitz Disneyland for tourists.) When he died in Italy he weighed 34 kilo for 1.82 metre high. He died three year ago. I remember he cried, thinking holocaust after 40 years. He didn't say me nothing about this. So I write to thank you enormously. I know that also my Grandfather thank you for your courage and that you speak about truth. Be my graet hero.

Paula Castagno

N.B. I'm sorry for my English.

Allow me to close by reading to you from the end of *History on Trial*:

I did not feel as if I was anybody's great hero. Five years earlier, David Irving had told the *New York Times* that I had been taken "out of the line to be shot". I am convinced that he fully expected me to "crack up and cop out" as he told his followers libel defendants generally do. Irving may well have been surprised when I fought back as I did, ultimately giving far better than I got. I fought to defend myself, to preserve my belief in the freedom of expression and to defeat a man who lied about history and expressed deeply contemptuous views of Jews and other minorities. For a long time, after the court battle was over, I felt pain when I thought of the many people who had watched Irving ravage their memories. I could not fathom what it felt like to have one's experiences not just denied but deprecated and ridiculed. However, I felt not just pain but a certain sense of privilege. I was reminded of the fact that the Jewish tradition highly values acts of love and kindness including visiting the sick, sheltering the needy, feeding the hungry and welcoming the stranger. There is, however, one act of loving kindness that supersedes all the others because it cannot be reciprocated. Taking care of the dead is called *hesed shel emet*, the most genuine act of loving kindness, because it is then Jewish tradition posits, that we most closely emulate God's kindness to humans which also cannot be reciprocated. For five years I had the privilege to do *hesed shel emet*, to stand up for those who did not survive or who could not stand up for themselves. Being able to do that was thanks enough. I did not choose this field of research in order to perform this act of *hesed*. I did not write my book on deniers expecting to engage in this act. I did not choose this fight but now as I look back I am filled with gratitude. If someone had to be taken out of the line to fight this battle, I feel gratified to have been the one.

## Endnotes

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1. For Vaillant-Couturier's testimony, see Nuremberg Trial Proceedings, Vol. 6, forty-fourth Day, Monday, January 28, 1946, Morning Session [www.yale.edu/lawweb/avalon/imt/proc/01-28-46.htm](http://www.yale.edu/lawweb/avalon/imt/proc/01-28-46.htm) (October 27, 2003).
2. *IvP&DL*, Day 8 (January 24, 2000), pp. 14-15. Irving's *Nuremberg: The Last Battle* contained a photograph of Vaillant-Couturier with the following caption: CREDIBILITY PROBLEMS. The caption stated that "As Madame Marie-Claude Vaillant-Couturier... testified about her ordeal as a Communist interned at Auschwitz, Judge Francis Biddle notes that he does not believe her." David Irving, *Nuremberg: The Last Battle*, (London, 1996), picture caption after p. 182. For a summary of Irving's various statements regarding Vaillant-Couturier's testimony see: *Closing Statements*, 5(i)p, pp. 72-75.
3. *IvP&DL*, Day 8 (January 24, 2000), pp. 14-27.
4. *IvP&DL*, Day 14 (February 2, 2000), pp. 108-12.
5. *IvP&DL*, Day 15 (February 3, 2000), pp. 10-15.

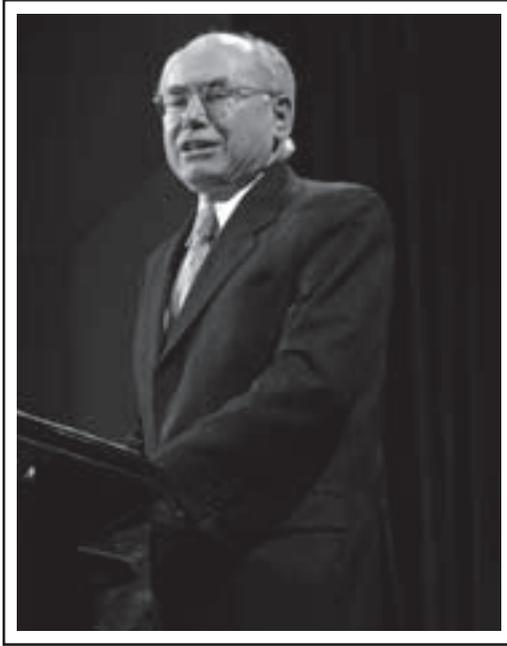


Photo – David Karondis

*John Howard*

Industrial relations reform has long been one of Prime Minister John Howard's trademarks having argued the case for an end to end centralised wage fixing agreements in the 1980s. Australia's industrial relations have been transformed in the past two decades, beginning with the Hawke-Keating governments and continuing under the Howard Government. But, in the Prime Minister's opinion, industrial reform must continue; in fact, it is never over. Global competition has ensured that a trading nation like Australia cannot ever be complacent. In a landmark address to The Sydney Institute on Monday 11 July 2005, John Howard outlined the need for further industrial relations reform Down Under.

# WORKPLACE RELATIONS

## REFORM: THE NEXT LOGICAL STEP

**John Howard**

Twenty years ago this month, the Australian Council of Trade Unions (ACTU) torpedoed Paul Keating's plan for a broad-based consumption tax. It would take another 15 years and a Coalition Government to secure this important economic reform for Australia. The failed Tax Summit of July 1985 was not simply a defeat for a better taxation system. With hindsight, it was the beginning of the end for a style of corporatist politics that bound Australia in an economic straight-jacket. The idea of the select few taking the big decisions and handing them down to the rest of the community is alluring for any nation's political class. And until a few years ago, nowhere in our politics was this corporatist edifice more imposing, its ethos stronger or its sacred cows better nourished than in the field of industrial relations.

Here was a realm where, the "experts" agreed, only experts should dare to tread. Only they understood the special qualities of our centralised wage-fixing system – the virtues of the closed shop; why "comparative wage justice" was all that stood between order and industrial chaos; and why placing trade unions above the law was simply part of the Australian way. By the early 1980s, some were prepared to prick these pretensions. And none possessed a sharper eye or pen than Gerard Henderson. His landmark *Quadrant* article on "the industrial relations club" in 1983 stripped away layers of mythology from a system that was failing our country on the scales of prosperity, of fairness and (ultimately) of democracy. It certainly struck a chord with me given my own experiences as Treasurer in the Fraser Government.

So tonight I am pleased to be back at The Sydney Institute to make the case for Australia embracing a flexible, simple and fair system of workplace relations. Australia's high living standards rely on the productivity of our workplaces. And just as today's prosperity has been built by Australians working smarter in the last decade, so we must unleash a new burst of productivity growth to secure our future prosperity. The workplace relations reforms that I outlined to parliament a little over six weeks ago are the next logical step on a path

that has delivered higher wages, more jobs, low inflation, the lowest industrial disputes on record and the longest economic expansion in half a century – perhaps the longest since the gold rushes. While these reforms are significant, they are not radical. They are grounded not in ideology but in economic reality. They aim to strengthen our economy but to do it the Australian way – by advancing prosperity and fairness together. In recent days, we’ve heard sinister claims about what lies ahead. Family living standards in free-fall. “Dark satanic mills” across the land. Australia to lose the Ashes. Some people seem intent on giving hyperbole a bad name. It’s time some facts got a look in – two facts in particular.

First, no system of industrial regulation can protect jobs and support high wages if an economy is not strong and productive. And second, standing still is always riskier for Australia than going the extra mile on economic reform. To go the extra mile on workplace reform is to appreciate that building a culture of enterprise in our workplaces is a never ending challenge, not a lemon that “has been squeezed dry”. It is to understand that a dynamic, job-rich economy is the foundation of a fair go in Australia. And it is to recognise that, after nearly 105 years as a nation, one set of workplace laws is better than six.

### **The rise of the “enterprise worker”**

The way Australia works has been reshaped in our lifetimes. Economic reform, the opening up of the economy, higher education levels, changing consumer demands, new technology and modes of production – all have combined to transform the way we live our lives. In the past, I have singled out the adaptability of the Australian people as our greatest asset in this age of globalisation.

Tonight I want to be more specific and suggest that there is no more important economic development in Australia in the last two decades than the rise of the “enterprise worker”. These Australians do not fit neatly into categories based on age or geography, occupation or industry, income level or formal qualification. They are white collar and blue collar. They work each day in our factories, our small businesses, our great services companies, our farms and our mines. Some choose to be trade unionists, many do not. Most are traditional employees, while a growing number have embraced the independence and flexibility of working for themselves. This new breed of enterprise workers includes the knowledge workers who now make up roughly 40 per cent of our workforce.

They include the providers of personalised services, reshaping our society with little more than initiative, a mobile phone and a computer. But they also include blue collar workers in industries that only a few years ago were written off as part of the “old economy”.

They include the almost 2 million Australians working for themselves, often as independent contractors, franchisees or consultants. More than a million Australians now run small businesses from home, often because they can better balance work and family responsibilities.

What unites our enterprise workers, and what has helped to lift Australia's economic performance, is an attitude of mind. They recognise the economic logic and fairness of workplaces where initiative, performance and reward are linked together. They understand the need for firms to strive for better ways of doing things; that each workplace has to meet competitive challenges in its own way. They have a long-term focus, knowing that short-term gains without regard to productivity are illusory if the result is inflation and jobs at risk. Most importantly, they grasp that high wages and good conditions in today's economy are bound up with the productivity and success of their workplace.

Those of us who have long made the case for freeing up the Australian labour market always felt that the most important change would be a cultural one. Change the institutions and over time you change the culture from the remote, adversarial and legalistic way employment relations were handled in the past. Give employers and employees a tangible stake in what happens at the workplace and you give them a shared incentive to improve its performance. With this in mind, the government's workplace relations reforms have three broad objectives. First, they are designed to encourage the further spread of workplace agreements in order to lift productivity and hence the living standards of working Australians. Second, they remove impediments to further job creation, especially in small and medium-sized businesses and especially for those Australians on the margins of the workforce. And third, they seek to provide Australia with what any modern, competitive nation needs in the twenty-first century – a single set of workplace relations laws. Let me address each of these in turn.

Encouraging workplace agreements Looking back from 2005, what was the great labour market reform debate of the 1980s all about? In essence, it was about the impact on the Australian economy and on working people of a shift towards more decentralised bargaining arrangements. We now know that the spread of workplace negotiations has helped to underpin an Australian economic renaissance. Our relative prosperity is rising again, after decades of falling living standards compared with the rest of the industrialised world. I have no prouder boast than that the real wages of Australian workers have risen by more than 14 per cent under this government. This has been affordable for the simple reason that productivity has risen strongly. Not only that, but we have avoided the sort of destructive

wage-price spirals that often derailed past economic expansions under the old, centralised wage-fixing system.

In today's economy, to be indifferent to the spread of workplace agreements is to be indifferent to the well-springs of national prosperity. We know this because the link between workplace bargaining and higher productivity is strong and compelling. Between the 1970s and the early 1990s, under the old system, Australia's labour productivity (GDP per hour worked) grew at about 1.2 per cent per annum. In contrast, from the mid to the late 1990s, productivity growth accelerated to average about 3 per cent per annum. If we had not had this additional productivity growth in the 1990s, Australian households would have been around \$7,000 worse off on average by now. This productivity surge was not part of some global phenomenon. Australia was a world leader, outperforming even the much lauded productivity performance of the United States.

We know too that productivity growth has been highest in those sectors that have moved furthest in the direction of workplace agreements. Sectors with more decentralised arrangements have done better than sectors that still rely heavily on the old award-based arrangements. Research conducted for the Business Council has found that a 10 percentage point reduction in award reliance in an industry between 1990 and 2002 was associated with an increase in average annual productivity growth of 0.5 percentage points. Other studies have shown that productivity levels in firms in which all employees are on enterprise agreements were almost 9 per cent higher than comparable firms where employees relied on awards.

We also know that those on workplace agreements receive higher wages. None of this should come as a surprise. Workplace agreements allow parties to deal with circumstances and needs that are unique to that workplace and its employees. Tailoring changes to employee and customer requirements, job redesign and work organisation changes, incorporating new technology, accommodation of work and family responsibilities – all these issues cannot be dealt with effectively above the workplace level.

A common error – one that my opponent Mr Beazley always makes – is to regard workplace reform as a one-off. Have a few meetings of the Industrial Relations Club, remove a few 1950s work practices, and the job is done. He could not be more wrong. The job is never done. Despite a turnaround in productivity performance, we are still a long way shy of the world's most productive economies. On recent estimates (2002, GDP per hour worked), our productivity level is about 83 per cent of that in the United States, which is only slightly above where we were in 1950. In a global economy that increasingly values specialisation and flexibility, perseverance with workplace reform is essential if we are to narrow this productivity gap further

and respond to challenges such as the rise of China and India as great economic powers.

The centrality of productivity to success in a globalised economy was starkly illustrated by Martin Wolf of the *Financial Times*. In his recent book, *Why Globalization Works*, he asked how workers in high income countries can compete with Chinese workers:

It is true that, on average, a worker in Chinese manufacturing cost only \$730 annually between 1995 and 1999, while a German worker cost \$35,000, an American one \$29,000 and a British one \$24,000. Is it then not perfectly evident that German, American and British wages will be driven down to Chinese levels? It is not merely not obvious; it is untrue. Chinese labour is cheap because it is unproductive. If an American worker produces \$81,000 of value added annually, a German worker \$80,000 and a British worker \$55,000 while a Chinese worker produces only \$2,900 it is not at all difficult for the workers of the high income countries to compete, even if their wages are vastly higher. The evidence on the relationship between productivity and wages is overwhelming.

Australia is also on the cusp of a great demographic transition with the retirement of the baby boomers. This will require evolutionary change where laws and institutions are regularly assessed against the needs of workplaces. What is important for ongoing productivity growth is a continuous process of cooperation and commitment to implementing change. Encouraging the spread and improving the quality of workplace agreements is about sustaining productivity growth in an environment that encourages innovation, the acceptance of new technology and the development of worker skills.

The government's 1996 reforms made workplace agreements the focal point of our system, overcoming many deficiencies of the Keating-era changes which limited the spread of agreement-making. By reducing the scope for third parties to interfere in agreement making, it clarified where responsibility lay in this process. By simplifying awards, it limited scope to regulate all aspects of the workplace. And by ensuring that a broader range of agreements was available, with provision for the first time for agreements between individual employees and their employer, it made agreement-making more attractive and accessible.

Our 1996 reforms also made it easier for flexible, family-friendly practices to be introduced at the enterprise level. About 83 per cent of federally certified agreements now contain at least one family-friendly provision such as carers' leave, part-time work or time-off in lieu. But the 1996 Act was never intended to be the last word. The making of workplace agreements is still more cumbersome than it should be. There is still too much reliance on awards that are complex, detailed and prescriptive. And awards, as the Melbourne Institute's Mark

Wooden has noted, "continue to be used in ways that undermine the need for enterprise bargaining".

We still have a system where the percentage of private sector workers covered by awards only (24.6 per cent) is higher than the share on registered collective agreements (22.6 per cent). We still have a system where too few workplace agreements are comprehensive, rather than merely add-ons to awards. We still have a system where industry-level, pattern bargaining by unions imposes too many "one size fits all" agreements. And we still have a system where third parties of all stripes can insert themselves too easily into processes to the detriment of cooperation between employers and employees.

The system isn't exactly broke. But it does need an overhaul. That is why the government is taking steps to encourage widespread agreement-making with maximum procedural simplicity. Under our proposed reforms, all collective and individual agreements will now be approved on lodgement with the Office of the Employment Advocate. We intend also to further streamline awards and matters under awards. For too long, understanding our award system has required the mind of a medieval theologian, the patience of Job and a well fed industrial lawyer.

The government will remove several matters from awards that are covered by existing legislation. To further simplify awards, a 12-month review will be conducted of the existing awards and award classification structures. We are not abolishing awards. The option of an award – as opposed to a collective or individual workplace agreement – will still be available. And award-based wages will rise in the future. But the path to better jobs and higher wages is the path of workplace agreements. A fair safety net for agreement-making will include a range of legislative requirements and safeguards for employees. For the first time, minimum conditions to protect the rights of workers will be set in law. As well as minimum wages, a new Fair Pay and Conditions Standard will include minimum standards for annual leave, personal and carers' leave, parental leave and maximum ordinary hours of 38 hours per week. This will be the test for all agreements. It will make it easier for employers and their employees to compare any agreement against this new safety net. And it demonstrates yet again that these are evolutionary, not radical, changes that maintain strong safeguards for workers.

Unfair dismissal laws and the setting of minimum wages  
Removing obstacles to further job creation is the second objective of our workplace reforms. We must remember that "fairness at work starts with the chance of a job in the first place". Those are not my words. They are the words of Tony Blair, a social democrat with the courage to tell his country's Trades Union Congress in 1997 that rolling back the Thatcher reforms would hurt the most vulnerable

sections of British society. Any Australian government that gives up on labour market reform gives up on what is not just an economic challenge, but a social imperative – namely, finding jobs for all of our fellow citizens who can and want to work.

The most reliable road out of poverty is a job. The Australian job machine has performed very well over the last decade. 1.7 million new jobs since March 1996; 10 million Australians in work, more than ever before; unemployment at a 30 year low of five per cent with almost two consecutive years of unemployment at or below six per cent. But I think we can do better. I don't know what Mr Beazley, the Labor Party and the union movement think because they don't seem to talk about job creation anymore.

Our workplace relations reforms, together with the Welfare to Work measures in this year's budget, are designed to further increase workforce participation. Compared with many developed countries, Australia still has a lower proportion of its working age population in employment. A large number of Australians say that they would like to work more, or that they would be available to start work if jobs became available. And most critically, too many Australians – especially too many children – live in jobless households. Governments – as distinct from trade union officials – have a particular responsibility to take account not just of the interests of the labour market insiders, but those of the outsiders as well. That is why we will end the Keating Government's failed experiment with job-destroying unfair dismissal laws. Far from protecting jobs, these laws have stopped jobs being created.

Commonsense says that in deciding whether to hire a worker, employers will take into account the costs if that worker proves unsuitable. They will want to minimise the risk of a speculative unfair dismissal claim, especially when hiring those on the margins of the workforce. Firms are concerned not just with the direct cost of defending an application or settlement, where that occurs, but costs in terms of time, paperwork and disruption to working relationships. A survey by the Australian Industry Group this year found that of industrial relations issues of high or moderate importance to its membership, the highest number (89.1 per cent) nominated speculative unfair dismissal claims. Without deep pockets or dedicated human resources departments, small and medium-sized businesses lack the capacity to cope with such claims.

In rare moments of candour, Kim Beazley, Stephen Smith, Tony Burke, Peter Beattie and Greg Combet have all acknowledged the problems that the current regime poses for small business. These laws have a chilling effect on job creation by adding extra uncertainty for firms wanting to employ staff. Employers are more likely to rely on family and friends as a result. Alternatively, existing workers may bear

a burden by having to work longer or harder. Firms are also likely to rely more heavily on temporary and casual staff. Both the World Bank and the OECD have found that strict employment protection laws result in fewer permanent jobs being created. Those who bear the burden tend to be the young, the low-skilled and the long-term unemployed.

I am not one who demonises the growth in casual employment in our society. It reflects the contemporary needs of many employers and employees alike. But to those who bemoan this trend I say this: you of all people should be interested in getting rid of bad laws that hinder the creation of permanent jobs. Either way you look at it, the cost of the existing unfair dismissal laws falls most heavily on firms and individuals who can least afford it. To make it easier for businesses to hire people, the government will exempt businesses with up to 100 employees from the unfair dismissal system. To deter speculative claims on businesses with more than 100 employees, we are also increasing the probation period for new employees from three to six months – a change in line with international standards. Again, this change needs to be put in perspective. We are talking about laws that date back to 1993, not the tearing up of some ancient right enshrined in Magna Carta by the Barons at Runnymede. There is no watering down of protection from unlawful termination. Workers will continue to be protected from unlawful termination on grounds such as temporary absence from work due to illness or injury, family responsibilities, pregnancy, gender, race and union membership.

Australia's current economic strength also gives us an opportunity to establish a better way of setting minimum wages than the current adversarial, ambit-based procedure. The government supports the maintenance of a minimum wage, as well as increases in the rate at which that wage is set. We recognise, however, that unsustainable minimum wage rises can destroy jobs and that there are better ways to support low-income earners without putting jobs at risk.

We should always remember that unemployment, rather than low wages, is the major cause of low incomes in Australia. In fact, minimum-wage workers are not concentrated in low-income households. A significant proportion live in households with relatively high incomes. The new Australian Fair Pay Commission will be charged with striking the right balance between the needs of the low paid and the employment prospects of the low-skilled and unemployed. Our political and union opponents who claim that our goal is to hold down the minimum wage are suffering a severe case of historical amnesia. Since 1996, the federal minimum wage has risen in real terms by more than 12 per cent. By contrast, it actually fell by more than 5 per cent between 1983 and 1996 under the holy trinity of Labor, the Accord and the Industrial Relations Commission.

## **One national system**

Creating a simple, unified set of workplace laws is the third key element of the Government's reforms. Six different industrial relations systems is an anachronism for a nation of 20 million people in a region that will be the world's economic centre of gravity in the 21st century. Our overlapping systems reflect a time when businesses operated within State boundaries; when our politics were more concerned with walling Australia off from the world, rather than competing in it.

State and Territory governments some time ago recognised the logic of national systems for taxation law, for corporate law and for financial institutions law. It's time they recognised that a single system of workplace laws is in the national interest. Six different systems mean different rules for everything from agreement-making to union entry rights to redundancy obligations. The costs from duplication, inconsistency, complexity and uncertainty are borne by employers and employees alike. Again, in their more rational moments, our political opponents recognise this. A pride of past and present Labor leaders – including Neville Wran and Bob Carr here in New South Wales – have disparaged the “rail gauge” problem in industrial relations. The same is true of the union movement.

Let me quote the AWU's Bill Shorten in 2002: “It is ridiculous [that] there are more than 130 pieces of state and federal legislation pertaining to industrial law. Long service leave is a good example of the illogical variation with 16 separate acts.” I agree; it is ridiculous and illogical. There are approximately 4000 awards in Australia, more than 1700 of them in state jurisdictions. At the moment, both federal and state awards may cover different categories of employees at the same workplace. Businesses with workplaces in more than one state have to deal with a number of award and tribunal systems.

The complexity created by multiple awards and jurisdictions is not an issue that is relevant only to those on awards. As many federal certified agreements need to be read together with relevant awards, it also affects those on workplace agreements. Too much of what happens revolves around jurisdictional issues arising from multiple systems and not what matters in a particular workplace. At any time and on any given issue, the responsible jurisdiction can depend on the location of employment, occupation of the employee, the industry they work in, the corporate structure of a business, whether the employer has been “roped into” a federal award, if there is a relevant state award, or whether a business is a member of a relevant employer association.

What should be settled issues in the workplace all too often become the subject of elaborate games of “forum shopping” where a union creates a paper dispute in order to gain from another system

what they have been denied or refused in their traditional area of coverage. A small minority may win from these games. But the cost to the nation and to constructive and cooperative relationships at the workplace is enormous. Apart from the dead-weight on productivity, multiple industrial relations systems also involve direct costs for taxpayers. With the exception of Victoria, each state maintains separate tribunals, registries and supporting bureaucracies. The taxes they soak up would be better spent on hospitals, roads and schools.

The complexity and uncertainty of different systems is bad enough. But the regulatory creep in our state systems has the capacity to strangle enterprise and productivity. In recent years, a number of state Labor governments, urged on by their trade union constituency, have enacted laws which "deem" independent contractors to be employees (subject to award conditions and liable to union recruitment) notwithstanding that they have no such desire. Under Section 106 of the New South Wales Industrial Relations Act, for example, the state tribunal has the power to review "any contract whereby a person performs work in any industry". It can involve itself in disputes that in any other circumstances would be deemed commercial and non-industrial. This has nothing to do with states' rights. It has everything to do with union muscle and overweening state power. And it is why as part of our reforms we will build a firewall around the rights of independent contractors.

Let me stress that I believe there is a case for competitive federalism in some areas of public policy. But in an area like workplace relations which goes to the heart of our national competitiveness the case is weak and unconvincing. To those who say that a national system could be hijacked by the Labor Party, I say this is not a time to be timid. To trust employers and employees in the workplace is to trust the Australian people.

If we look at the experience in New Zealand, we find that while 85 per cent of people originally opposed labour market reform, 18 months after the changes 73 per cent of employees were either "very satisfied" or "satisfied" with their working conditions and terms of employment. The Australian people know that when a government acts in the national interest the path of roll-back is a road to nowhere. We all heard the wailing and gnashing of teeth when Mr Beazley declared that Australia "could face a meltdown on 1 July". He wasn't talking about the government's majority in the Senate taking effect a few days ago. He was talking about what would happen on 1 July 2000 when the GST came into force. If the parliament passes our workplace reform legislation we can confidently predict three things. The sun will rise in the east. Australian workers will be in high demand. And Mr Beazley will fall back on clichés and stand for nothing.

## **Prosperity with fairness**

Over the past nine years, the Liberal and National Parties have worked hard to restore Australia's prosperity and ensure that it is spread throughout the community. Millions of Australians on low and middle incomes have helped the Coalition win four elections. We have not let them down in the past. We will not cut them adrift in the future. I've said what these reforms look to do. Let me say what they do not do: They do not abolish awards; they do not abolish the right to join a union; or cut award wages; they do not abolish a right; nor stop a worker having a union bargain for him/her; they do not abolish the Industrial Relations Commission; and the right to strike; they do not give employers the right to treat their workers poorly.

After these reforms, Australia's labour market will still be more regulated than those in the UK and New Zealand now presided over by Tony Blair and Helen Clark, respectively. To those who say that the government is intent on sacrificing fairness in the name of wealth creation, I say this is a false choice for Australia. A fair-go relies on a strong economy that creates jobs and avoids recession. And a strong, productive economy means a strong, sustainable social safety net for our fellow citizens who struggle to make ends meet.

One need only look at the unemployment rates piling up year after year in countries such as France and Germany to see that rhetoric about social solidarity can ring exceedingly hollow to those without a job. And let me remind you that no trade union, no government legislation, and no industrial tribunal protected the one million Australians thrown into unemployment by Labor's Great Recession of the early 1990s.

This government believes in continuing economic reform, but in the Australian way that advances prosperity and fairness together. Australia's journey to becoming a more open, competitive country has yielded some important policy lessons. These are lessons we in the Coalition have learned and applied in government. We've learned that fiscal policy works best when it keeps the budget in balance over the economic cycle. We've learned that monetary policy works best when it focuses on low inflation. We've learned that labour market policies work best when they focus on raising productivity and creating jobs. And we've learned that the best way to help those on low incomes is through the tax-benefit system. Questions of fairness in relation to income are best judged at the level of household or family income. And on this score, Australia has one of the most progressive tax-benefit systems in the world.

A comprehensive safety net provides substantial assistance to low paid Australians, depending on their particular personal needs and family responsibilities. In nine years, the Coalition has delivered

significant growth in disposable incomes to low and middle income earners from a combination of tax relief and increased family tax benefits. The OECD calculates that the average Australian production worker's disposable income (after tax and benefits) is now the second highest in the developed world. For many Australian families, all Commonwealth tax is effectively rebated by the Family Tax Benefit system. A family on a single income of \$35,000 with two dependent children (one under five) currently receives more than \$10,000 per year in family tax benefits. They pay no net tax until their income reaches \$41,808. Some dual income families with two children now enjoy the equivalent of a combined tax-free threshold of up to \$43,000 a year. And the bottom 60 per cent of households in Australia are all net gainers from the tax-benefit system with the highest net gains going to the lowest income earners. This is as it should be. But a fair society relies on a prosperous economy with productive workplaces. And this requires going the extra mile on workplace reform.

## **Conclusion**

We are now in the fifteenth year of an economic expansion that has restored peoples' belief in our capacity to succeed in a tough, competitive world. A few years ago, at the time of the Asian financial crisis, Australia was dubbed a "miracle" economy. Of course, this was flattering. And, of course, this was wrong. This era of prosperity is a great national achievement, but it has nothing to do with miracles. It is a legacy of two decades of reform by governments from both sides of politics; reforms that have unleashed the enterprise and initiative of the Australian people. On a Saturday night last October, in another Sydney ballroom not far from here, I said that I believed this country to be on the threshold of "a new era of great achievement".

We will forge this era only by unleashing a new burst of productivity growth that, in turn, will benefit all in our society. The Australian people have shown time and again that they will accept sensible, long-term reforms that are in the national interest and that safeguard working families. Time and again, this government has met the test of sustaining prosperity with fairness. We will again with our workplace reforms – the next logical step for a country that believes, not in economic miracles, but in itself.

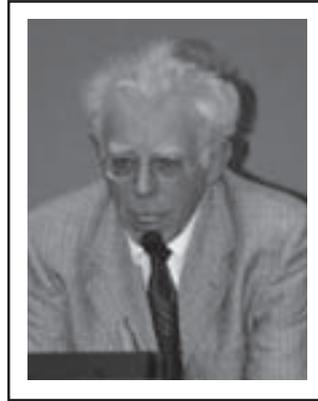
## FUNCTIONS - 2005



*Photographer: David Karonidis*



*Jung Chang*



*Jon Halliday*

Photo - David Karonidis

Born in Yibin, Sichuan Province, China in 1952, Jung Chang was briefly a Red Guard, then worked as a peasant, a “barefoot” doctor, a steelworker and an electrician before studying English and, later, working as an assistant lecturer at Sichuan University. She left China for Britain in 1978 where she obtained a PhD in Linguistics in 1982. Her first book *Wild Swans* (1992) sold more than two million copies. Jung Chang has spent the past ten years writing a biography of Mao Tse Tung, *Mao: The Unknown Story* (Random) with her husband Jon Halliday, a former Senior Visiting Research Fellow at King’s College, University of London. Jung Chang and Jon Halliday presented their views on the book and its subject in conversation with Gerard Henderson, Executive Director of The Sydney Institute, on Thursday 21 July 2005. What follows is an edited transcript of that presentation.

# WRITING ABOUT MAO

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Jung Chang & Jon Halliday

**Gerard Henderson:** If I could start with Jung Chang. *Mao: The Unknown Story* has neither an introduction nor a conclusion in the normal sense of where you find them in books - but through your some 650 pages of text you've got an unequivocal and unremitting message. How would you summarise your thesis about Mao?

**Jung Chang:** Basically we wanted the book to tell the story of Mao's life, his long life of 82 years. We started with his childhood and we ended with his death and there just was a brief epilogue about his legacies today. It is hard to summarise his life because it is full of drama. It's full of ups and downs and many times he seemed to be out and then he always fought back and was the winner. As Stalin said of him, "Mao was an insubordinate but a winner."

There were many aspects of Mao's life but in terms of his impact on the Chinese population he was responsible for well over 70 million deaths of his fellow countrymen in peacetime. So he was as evil as Hitler and Stalin and belonged to that twentieth century totalitarian trio.

**GH:** You talk about 70 million dead, so how would you describe the reaction of resident Chinese to Mao and to Maoism? There are millions of victims listed in your book, particularly in the Great Leap Forward but also in the Cultural Revolution and from the very early days of the establishment of the Chinese Communist Party rule in parts of China. In all that, there's really only one stand-out figure from the regime who opposed Mao at the height of his power, the former Defence Minister Peng, and you describe him as Mao's fiercest and greatest critic within the regime. Perhaps Lu Xao Xi could be added to this list - you compliment him for his stance during the Great Leap Forward. But why in your view was there such little resistance to Mao from those who had some capacity to resist, from those who had some power in China during those times?

**JC:** Well Mao's colleagues from the very early days, from the 1920s and 1930s, didn't like him at all. He was extremely unpopular and several times his colleagues tried to oust him. In fact during the famed Long March, between 1934 and 1935, Mao was nearly left behind because his colleagues couldn't stand him. Mao was a dictator. He couldn't fit into a collective leadership; if he didn't have his way he

would sabotage his party and the Red Army. So his colleagues tried every way to leave him behind.

They asked Moscow. Moscow had funded the Chinese Communist Party and was sponsoring it, so Moscow called the shots. Mao's colleagues asked Moscow to take him off their hands. My co-author, Jon Halliday, found telegrams from Russia in the archives that show Moscow turned his colleagues down and ordered them to co-operate with Mao, to work with Mao at all costs. It was actually thanks to Stalin that Mao was kept within the leadership in the early days. And then once he got to power, of course he made absolutely sure that he was never going to be toppled.

Actually Mao met with a lot of resistance during the early 1950s. He had tried to start his Great Leap, which was basically to carry out his program to turn China into a military superpower and for himself to dominate the world and at record speed, in his lifetime. Mao had tried to start this process, which involved exporting food from China to Russia to buy the military technology, equipment and arms, the industries, he needed for his superpower program. This was a program that would involve tens of millions of deaths at least. Mao had tried to start this program in 1956 but Chou En-lai, his prime minister and faithful slave, had rebelled. He had said to Mao that his conscience wouldn't allow him to do this, because Chou knew that at least tens of millions of people would die. Mao was furious and made various purges and other machinations and gained the upper hand. Then he began his Great Leap in 1958, his complete command of the economy that was an economic disaster.

Throughout his life, Mao constantly encountered resistance, right up to before his death, when Deng Xiao Ping, his successor, actually spoke his mind to Mao. Deng was opposed to Mao's policies during the Cultural Revolution. But Mao knew how to manipulate the tiny group of people around him, how to use murder, poison, blackmail, intimidation and spotting people's weaknesses and exploiting them to get his way. In that sense he was very successful.

**GH:** To go to Jon Halliday. As Jung Chang was just saying, there's a lot that's new and fresh in this book. But I guess some of the most interesting material is the material on the support by Stalin and other leaders of the Soviet Union to Mao from the foundation of the Communist Party through the Long March and on to the Communist victory in 1949. Where did you come across this material and how significant do you regard the Soviet Union with respect to China? Could there have been a revolution in China in 1949 without Stalin's support from Moscow?

**Jon Halliday:** Well there might have been a small revolution, or protest perhaps, against the current regime in 1949. But there couldn't have been anything like what actually took place. In fact, one of the

things we discovered was that in 1923, when Mao had just joined the Communist Party, he actually said, "Communism hasn't got a hope." He didn't use the word "hell", but he said, in effect, "Communism hasn't got a hope in hell of working in China. The only way it will ever work is if the Russians invade and brings it into China from the north." In fact, running through Mao's works you can see the emphasis on real power. What Mao actually said is that he didn't actually believe Communism would ever be popular or have popular support. There is, in his writings, a sense that only force will bring Communism to China.

It was known that the Russians had helped found and fund the Chinese Communist Party from the beginning, but what we found were the documents showing us this from the late 1920s. Stalin spotted Mao and insisted on his being kept in the leadership. As Jung has said, even when Mao's colleagues tried everything to get rid of him, and did indeed throw him out of power both before the Long March and again during the Long March, Stalin's wishes prevailed. The Chinese Communist Party could not get arms or money without the Russians, so they had to accept Stalin imposing Mao on them.

The Long March was not just the Communists moving from south-east China to north-west China to get away from the domestic problems. The real aim of going to north-west China by the Chinese Communists was to link up with the Russians and gets arms supplies. They wanted to link up where China's borders met Russian-controlled territory. Another very important part of Mao's rise to power is that when the Chinese Communists, or those who survived, got to the end of the Long March, Mao monopolised the connection with Russia. He did so by eliminating his main opponent, or pushing his main opponent out of power, in a very devious manoeuvre on the Long March.

This year is the sixtieth anniversary of the end of the Second World War. It's exactly 60 years ago that Stalin invaded China under the guise of entering the war against Japan. Stalin put over one and half million troops into China, occupied an area larger than he did in the whole of Eastern and Central Europe and hung on in north China long enough to give Mao crucial breathing space to train and arm the Chinese Red Army. At the time it was a very rag-tag army. Without that, Mao and the Communists wouldn't have had any hope of conquering China.

**GH:** So tell us about what the sources for this were. You did work in Moscow, in the archives. Many of us knew about the Great Leap Forward and the forced famine, which lasted from the beginning of 1958 until the end of 1961, but not many people knew before your book came out that grain was being exported by China, from China, to the Soviet Union in order to buy weapons. Where did you come across that kind of material?

**JH:** Some of that material is in the Soviet archives, some of it in the public domain, But you have to piece it together. You have to know

where to look and how to look. Then there were other non-Chinese sources such as interviews. We've managed to get the only interview with the man who was the Soviet ambassador in China during the Famine and the Sino-Soviet split. He gave us a very long interview and a number of figures. He also confirmed some important figures about the Chinese food exports to Russia. We also managed to talk to the man who was the head of all the Soviet industrial projects in China between 1950 and into the Great Leap, including the time of the atomic bomb project. He was there at the beginning of the Famine. These two men in particular were able to confirm a lot.

A certain number of those statistics are on the public record but not put together in a coherent way. For example, one of the things that made me realise what was happening is when we added up the total Chinese food exports to Russia during the Famine and then put that into calories. We worked out that exactly the amount of food that was sent to Russia during the Famine would have been enough to keep alive every single one of the 38 million people in China who died as a result of this.

**GH:** Back to *Jung Chang*. Throughout the book there's much evidence of Mao's appalling treatment of women, of the women he knew, and his personal relationships with women. There's a lot of very interesting material in the book about that but why did you believe it's important to raise Mao's personal life in such detail throughout your book, from the start to the finish really?

**JC:** Well, because that's extremely important – how a man treats his wife and his family. That's the most important aspect of a man's character. Mao, to my astonishment, was so totally heartless towards his family. He was married four times. He married his first wife, Luo, when he was 14; it was arranged and she died within a year of their marriage. Mao always talked about his second wife, Yang Kai-hui, as the love of his life, but in fact, as we discovered, he deserted her together with their three young sons. He also caused her death. She was executed by the Nationalists who were in power in 1930. She was killed because of Mao who could have saved her easily (the details are in our book) but didn't lift a finger to save her.

Before she died, Mao's second wife left a manuscript hidden in her house between two bricks under the ceiling beam. It stayed there until the 1980s when the house was under renovation. In that manuscript she talked about her love for Mao, she was madly in love with Mao, and about her bitterness at the fact that Mao had abandoned her and her sons. Yang Kai-hui also talked about her disillusionment with Communism to which Mao had introduced her. She had rejected Communism because she linked it with the killings Mao was carrying out at the time. These documents are mostly still kept in secret in

China, so secret that even Mao's surviving family have been banned from seeing some of them.

Mao's third wife, Gui-yuan, had six pregnancies. Most of their children, except one, were either abandoned or died in infancy. Mao was completely indifferent. This third wife gave birth on the Long March in 1935 and the baby girl was immediately given away while the mother continued the Long March. The little girl was given away to a family who had no milk and she soon died. Several months after this extremely painful and emotional delivery, Gui-yuan was hit by a bomb and nearly died. In both cases, Mao was in the same town and he didn't even visit her. He said he was too tired. Not surprisingly, Gui-yuan had a mental breakdown and was in and out of insanity throughout her life.

Mao's fourth wife was the notorious Madam Mao (Jiang Qing) who is still blamed by many today as the evil woman who manipulated Mao and caused all the miseries in the Cultural Revolution. In fact, it was Mao who used her. Mao knew she was a woman full of venom. He once said to a family member, "Jiang Qing is like a scorpion. She's full of venom." Then Mao wiggled his little finger to show a scorpion. And Mao knew her venom and used her to do all the dirty work that other people wouldn't do in the Cultural Revolution when Mao knew everybody loathed her. Just before Mao died, he was physically very vulnerable. He knew he was dying and was afraid of a coup against him. So he said to the military commanders, using Chinese historical allusion, that they were welcome to get his wife and her cronies as long as they left him to die peacefully in his bed. And they did what Mao told them to do. Less than a month after Mao died in his bed, Madam Mao and the rest of the Gang of Four were arrested. She later committed suicide in prison.

**GH:** While we're talking about families, I recall when Mao died that the Federal Parliament in Australia moved a condolence motion, as it had when Chou En-lai died a few months earlier. Reading your book, Chou comes across, though very popular in parts of the West in the 1970s, as a ruthless and essentially weak man – so much so that he didn't even attempt to save a family member during the excesses of the Cultural Revolution. But he became much admired in the West as a diplomat. How central do you regard Chou En-lai as being to Mao's long rule in China?

**JH:** Chou En-lai, Mao's long serving prime minister, was certainly very useful as a diplomat. But he never made policy. He had been a very senior Communist in the early days and he was Mao's superior around the early 1930s. But from the moment he became Mao's subordinate, in the 1930s, he never made policy on any important issue. Mao was the man who made policy and imposed it. But Chou En-lai was very, very useful. Mao was a very good judge of character and he was very good at using other people who had skills he didn't have. He was a wizard at

spotting weaknesses in other people, both in people working with him and in enemies.

One of Chou En-lai's great talents was being a very able administrator. He was a skilled diplomat, although not as good as his Western admirers give him credit for. We show in our book some of the transcripts of the conversations Chou En-lai had with Vietnamese leaders during the Vietnam War. The Vietnamese, particularly the Prime Minister Pham Van Dong, ran rings around Chou En-lai. But Chou En-lai was described by some Western commentators as like Henry Kissinger and others as being an extremely able diplomat. What Chou did was to put a human face on what was an inhuman regime, and that was pretty important to Mao.

**JC:** If I may add something - after decades of slavish service for Mao, when Chou En-lai was diagnosed with having cancer of the bladder, Mao refused to allow him treatment. All the illnesses of Mao's Bureau members had to be reported to Mao first. He made the decision as to who should get what treatment. And he withheld treatment from Chou En-lai. He wanted Chou En-lai to die before he did, and that is what happened. They died in the same year, 1976, Chou En-lai in January and Mao in September.

**GH:** In the United States and to some extent in Britain but particularly in the United States, and in Australia, in the 1950s and 1960s there was debate about what was termed the "downward thrust of China". In time, the idea that Mao's China was intent on world domination - or even regional domination - was dismissed by most academics and commentators. Yet in your book you quote Mao as telling the Australian Communist Ted Hill that he, Mao, wanted to unify the world. So how serious was Mao about world domination? And, in particular, what were Mao's intentions on the Korean Peninsula in the 1950s and in Southeast Asia, particularly Indochina and Indonesia, in the 1960s.

**JH:** That's quite a big question. On the broad issue of world domination, Mao certainly did want to dominate the world. There are other people who have thought the same thing, Alexander the Great, Napoleon and so on. But what happened was, Mao didn't understand the modern economy, thank goodness, and he went for a sort of superpowerdom with a completely military industrial structure, in which there was no breadth and depth to the industry. When Chou En-lai presented the budget to Stalin during the Korean War, Stalin's reaction was that the level of spending on military matters, on military-industrial demands, was unbelievably high. He said, "It's higher than ours during the war against the Germans." I'm not sure any economy can sustain that amount of spending on military matters. And, remember, there was virtually nothing spent on health, education, welfare and so on.

So Mao had tried to become a military superpower without the broader base you need to manage this. He tried to get nuclear weapons

and missiles from the Russians, which he did, in essence, in the 1950s. Then he split with the Russians because he wanted to be the head of world Communism. By splitting with the Russians, he shot himself in the foot. He couldn't then develop a sufficiently powerful armed force to be a credible threat. One of the last discussions he had with Khrushchev, the Russian leader, was to try to get Khrushchev to allow him to build between 200-300 nuclear submarines in China. Fortunately the Sino-Soviet split put paid to that. In fact, Mao never got the arms and the missiles to make himself a credible world superpower.

He did try with the Americans, but that's another story. And we have produced documents that show how, during the Vietnam War, Mao did want to have a "thrust down" through Laos into Thailand. He certainly wanted the Communists to seize power in Indonesia in 1965.

One quick mention on Korea. We have two chapters in the book on the Korean War which is a fundamental moment. Mao, in essence, wanted the North Koreans to start the Korean War. He wanted the Americans to come in. His deal with Stalin was that he could provide endless amounts of manpower, cannon-fodder, to fight the Americans and weaken America, if Stalin would provide him with not only arms and equipment but the factories to make advanced weapons. That was the general trade-off and that is also why Mao did not want to stop the Korean War. There are hundreds of pages of cables between Mao and Stalin during the Korean War, and they are absolutely chilling. At one point Mao sent Stalin a cable saying: "My plan for the next year is to send 120,000 troops into Korea and consume several hundred thousand American lives." In summary that's what Mao was saying to Stalin.

**JC:** He was dead serious. Throughout his 27 year reign, he spent every penny he could squeeze out of the Chinese population to buy military hardware. He didn't achieve world domination, of course, because he was no good at economics, but it doesn't mean he didn't try. He tried for 27 years until he died. He died a very unhappy man, full of self-pity because he didn't make it. He said to Kissinger: "We, this country, we are the little one", this time wiggling his little finger to show that America is the big one. As he saw it, he was still the little one in terms of military power. He would cry constantly because he didn't achieve his military superpower dream.

**GH:** A final question to both of you. Jon, particularly, as someone who is an academic, how do you feel about your academic colleagues, or many of your academic colleagues. As you know, for some four decades, Mao was presented in the West as a great leader, a great humanitarian, a wise man. And, as you point out in your book, these comments commenced in a sense with the likes of Edgar Snow, Anna Louise Strong, Han Suyin, Felix Greene, but was followed by many Western sociologists, academics, commentators and journalists who took the Mao-as-Great-Helmsman line. In the face of the evidence of mass star-

vation, purges, incarcerations and the like, why do you think so many members of the intelligentsia in the West fell for Mao, embraced Mao. And also you Jung Chang, as a Chinese academic?

**JH:** That is a very big question. Let's just take one of the more recent examples of this. In 1997, when Deng Xiou Ping died, Henry Kissinger wrote an essay in *Time* in where he called Mao Tse Tung "the philosopher". This is profoundly mistaken because Mao, first of all, didn't actually produce a single idea that has any staying power whatsoever. Moreover, philosophy means loving wisdom and Mao did not love wisdom, in particular he didn't want anybody else in China to be able to love wisdom or indeed to be able to discuss different ideas. I suppose the second component of Western illusions, and this was more amongst the academics, was that China was a successful developing economy under Mao. This was completely untrue and we give the figures in our book.

I can't resist one story. About Han Suyin who wrote some of the most terrible misrepresentations about China. I'm only glad that the Chinese had such an implausible spokesperson to try to put their point of view because I think discredit caught up with her fairly fast. And, since you used the word "embrace", I must tell you one story. After meeting this woman a couple of times and looking at some of her works, I realised that although she talked a great deal about her relationship with the Chinese Prime Minister Chou En-lai, she didn't really say anything about Mao. So I rang Han Suyin and said, "Did you ever actually meet Mao?" She said, "No, I didn't." I said, "How come?" And she said, "Well because Chou En-lai said to me: "If Chairman Mao met you, he wouldn't be able to keep his hands off you."

**JC:** From the Chinese point of view, Mao was able to isolate the country and cut China completely off from the outside world. Therefore he was able to deceive world opinion. When I was growing up in China, I never saw a foreigner and all Chinese thought the West was a most terrifying place. I remember when the boys played their guerrilla warfare game, the baddies would always have rose thorns glued onto their noses to show they were Westerners because the Chinese thought foreigners have longer and sharper noses than the Chinese. The baddies would say "hello" all the time because in propaganda films the evil foreigners were always drinking Coca-Cola and saying "hello", so we all thought "hello" was a swear word.

As we knew very little about the outside world, the outside world knew very little about China. The year Mao pushed "Maoism" onto the world stage, so it became a term that many people knew, was 1960. In that year, 22 million people died of starvation and overwork. Yet it didn't matter to Mao. The foreigners still came and sung Mao's praises because Mao was able to control what they could see and what they could hear. As we found out in the archives, when Chou En-lai tried to persuade the East Germans to take Chinese food, he said to the East

Germans, "Don't worry, in our country it's different, our dead wouldn't be seen."

President Richard Nixon visited China in 1972 and China, suddenly, was in vogue. I remember in Shanghai we heard that even Chinese spittoons became a fashion item because Mao constantly spat. We were visiting a friend here in Sydney and she used a Chinese spittoon as her salad bowl. Of course Mao received these foreigners and foreign statesmen with a backdrop of bookshelves, enormous amounts of bookshelves with tens of thousands of copies of books. Kissinger, of course, was impressed and he said in his memoir that Mao's sitting room was like a scholar's retreat.

He didn't know that most of these books came from victims of bloody house raids at the beginning of the Cultural Revolution in the summer of 1966, where Mao's state machine gave the names and addresses to the Red Guards and directed them to these victims who were mostly cultural figures. The Red Guards then ransacked the house, carted away antiques and the books and beat up the victims. Many were tortured and beaten to death. Their possessions were then put into the state coffer and Mao and a few colleagues took their pick. Madam Mao chose a French gold watch, and Mao chose tens of thousands of copies of books. They were cleaned up and they lined his bookshelves. So his sitting room, his study, was really like Goering's gallery, full of looted art from the victims. When I was growing up in China, books were burned, libraries were ransacked and closed down and there were no schools. We had no books to read. In Mao's later years, he was nearly blind so he had two factories built, specially, to print books with large print, with large characters for him to read. And the print run of each book was five copies, all for Mao.

Mao has been dead now for nearly 30 years. Young people, under 30, don't know what Mao's rule was like. Books like *Wild Swans* which tell the true story of life under Mao are banned. All they are allowed to hear and read and see from their textbooks and television programs sing the praises of Mao. So they may have a genuine degree of admiration for Mao which is extremely worrying to me, because that shows brain-washing, which relies on deprivation of information, is still going on in China. We certainly hope our book will get into China and be read by millions of people. Of course, we can't dream that it will be published in China, just as *Wild Swans* is banned. But we hope many copies will get into China, particularly the Chinese language edition which I'm translating myself. We hope it then might open the eyes of the young people and make them see what Mao's rule was really like.



*Dr Eileen Pittaway*



*Linda Bartolomei*

Photo – David Karonidis

Dr Eileen Pittaway is the Director of the Centre for Refugee Research at the University of New South Wales. Linda Bartolomei is a Senior Research Associate at the Centre. Together, they have researched refugee women at all stages of the refugee journey; including the experience of rape and sexual abuse in situations of conflict; refugee children, refugee policy both national and international; and the relationship between the United Nations and civil society. In their work, they regularly visit refugee women at risk in Kakuma Camp (Kenya) and on the Thai-Burma border. To describe something of the work they are doing with the United Nations, its achievements and problems, Eileen Pittaway and Linda Bartolomei addressed The Sydney Institute on Tuesday 26 July 2005.

# REFUGEE WOMEN AT

## *RISK – EVALUATING A UN PROGRAM*

Eileen Pittaway & Linda Bartolemei

**EILEEN PITTAWAY:** A long time ago, in 1991, I wrote a book called *Refugee Women, Still at Risk in Australia*. The title still is relevant to a research project I am working on now. The project is about Australian government programs which respond to the needs of refugee women in situations of extreme danger across the world. I became interested in such programs when I was a research fellow at the University of New South Wales and looking at the re-settlement needs of women. It involved looking at how we respond to the needs of women who are invited to Australia as refugees. It was a piece of work funded by the Australian government. My interest was in finding out what women needed to help them integrate quickly into society. To be perfectly honest, like a lot of researchers, we thought we already knew. We had been working in the field for a long time.

As I did the first 100 interviews, I was very surprised. In the background research that we had done in the project, we had looked at a range of international literature on the subject. We looked at torture rates for refugees which at that stage were about 30 per cent – that is 30 per cent of all refugees could be expected to have experienced some form of torture or severe trauma. However, the majority of reported incidents was that of males who had experienced torture and trauma. In fact, we expected that we would find a very low instance of torture in women, and this related to seeing a husband, father, brother or son tortured.

After I had done the first 100 interviews I started feeding the material through the computers and in the first stage of analysis I found the research was verifying a disturbing fact. Of course I'd noticed, doing the interviews, an awful lot of the women were reporting incidents that looked to me extremely like torture and trauma and mainly of the sexual variety. Women had horrendous things done to them. These women had been systematically raped by groups of military, had been genitally mutilated, had been raped as part of conflict. There were women who were raped at border crossings, raped just in order to get their UNHCR food rations. There

were children who were raped. Women had been raped in camps. And this was the first 100 stories. So we looked at the results of our research. And we got very worried about it. People suggested I had skewed the sample, that I was looking at people from one particular area and so on. In fact I had already started interviewing women from nineteen different countries across the world. We increased the sample to three hundred women, from the original target of 200 cases. But we still found, at the end of that, that between 78 and 86 per cent of all women refugees who had come to Australia were considered to have been either tortured or severely traumatised owing to sexual abuse.

With fear and trepidation I took those findings to the United Nations. As does tend to happen with the UN, I was designated a refugee expert (which seems to happen with incredible ease) and invited to be an expert at a meeting to draft a key UN document on refugee women. I went with extreme fear because I thought, I'm going with these findings that are so different from the international findings. I remember standing at the podium of a huge hall with my legs shaking so much as I presented these findings that I thought that every one would disagree – and I am normally a confident public speaker. In fact I got a very positive response. People were saying the results bore out with what they were hearing in their locality, their town, their camp, where they were working. They were grateful that someone had finally documented it and done this in a verifiable way.

So I started working with an international group focused around UNHCR and the United Nations Commission on the Status of Women. That group of people, over the next twelve years, worked very hard to ensure that the sexual abuse of women in conflict situations would be finally recognised as a war crime. What we found at the start of the research is that sexual abuse did happen, but no-body took it seriously.

It wasn't noted because it wasn't reflected anywhere in any of human rights instruments. Rape in conflict situations was not considered a war crime in 1991 when we started the research. Rape was not counted as torture in 1991, therefore rape was not grounds for refugee status. And so the reason we hadn't found any details in the pre-literature search when we did the research is because, according to international law, in fact these women hadn't been tortured. Certainly they had been traumatised, but they certainly weren't eligible for refugee status on the grounds of rape and sexual abuse.

So we started work then and there with this group, using the United Nations process and a series of key UN meetings. We went through the Human Rights Commission, through the Commission on the Status of Women and the United Nations High Commission for Refugees. Our very small group in Sydney joined with groups around Australia, joined the groups around the Asia-Pacific region working

through the United Nations Economic and Social Council which is based in Bangkok, and then we went on to the United Nations internationally, through a series of United Nations meetings. As a result of all of that – the combined effort of over 60 non-government organisations concentrating on just lobbying and working through the UN for over nine years, in 1998 when the International Criminal Courts statutes were established in a court in Rome, the rape of refugee women or the rape of women in conflict situations was finally recognised as a war crime, a crime against humanity and, at times, an act of genocide.

You might remember how rape started to get into the papers during the wars in the former Yugoslavia. Many women there were not just raped but raped and held till they were impregnated because that was seen as a way of diluting the ethnic purity of various groups. It was that practice which is common across the world, not just in the former Yugoslavia, and which is now well documented. That was seen as an act of genocide and so that also is now incorporated into international law.

That was the background. We then went on to look at what was still happening within the refugee field. We were meeting many refugee women who'd come to Australia, and talking to them. It was very obvious that the "refugee women at risk" program, which was supposed to identify those women and children most at risk and speedily resettle them in Australia, was not doing that. It was failing to identify those most at risk. In the first years of the programs, we only received an average of 19 cases per year, from an international population of 20 million refugees. The Australian quota was 60 cases per year. At other times, people whom we knew came over on this scheme and, while their cases might be sad, it was nothing like as sad some of the cases we were meeting in the camps. The program was patently not working.

It was then that we applied for money from the Australian Research Council, specifically to go to a number of designated refugee sites which the Australian government had an interest in, to work in those sites, to look at what was happening, to look at why and how those most at risk were not resettled. We used Action Research, which is research for change, a politically-based research which means you're looking at policy changes and outcomes and working through your research towards that. We also wanted to look at what happened to women at risk when they came to Australia, given that being a "woman at risk" meant that you were automatically in great danger. What did that do to your needs when you got here and the ways we responded to them?

For the past four years, Linda Bartolomei and I have been going backwards and forwards to Kakuma Camp in the north of Kenya, and to various camps on the Thai-Burma border. We have been looking

at what happens to women in these camps, at how one measures risk and how we respond to those cases. We've had come up with a couple of tools, ways of identifying how we would measure women at risk. As it was academic research, we had some very fancy hypotheses and some really good research questions – that's how you get money from the Australian Research Council! We then set out to prove our own research, our hypotheses, and also our research questions. The first year I was in Kakuma camp I threw it all out of the window. Because in the first year we were there, the head of the camp said two things to me. "Eileen," he said, "Find me a woman in this camp who hasn't been raped and I'll give you a prize." The second comment was: "They've all been raped, they're all at risk, do you want to resettle them all to Australia?"

At night in the camp, we were locked up behind barbed wire, razor wire, with people guarding us with guns. We would be herded in. It's pretty horrible and it's palpably dangerous in those camps, in the desert, 300 kilometres from the nearest bush town. I was sitting there thinking of what that man had said to me. A prize for finding one who hadn't been raped. We knew that they are all at risk, because rape is endemic in the camp. Everybody said that, the women said that, the men said that. They still do. There are some women whose risk level is so high, still, that they need identifying and fast tracking out of there. The research question then became, how are do we identify those women who are at extreme risk, those at such risk that we have to get them out of that camp very, very quickly.

I'll finish by going to a case study. We do training in the camps as a way of reciprocating, of giving something back. Being there as researchers, we get to know a lot of the people really well. They ask for human rights training; they ask for vocational training. There's a keen need for education and a need which says, "If we don't get educated, when we get out of here there will be nothing." Some have been there for 20 years, some have been living in these camps ten or fifteen years, kids have been born there. If people are not educated, they will not have a future. So, whenever we go to the camps, whatever else, we're going to try and run some training. Increasingly, we've got the University of NSW to provide proper certificates, and we run proper courses so the people have a certificate which isn't part of a degree but at least is a valid, numbered university certificate that says they've actually done some work and they think, "Well, I've got this certificate." In doing that work we have gathered hundreds, over the last few years, of case studies.

We found out that in fact it was a very easy way to tell who needed to be resettled as a matter of urgency. There are some people who are so at risk it is beyond any doubt there is nowhere else for them to go. We particularly studied the cases of some twenty young families,

living in the “safe haven” a women’s refuge for women at extreme risk. It is a place in the Camp where you were only supposed to stay for three weeks while a durable or safe solution is found for you. In the years we’ve been there, some women have been in the safe haven for over twenty months, and it’s like being in prison inside a prison, in hell. They don’t get out. There is no schooling for the children. They get food, and they get some level of additional safety at night. And they’re in there because they’re at danger from their community. So we decided to focus on the women in that small area to see why they’re in there and how we can measure the risk. I’ll go quickly through one case study

This is the case of a young woman whom I met aged 17 in a safe haven with a one year old baby - a single woman. In most of the formal records that’s all you get. Single girl, has been a prostitute, has a child. Is she very much at risk? Does that tell us anything? It tells us nothing.

Over a long time we got to know that young woman; and we sat down and documented her story. When she was twelve, in the Sudan where she was from, her village was bombed. She saw her parents killed. She saw most of her siblings killed. She and her brother stayed with some villagers. Then they decided to cross the mountains and on their way were attacked by rebels who killed her brother, or so she thought. He was shot; the rebels stole his clothes and left this twelve year old girl with the shot body of her brother on a mountain. Someone found her the next day and miraculously the brother survived. They got over the mountains into Kenya and in Kenya the UNHCR, in their wisdom, gave the girl to a foster family who knew her from her village. But they separated her from her brother and she’s never seen him since.

When she was 13, the girl’s foster father arranged a forced marriage with a man of 45, for a large dowry. She refused the marriage - at 13 she had the guts to refuse the marriage. But she was beaten for that very badly, and then the older man took her and held her against her will raping her for a week. But she managed to escape from that. She got to Nairobi, 800 kilometres away, down the worst road you’ve ever seen. I don’t know how she did it but she did it. Then she survived in the Nairobi slums by herself. We next hear of her when she was 15, probably having prostituted because there’s nothing else to do in Nairobi for a kid like that. So, at 15, she ended up in hospital so badly pack-raped and beaten that they thought she would die. The UNHCR was once again called in to take her case. She was now sent to the Kakuma refugee camp and, once again, because she was a small, underage girl, was put in care of a foster family who had three teenage boys. Do I have to tell you the rest of the story? Within six months, she was pregnant from one of the boys. She doesn’t know

which boy. When she told the mother that the boys were raping her, the mother said, "They're not raping you; you're a bad woman. You were a prostitute." The woman threw the girl out, out of the safety of the family and into the camp.

She was then in the camp with a group of other young women, with only one way of making any money at all, which was necessary because the food rations are so low and she needed personal items such as soap. The food rations were about a third recommended as the World Food Organisation's ration of about 2100 kilojoules a day, and that's supposed to go across a number of food types. In Kakuma, when we were there at that time, they were getting 900 kilojoules a day and this was just beans and rice. The girl was so scared she finally went and found an NGO who agreed to book her into "safe haven". When we met her 20 months later she had a one year old baby. And she'd been stuck in the safe haven ever since. There was no plan for her, no future for her. Her two ways out of the safe haven were once again to be married off to an old man and she said, "They're terrible, they beat the young women; I don't want to do that." The other was for her to go out and prostitute.

I was talking to a group of young women one day about so-called prostitution in the camps. They were all so scared of the area where the young girls live. Everyone in the camp knows where the young girls are. I asked some of them, "Tell me what it's like living in that area?" And they said, "Oh, it's horrible. The men come and 'love us' and some of the nice ones actually leave us food or even sometimes money. But the bad ones, they just beat us." Does that sound like prostitution? Even prostitution sounds as if it's got some dignity compared to what was happening to those young women.

So the girl was still there in the safe haven. Think what would happen to a kid like that in Australia. You see your parents killed – grief counselling, trauma counselling, special care, special support. None of that for a refugee girl in Africa. This girl was sold to an older man. She was left as a prostitute. Every time something happened to her, she became more vulnerable to the next incident. She is the sort of young woman that we would say is one of those most at risk because, without being resettled, I can't see a safe future for her. If she has to go into the general part of the camp, she'll be HIV positive within months.

They're the woman most at risk. And now, thanks to the Australian government, and I have to applaud them for what it's doing here, we are bringing large numbers of those women at risk to Australia. In return for the detention debacle, we have said we will now bring people into Australia who are in this protracted refugee situation. These long-term refugee situations are most at risk. We are bringing such people in, many young women like this. You'd never

know, when you saw them on the street, that many of them have been through such experiences?

But we now do have some other concerns. These are whether we are quite ready to respond. It doesn't take an Einstein to think of the needs of that young woman when she comes here. What is she going to need in the way of support? I'm always terrified of saying that because some people say, "Oh, don't bring them in, then, if they need that much help. We can't afford to look after these people for the rest of their lives." I've been in this game for 30 years and I know we won't have to if we get it right. If we make sure the supports are in place, give them a year and they're off. Just think of the resilience it takes to survive what that girl survived. She is an incredibly attractive, spunky young woman, who's now determined to fight for her child. She'll have massive problems, but they can be overcome. Then she'll take off and be out in Australia to move forward to a new life and that would be really good. So that's what we're looking at now. How do you respond to help her do that?

**LINDA BARTOLOMEI:** As Eileen has said, among a highly traumatised refugee population, and most refugee populations are very traumatised people, there are people, many of them, with incredible strength and incredible resilience. However, increasingly, Australia's refugee program has focused on those who have lived in camps for many, many years, often up to 20 years, who are now resettling with children who know no other life. We are resettling women who have perhaps not one baby of rape but two or three by different men. What does that do to their capacity to parent and parent well? There are many complex and difficult questions with which we are only just beginning to grapple. How do we speak about these things without further stigmatising girls who have experienced them? How do we speak about them in a way that is empowering and supportive of the women? How do we speak to them in a way which doesn't push them under the rug and under the carpet? We've come across far too many cases in recent times in Australia where the silence around these issues has led to a compounding of the trauma and the violence that women have experienced.

Eileen spoke briefly of the research that she did in 1991 for her book *Refugee Women, Still at Risk in Australia*. Our recent research concerned tracking a number of the women whom we knew in refugee camps in Kenya and along the Thai/Burma border, as well as their resettlement in Australia. Sadly, and in some cases all too horrendously, we became aware of the fact that we continue to fail these women when they arrive in Australia. Here they can remain at extreme risk. There can still be a failure of protection when it comes

to meeting their needs. On the other hand, some of the women we met are doing brilliantly. Why? What's the difference? I want to spend a few minutes talking about what we have discovered and what has been shared with us.

Many of the education providers in Australia in numerous states have been contacting us over the last few months saying: "We're just not coping, in our classrooms, even in intensive English language centres." These are the language centres designed to assist young people from refugee backgrounds to integrate into the Australian school system. They aren't coping. Many of the young people, even though they've been in refugee camps where in principle they have been taking school, have had seriously interrupted schooling. In the Kakuma refugee camp there are 100 children per teacher or class and they get a couple of hours of education a day if they're lucky. Many of the young people in the camps have been child soldiers, or forced to act as child soldiers. Many young women have been held as sex slaves, as part of their child soldiering.

All of these experiences are impacting dramatically on the ability of these young people to find their place, to sit in their classroom. Certainly a lot of the teachers are now saying, "We don't know how to respond even though we want to." There's unbelievable good work in Australia; there are some very good programs developing in some states. But it's patchy and it's piecemeal and it's the luck of the draw. Imagine if you are a seriously traumatised person and you end up in a place where a teacher or a social worker or a school counsellor has limited real understanding of where you come from and what your needs are and why you are acting out and hitting out in anger, why you're doing that and what sort of response you need. With classrooms, even small classrooms of 15 young people, it's pretty impossible to respond to some of these very traumatised people. We've had similar calls from health service providers who are seeing a dramatic increase in people with all sorts of health consequences as a result of malnutrition.

I wanted to share with you the stories of two women with whom we've worked. The first is a woman whom we met in a refugee camp in Africa at the beginning of this project. Her case is one of the triggers for us coming back and pushing for the funding to do the Women at Risk research project. She had been imprisoned in her own country because of political activity; she and her husband were professional people. She'd been raped and tortured in prison. She and her husband had escaped, only to be arrested by the rebel army who accused them of being spies because they couldn't believe they were still alive. Her husband was murdered and she was held as a sex slave by the rebel commander for one month. Her then eight year-old son took care of his three younger siblings outside the compound where she was held

for that one month. She managed to escape and endured an horrendous journey over the mountains with the children to a refugee camp and to what she thought would be relative safety, only to find that members of the rebel army were also there. She sought protection and it was not granted. She was gang-raped in that camp. When we met her she was pregnant and the baby was from rape. She had got herself into a little hut, in a compound of a non-government organisation, and refused to leave, because she said she was in so much danger. Every time she moved around that camp she was beaten.

The workers who were supporting her at that time hadn't even heard about the Women at Risk program. At that time, no one had been resettled out of that camp on this scheme. Effectively they were stuck there. Through her advocacy, a good nun got the woman out, in six months, to Australia. Initially, the woman was settled in a country area in South Australia and she was doing well. We were really distressed then to meet her again 18 months later; she was in a mental institution, her children under the care of government services in another state. She'd been settled in a town with no trauma services, and met by a male volunteer with goodwill but with no experience in responding to women who were survivor's of sexual violence. There was no one from her particular community in that town. Her fear and paranoia increased to such a point that one night she just picked up her children and ran to another city. She continued to run for 12 months, from refuges to caravan parks, to grim hotels in isolated areas. She finally broke down completely. The children had been taken to care and she had ended up with an inappropriate and wrong diagnosis. It took months of work and activity by the nuns and a number of others who knew her to get her out of that hospital and to get her children back to her.

Two and half years later, she is doing reasonably well but it has been an enormous struggle. She is fearful, she is suspicious, she is 50 times more traumatised than she was when she arrived. We believe that had she ended up in an appropriate place, with appropriate support she'd now be teaching again. Her case is one of the worst we have seen and an absolute failure of policy and support services at every level. She was identified as a woman at risk, and it was clear that her needs were particular. She should have had those services on arrival. But there's also a really amazing, good news story, from another woman we met in the same camp, and I'm going to ask Eileen to share that quickly.

**EILEEN PITTAWAY:** We met this other woman at roughly the same time. The second woman was in an area called, jokingly, the protection area of the Camp. It was an horrendous area, with some

147 families in an area the size of a football pitch and, for their own protection, surrounded by razor wire. I've got photos of children standing at the razor wire looking at this dreadful place. The woman had been in there for some years. The nuns had done all that they could to help her personally, so we decided we should try to help this woman out. She'd had a baby, a baby of rape. She also had five children by her husband who was dead. Her children had only recently been returned to her, from Sudan.

When the woman had first come to Kakuma with her children, they had been kidnapped by the people who knew her back in Sudan. They were taken as child soldiers. And then she did something, which if you took it in isolation you'd say was extremely wicked. Having lost the children, she kept their ration cards. She didn't reveal that the children had gone and she kept on claiming their rations. Every week she'd claim their rations and sold them on the little black market in the camp until she raised enough money to buy her children back. So you could say, "How wicked, using the ration cards." On the other hand, she knew exactly what she was doing, and she managed to get the money out and those little kids managed to get their way back over the mountains down into the camp to her. After that, she was locked in the protection area because she didn't dare go out in case they were taken again. Meantime she'd been raped and had a child from the rape.

The woman didn't speak any English. She was very nervous. When we met her, we found the story terrible. We had to get her out. We eventually heard that she had come to Australia. Then sometime last year we got a message that she had heard about us. She wanted to see us. Now we thought the first woman would do well and the second woman find resettlement a hurdle. And I must admit I was feeling sick as we flew interstate to see her. I thought, what are we going to find? It's one thing to see people in a camp and let them out only to see them deteriorate.

We found her living in a regional city not far out of a capital city. As we drove up, this elegant woman came out and welcomed us in English: "Hello, look at my beautiful home; thank you we're so pleased to see you." She was amazing. In two years she had learnt English fluently, she would be going to TAFE the next year. The children were doing well. They're all at school now. The house is lovely, and she's obviously very proud of it. What's more, she's bringing other people out from the camp; she's raising money from her community herself to bring other people over to Australia.

So what's the difference? One aspect is access to torture and trauma services. Where the second woman lives she has been helped by trained health workers. But the main thing is she fell, purely by accident, into a group at the local church, although not the same

religion as her. If you met them and a social worker assessed them you might say they were not exactly as broad minded as you might wish – even a bit racist at times. But these people have embraced that little family, just loved them. They are warm, caring, welcoming, and they have become God parents to the kids as the children have been baptised. The family was going to parties, to meetings and, obviously, that church community had taken this African family into its bosom and it really worked. It was amazing to see how with the support, acceptance and caring this woman and her family are just fantastic.

So there are good stories. It's not costing much money; community support is actually free – the church group wasn't costing the government or the taxpayer a cent. And this family, I guarantee, is contributing greatly to the community now and will do so in the future. Whereas, for the other woman, who didn't get the support she needed, I wouldn't like to cost her medical care and the cost of the children's care; she has cost us a lot. But I believe that had she been given support when she arrived her breakdown would not have happened.

If we invite refugees to Australia, they deserve the services that they need on arrival. If these are provided they invariably settle well and become excellent citizens of this country. The cases where people do not settle well, where there are problems in the local community, are very often cases where the initial and essential services provision was not provided. It is in everyone's best interest for this to happen.



Photo – David Karonidis

*Kim Beazley*

Against a global backdrop of increasing concern about terrorism and national security, Australia's Labor Opposition continues to call for the establishment of a Department for Homeland Security. Labor leader Kim Beazley believes only a centralised organisation under the command of a single minister will do the job. In an address to The Sydney Institute on Tuesday 4 August 2005, Kim Beazley argued: "When confronted with one of the most demanding, international security challenges in our history – the 2000 Sydney Olympics – Australia established a single command and control structure that coordinated as many as 11,500 police, defence personnel and volunteers each day. This should not just be a remarkable success to look back to. It should remain a lesson to learn from."

# **A NATION UNPREPARED:**

## ***AUSTRALIA IN THE FOURTH YEAR OF A LONG WAR***

**Kim Beazley**

There is a matter of the most serious national concern I wish to address. An issue I will pursue relentlessly as Leader of the Opposition until we are in power to correct it. That issue is the security of our people from the threat of terrorism.

To combat terrorism we must make Australia a safe haven. It's in "prevention" that the primary investment must be made – we must concentrate our efforts on intelligence gathering, surveillance, investigation and detection. Target hardening our mass transit systems and iconic building and other sites must of course also be relentlessly pursued. We must ensure these important services and locations are simply unattractive, too difficult, for would-be terrorists. The realities of modern life in large cities certainly make this challenging. Finding the terrorists before they enter the train stations, bus stops and airports – indeed before they enter Australia at all must be at the core of Australia's counter terrorism strategy.

For threats within Australia we must endlessly detect and surveil. To do that, ASIO and the Australian Federal Police must have the resources and powers they need. And the government must do all it can. Further, the Prime Minister must assure all Australians he is doing all he can to prevent an attack.

Yet, we read today, almost four years since the attack in New York, that the Federal Police are still seeking additional powers. We do not have uniform police powers across Australia and security scandals at our airports are a weekly and sometimes daily occurrence.

I choose my words very, very carefully when I put to you and to the country that four years into the war on terror, Australia is not as prepared as we should or can be to prevent terrorism. Compounding this, the government's failure to work with the United States to relentlessly hunt down terror cells in Afghanistan has been a critical error of judgement. An error made worse by bogging Australia down in the Iraqi quagmire. Together, the failure to finish the job in Afghanistan - which is "terror central" – and bogging us down in Iraq constitute

a dangerous mismanagement of Australia's security priorities. These poor decisions mean our national government has missed key opportunities for "preventing" terrorist attacks.

Iraq is now a billion dollar war with no end in sight. That billion dollars, or part thereof, could have been used to hunt terrorists including Osama Bin Laden and the Al Qaeda leadership in Afghanistan. That billion dollars or part thereof could have funded hundreds of additional agents for ASIO and police for the Australian federal police. It could have funded hundreds of joint intelligence gathering operations internationally and nationally. The billion dollars spent in Iraq or part thereof could have provided ASIO and law enforcement agencies in Australia with the very latest surveillance technology, equipment and personnel needed to track, harass and ultimately arrest terrorists.

I make these points because there is one defining job requirement for an Australian Prime Minister. And that is to act in the name of Australia's national interest. Hunting terrorists with the United States in Afghanistan is in Australia's national interest. Being bogged down in an Iraqi quagmire is not. Resourcing our intelligence agencies and the Federal Police to conduct as many joint international operations as necessary is in Australia's national interest. Being bogged down in an Iraqi quagmire is not. Making Australia a safe haven against terrorism is absolutely in Australia's national interest. Being bogged down in an Iraqi quagmire is not.

Press conferences and spin cannot protect Australia. Counter terrorism preparations must not be based on hope and luck but on sweat and serious preparation. Our law enforcement agencies must be as active, prepared and vigilant as any in the world. That requires governments making the right decisions – spending our people's resources wisely. That means an exit strategy for Iraq. And that means strong investments in ASIO and the Australian Federal Police.

Allow me now to address each of the points I've made in turn.

### **Firstly, Intelligence**

The most alarming part of the recent attacks in London is that it seems no one saw them coming. In the War on Terror, nothing is more important than intelligence. Clearly there is much more to be done. Yet while there has been some progress with increased powers and resources for our intelligence community, the government's own incompetence and mismanagement threatens to damage the agencies and leads to persistent questions about whether they are positioned to do their job.

In the area of Intelligence, I have to strike a difficult balance between holding the government to account, arguing for Labor's alternative, and protecting the effectiveness of the agencies by allowing

them to operate with the secrecy so necessary to their success. So you will understand that I am not going to offer extended remarks on the operations or capabilities of our intelligence community here.

What I will say is this. Based on all my personal and professional knowledge and experience of the Australian intelligence community, private and public, I draw two firm conclusions. First, there has never been a time when the intelligence agencies' work was more important to keep Australia safe than it is today. And second, there has never been a time when the intelligence agencies have had to serve a more incompetent and out-of-touch government than they do today. Perhaps the most worrying fact of Australia's security environment today is that the Minister who was responsible for the collapse of Australia's immigration system, Philip Ruddock, is now responsible for Australia's domestic intelligence system.

Clearly that is a problem which can only be solved with the election of a Labor Government. But there is much that even the Howard Government could do to improve Australia's intelligence. Abroad, we must have a more effective regional intelligence effort. At the last election Kevin Rudd, the Shadow Minister for Foreign Affairs and International Security, proposed important measures to do this, based on ministerial-level discussions in Singapore, Malaysia and Indonesia following the Jakarta bombings. These included:

- Negotiating intelligence sharing protocols across the region to facilitate better flows of intelligence on regional terrorist organisations and individuals. While in response to the arguments we advanced last September the government has initiated discussions in the region, much, much more needs to be done.
- Developing an enhanced "open source" database on regional terrorist organisations to help regional governments track and understand the evolving regional terrorist threat, which could be based on the existing database being developed by the Institute of Defence and Strategic Studies (IDSS) in Singapore.
- Developing an appropriate region-wide intelligence database on terrorism to provide Australia and our regional partners with a more accurate, contemporaneous understanding of current terrorist operations.

At home, while the powers of our intelligence agencies have been strengthened over the past four years, there is still a patchwork of agencies and responsibilities at the state level which can only really be brought together by national leadership.

Let me point to just one example. On the weekend, the government announced that it would bring forward the redeployment to Sydney of the Australian Army's Blackhawk helicopters to support

counter-terrorism operations by the Sydney-based Special Forces units.

It is a welcome move, although the Defence Minister's remarks that Australia's geography doesn't make counter-terrorism easier do point to the reality that the first responders to terrorist incidents will typically be state law enforcement on the scene. We need to look at how the federal government can work to build up that counter-terrorist capability and not only the centralised counter-terrorist capability of the ADF.

But what the government has not done is to make the work of those Special Forces easier and more effective by leading the way to harmonise the powers of the police and law enforcement agencies they have to work with and who they would rely on for the operational intelligence to support their work.

If those soldiers had to fly in those Blackhawks to respond to a terrorist incident or the threat of a terrorist incident tonight, the powers of the state police they co-operate with would be different depending on whether they were flying north to Brisbane, south to Melbourne, or east to Sydney's CBD – four years on, how can that be good enough. The state police would be operating under different powers to stop, search and seize. They would have different powers to use non-lethal force such as Tazers and capsicum spray. The role of sniffer dogs would be different. The states are working to address these issues, but there is a clear lack of national leadership. It is time Australia had model national uniform laws for police powers to fight terrorism.

In practice, what is required is agreement in principle between the Prime Minister and the Premiers and Chief Ministers. Then the Federal Attorney-General would need to work with his state counterparts to develop model legislation, drawing on best practice in all the jurisdictions, for the states to implement. The Attorney-General would also need to keep the powers under review over time. This could ensure that the States were encouraged to meet national benchmarks, improving our protection and keeping ahead of the evolving terrorist threat. This could also allow powers to be updated and revised to ensure that new inconsistencies and anomalies do not creep in over time.

If John Howard takes up the suggestion of a number of state premiers for a national summit on counter-terrorism, this is precisely the sort of issue that could be dealt with there. This is another case where the national government needs to lead – John Howard needs to act – I note with concern that its three weeks since the London bombings and still no national summit.

## Target hardening and infrastructure

Just as better Intelligence can prevent many terrorist attacks before they even occur, so effective target hardening and better infrastructure protection can stop them even once they have begun. Yet consider the following problems that have come to light over the last few months alone. And ask yourselves this question – are we really prepared.

Since July 2004, there have been at least 15 publicly reported breaches of airport security including three young men who entered a secure airport zone and boarded an unattended Qantas A330 at Perth Airport. Through the first half of this year, there has been a steady flow of disturbing news about airport security in this country.

- The alleged involvement of Sydney Airport baggage handlers in an international drug trafficking syndicate. The Australian Federal Police claims baggage handlers were key players in a conspiracy to smuggle cocaine worth \$15 million into Australia.

- The so-called “camel suit” incident where baggage handlers opened a passenger’s luggage and removed his belongings.

- In the wake of the “camel suit” incident the admission by QANTAS CEO Geoff Dixon that the airline receives 35 complaints each month about alleged baggage tampering.

- Constant warnings from the Transport Workers’ Union, that the Federal government had been aware of potential security breaches at Australian airports for at least four years and the TWU’s call for improved security checks of short term employees and the immediate x-ray screening of all baggage and freight.

Then, following all that, the emergence of the extraordinary classified Customs report which was completed in September 2004 but only made public when it was leaked to a newspaper earlier this year. It revealed shocking security breaches at Sydney’s Kingsford Smith Airport.

The report identified dangerous holes such as:

- passengers’ baggage containing large amounts of narcotics being diverted to domestic carousels to avoid Customs inspections;
- 39 security screeners out of 500 employed at the airport have serious criminal convictions, with a further 39 convicted of minor matters;
- theft by airport employees from baggage and aircraft duty free trolleys;
- engineers with unauthorised duplicate keys; and

- black spots not under surveillance in the airport's basement corridors that are used as drug drop off points.

The report also found that despite evidence that they were “an extremely high risk”, Customs checks on aircrew are rarely carried out. It found that there is intelligence from other sources that some Qantas crew, recruited overseas, may be involved in the importation of narcotics. These dangers are not limited to the airports in our major cities.

Labor has been calling for improved passenger screening at regional airports for years. It is disturbing this still hasn't been done. Instead the government has come up with so-called “Rapid Regional Deployment Teams” to respond to security problems at regional airports. Never mind that these teams are to respond to a security breach, not prevent one; consider that the government plans that in the event of a security breach at a regional airport these city-based teams will travel ... by scheduled commercial airline flights.

If in the wake of an emergency, and airline flights are stood down, the rapid regional deployment teams would be left grounded with the rest of us. There is still a lack of effective co-ordination between the agencies responsible and even at the level of the Cabinet confusion over the responsibilities for airport security of the Attorney-General, the Minister for Justice and Customs and the Minister for Transport.

Beyond airport security, look at our ports. Nine out of ten of the containers that come into Australia are not x-rayed. Too many ships are being allowed to dock and unload containers before they report their cargo – which is supposed to be against the law. There is still no effective system of security identification to control access to Australia's ports.

Then, there has been significant abuse of the system for allowing foreign ships to operate in Australia's coastal waters. Essentially, this originates in the Howard Government's efforts to reduce the industrial influence of maritime unions by allowing non-union foreign crews to work a greater number of routes. The government must now put aside that ancient prejudice and put Australia's national security first. I am especially concerned about this because of the risk posed by carriage of very dangerous substances such as ammonium nitrate, which is principally used as an agricultural fertiliser.

This is material which has already been used by terrorists, in the 1993 bombing of the World Trade Centre and in attacks on US embassies in Africa in the 1990s. In Parliament at the end of last year, I spoke about the horrific consequences of a terrorist attack on a ship loaded with ammonium nitrate in an Australian port.

In one historical case, 60 years ago, an accidental explosion on a ship called the *Grandcamp* carrying just 2,300 tonnes of ammonium

nitrate in a United States port killed hundreds of people, caused a fifteen-foot tidal wave which swept barges hundreds of feet inland and threw a mushroom cloud 2000 feet into the air, knocking light planes out of the sky. Around the coast of Australia today it is possible for foreign-crewed ships operating under flags of convenience to carry as much as 10,000 tonnes of ammonium nitrate. The amount of ammonium nitrate moving through Australia's ports has tripled over the last five years.

The parliament passed legislation last year to provide for better exchange of information between state and federal agencies on users of ammonium nitrate. But the Howard Government has done nothing to prevent the carriage of ammonium nitrate by foreign flagged ships, crewed by unidentified seafarers of all nationalities with all the possibilities of terrorist infiltration and attack that this allows. The government just should not allow this. It is as simple as that. Further out at sea, our maritime borders are not protected. In the 15 months to March last year there were 1,500 sightings of suspected illegal fishing boats – only 168 were caught.

Rail security has also been completely neglected by the Howard Government, a year after the Madrid bombings and despite the attacks in London. The same Prime Minister who is setting up technical colleges directly operated by the federal government and who is risking High Court challenge to his take over of state industrial relations systems baldly states that rail security is a matter for the states.

And watching over all these problems has been the vacant position of the Inspector of Transport Security. For months now Australia's security has operated without the independent expert which the government deemed essential to monitor systemic transport weaknesses, including apparent flaws in airline baggage handling systems.

### **So how do we achieve the improvements we need?**

When the Prime Minister returned to Australia from his most recent overseas trip, I called for police flying squads on trains and a massive boost in the number of sniffer dogs across the country to protect Australian rail commuters. I called for John Howard to act and act now:

- First, he should implement Labor's policy of a \$30 million funding pool for rail security. This would include funding for more sniffer dogs and for joint Australian Federal Police and State Police flying squads on trains. Other initiatives could include improved infrastructure security, such as security screens and fencing; and extra surveillance devices

- Second, he should take more responsibility for maritime security. We do not have effective identity and background security checks on the

crews of flag of convenience ships in Australian waters. Only the Federal Government can fix this.

- Third, in aviation security, it is time to step in and fix passenger screening at regional airports. Even the Prime Minister's former Departmental Secretary, Max Moore-Wilton, has been critical of Australia's airport security.

The government should also deliver on its election commitments: they promised more closed circuit television at regional airports and these have not been delivered in full. And the lack of screening of checked baggage, carried in aircraft holds, is a major gap in our defences which should be addressed.

These are important and necessary measures in rail, maritime and aviation security and they should be put in place. But I am increasingly concerned by the Howard Government's reactive approach to counter-terrorism policy. It is as if they believe that a threat is not real, and need not be addressed, until it has materialised in an attack somewhere in the world. So what small and slow progress has been made is concentrated in areas, like aviation security, where high-profile attacks have already occurred. Yet we need to be preventing the next attack, not the last one.

So I have asked Arch Bevis, Labor's Shadow Minister for Homeland Security, to develop new policies and strategies to deal with what I consider to be the next big area where Australia must improve our preparedness – protection for, and redundancy of, critical energy and communications infrastructure. We are yet to see a major terrorist attack on power generation and transmission or on key communications facilities. Which is exactly why I fear that the Howard Government will not be prepared for such an attack. Until news of such an attack turns up in the Prime Minister's morning media brief, I fear it is unlikely anything will be done. That is not good enough, so Labor will be having much more to say about this in the coming months and in the lead up to the next election.

## **Institutions**

If Australia is to achieve these improvements in intelligence and infrastructure that are so necessary, then we must get the institutions of national government right as well. I have been arguing for a Department of Homeland Security with a minister solely devoted to protecting Australians against terrorist attack ever since September 11. Currently this responsibility is spread across a range of agencies and departments, contributing to many of the problems I have identified tonight.

When confronted with one of the most demanding, international security challenges in our history – the 2000 Sydney Olympics

– Australia established a single command and control structure that coordinated as many as 11,500 police, defence personnel and volunteers each day. This should not just be a remarkable success to look back to. It should remain a lesson to learn from.

Australia must have a Department of Homeland Security to coordinate and control the key agencies involved in information and intelligence gathering, border protection, coastal waters, transport security and incident response. Under Labor's plan, a Department of Homeland Security would be organised around its two core responsibilities: border protection, and protecting against terrorist attack within the border.

The border protection role would include responsibility for authorising entry and monitoring the passage of persons and goods through our ports. Protecting against terrorism within the border would bring together responsibilities such as infrastructure protection, counter-terrorism science and technology, crime prevention, emergency management, and protective security coordination. The Minister for Homeland Security would also be responsible for a number of law enforcement and security agencies, such as ASIO and AFP, Austrac, Crimtrac and the Australian Crime Commission.

Of course, drawing on the lessons of the United States experiences, strong central policy and budgetary functions within the Department would be necessary. This has always been part of Labor's approach. In order to fight terrorism and win, we must have a more cohesive and unified command structure, greater information sharing on a day-to-day operational level and the better communications platforms.

Take the Customs report I referred to earlier. It was an alarming report and one which any responsible authority would have taken action on immediately. But that's not what happened. Customs officials appeared to take no action to pass this report up the chain. Even the NSW Police Force, with key responsibilities at Sydney Airport, was not informed. This is a textbook example of the kind of problems that are caused by the lack of a Department of Homeland Security to be the lead agency in domestic counter-terrorism, driving a national approach.

There's no denying the link between baggage handling systems at Australia's airports and aviation security. If you can put drugs in a bag, you can put a bomb in a bag. It is that simple. So here was the equivalent of an FBI field agent in Florida reporting that there are Arab men training to fly planes who don't want to know how to land. And yet our agencies are still not sharing vital information to build up the picture of the threats to our security. Four years into the war on terror Australia just cannot afford this sort of incompetence and mismanagement any longer.

A key part of a Homeland Security portfolio must be an Australian Coastguard. Labor's specific plans for a Coastguard have evolved as the security environment has evolved as well as reflecting the realities of the government's budgetary position and its progress in major capital acquisitions. We will present a detailed Coastguard policy for the public to consider before the next election.

But what I can guarantee now is that under Labor maritime security won't be split between eight government departments, administering eleven separate pieces of legislation. And under Labor you won't have the crazy situation where Customs and fisheries vessels have the power to fire on fleeing, suspected illegal vessels in Australian waters but despite government announcements still largely don't have any weapons to do it with, while our naval vessels *do* have the weaponry but are prevented from firing under their rules of engagement.

One Department will have to remain outside the Homeland Security portfolio, because of the breadth of the functions it performs. That is the Immigration Department. Its role in border security is absolutely critical. Immigration is a mess. The public rightly fears that the Government is more interested in spin than it is in outcomes. One junior Howard minister has gone so far as to describe the bungles in the Immigration Department as "the ramifications of ... a very strong border protection policy". Deporting Vivian Solon, detaining Cornelia Rau, stripping Harry Seidler of his passport, and kidnapping the Hwang children from their school, weren't ramifications of strong border protection policy; they were results of mismanagement and incompetence.

The Immigration Department is one of a handful of Departments on the front line of national security. It determines who is allowed in to this country and monitors which countries Australians visit. The London bombings have shown how important this monitoring role is. In that context, we need the Department of Immigration to be one of the smartest and sharpest of all government agencies. Instead, it is among our dumbest and our dullest.

In border security, incompetence is weakness. And if they can't work out who's an Australian, what chance do they have of monitoring where Australians travel or indeed of establishing who a threat to our country.

We must have a Royal Commission into the functioning of Immigration. This is necessary, not only to get to the bottom of the problems of the past several years, it is necessary for us to get Immigration right in the future. Only a Royal Commission can compel witnesses to appear; can provide immunity for whistle-blowers; can subpoena documents; and can conduct public cross-examination.

None of the existing inquiries into Immigration have been able to do this.

Royal Commissions used to be a way serious governments could get to grips with political and policy problems that were beyond simple Departmental investigations. Under this government they have become intensely political tools.

The Howard Government spent millions on a Royal Commission into the building industry that replicated the results of previous building industry inquiries, and on a second Royal Commission into Centenary House that replicated the results of the first, because it suited its political interests. How about having a Royal Commission that suits the national interest?

### **A comprehensive regional counter-terrorism strategy**

Charity may start at home, but for Australia, smashing terrorism starts abroad. A comprehensive regional counter-terrorism strategy, developed in partnership with south-east Asian governments, is absolutely necessary to ensure Australia's security. Our economic weight and military capabilities in the region enables us to make the greatest difference here.

In south-east Asia, permanent Australian interests demand permanent Australian engagement. Why fight terrorism in the region? Because we must; because we can; and because in the end, nobody else will do it for us. In the region our fate is in our own hands.

Building on the policy put forward by Kevin Rudd at the 2004 election, such a strategy should have five key elements:

- prevention;
- protection;
- emergency response management;
- capacity building, and
- a hearts and minds strategy.

Preventing terrorism in the region demands in particular enhanced co-operation on maritime security. Australia is a maritime nation in a maritime region; the world's largest island, next to the world's largest archipelago. Increasingly, the problem of terrorism in south-east Asia is a maritime problem. From Jemaah Islamiyah's bases in the southern Philippines, to the growing menace of piracy in the Malacca Straits, and through the traditional smuggling and piracy routes throughout the region, the threat is growing.

It is largely unknown that the world's insurers have now increased the risk rating for parts of the region to be on a par with the waters around Iraq. This is a huge problem for Australia, not only for our national security, but for our export industries as well.

The Australian newspaper recently reported the concerns of Singapore's Prime Minister Lee that JI poses "real and urgent" threats to shipping. And it also reported the interest from Malaysia's Deputy Prime Minister Najib Razak in Australia making a greater contribution to aircraft surveillance in the Straits, a very positive development, given Malaysia's past scepticism about Australian involvement.

I understand the government is starting to move in this area, with reports that recent Five Powers Defence Arrangements exercises included some maritime security and piracy scenarios. But much more can be done. Australia's Navy, including the new Armidale Patrol Boats, and the Air Force's P-3C Orion aircraft, provide a natural capability to support regional patrolling and surveillance operations. And under a Labor Government I lead, an Australian Coastguard could play a significant role in supporting this work in the region as well.

Beyond maritime security, enhanced policing co-operation, building on the work done by the Australian Federal Police in recent years, will also be needed. Australia should also be working with regional governments to improve passport security and border controls, to cut off the sources of terrorist financing, and to strengthen the legal frameworks against terrorist organisations in the region.

The government should be constantly reviewing the physical protection of Australian embassies and other diplomatic buildings, as well as the security of transport arrangements for Australian government staff. The system of travel advisories was found considerably wanting following the Bali bombings in 2002 and must be improved. And consideration should be given to support for security of Australian social, economic and cultural institutions in the region.

As the Tsunami recovery effort, which the government did well, showed only too dramatically, emergency response is increasingly a regional responsibility. The Howard Government should take the lead in the region in identifying objectives for improving emergency response, and concrete steps governments can take together to achieve them.

This should include measures such as improved communication between national emergency response organisations, better information sharing and combined planning and training. Over time, key regional partners might develop shared information on command and control arrangements in the event of major terrorist attacks, interoperability and a more combined counter-terrorist training.

Australia should also be working with key regional governments to build counter-terrorism capability and better coordinate the work of regional training centres in addressing the gaps. Support to developing the Indonesian National Police should be a particular focus of this work.

Supporting mainstream Islamic education should be a major priority within Australia's overseas aid program, particularly in Indonesia, improving teaching standards and assisting in curriculum development. Radio Australia and public television broadcasting into the region should be re-examined as an urgent priority.

## **Conclusion**

Above all else Australians want an assurance from their government that everything that is being done can be done. I have attempted to take a cold, clear-eyed look at these major challenges tonight. I don't claim a monopoly of wisdom.

But the beginning of wisdom in this area is for the government to accept that every element of the struggle is a national responsibility, whatever the Constitution may appear to dictate in normal times, and for the government to accept that it is the Commonwealth's duty to ensure that all states and other agencies involved are properly empowered and resourced to do the job.

In a Labor government I lead, the buck will stop with one man – the Prime Minister of Australia. As an Opposition Leader my responsibility is to sensibly push the government to do all it can. In that vein, I will do all that I can.



*Keith Windschuttle*



*Gwenda Tavan*

Photo – David Karonidis

To what extent was the White Australia Policy, ushered in as the Australian colonies federated, a racist policy? And to what extent has the feeling among Australians that Australia was/is, first and foremost, an Anglo European nation, regardless of its increasing diversity, abated? These questions formed the basis of a discussion at The Sydney Institute on Wednesday 10 August 2005 with Gwenda Tavan, lecturer at LaTrobe University and author of *The Long Slow Death of White Australia* (Scribe, 2005) And Keith Windschuttle, historian and author of *The Killing of History* (1994), *The Fabrication of Aboriginal History* (2002) and, most recently, *The White Australia Policy*, (Macleay Press, 2004)

# **THE WHITE AUSTRALIA**

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## **POLICY**

**Keith Windschuttle**

The consensus among academic historians today is that the White Australia Policy made this country the moral equivalent of South Africa under apartheid. Some historians label Australia at Federation as one of the “*herrenvolk* democracies”. *Herrenvolk* is German for “master race” and historians who use the term, like Andrew Markus of Monash University, are making a direct comparison with the racist nationalism of the Nazis. According to Richard White of the University of Sydney, the Australian national character projected by both the outback pastoral worker and the sun-bronzed surf lifesaver “was uncomfortably close to Nazi ideas about the Aryan master race”.

Moreover, the White Australia Policy purportedly lives on today. The unanimous opinion of an academic history conference on the policy in December 2001 was that John Howard’s border protection measures tapped into deeply-embedded sentiments of ‘blood and race’ to ensure his election victory that year. Gwenda Tavan claims the White Australia Policy is not just a skeleton in our historical cupboard but a ghost that rises anew every decade to haunt our political debate.

Rather than go through all the arguments in my book why this interpretation is a travesty of our past and a caricature of recent events, I want to focus tonight on the big issue, the passing of the Immigration Restriction Bill of 1901. Modern historians have seriously misrepresented the views of the parliamentarians of 1901. Henry Reynolds writes: “Most of them were convinced of the imperative need for a homogeneous nation. Their prescription for reaching that end was pervaded with ideas of race and blood ... Any amount of alien and inferior blood was too much.” Gavin Jones of the Australian National University asserts: “Most speeches in the debate on the Immigration Restriction Act demonstrated this racial pride and arrogance.” Neville Meaney of the University of Sydney writes: “When the Commonwealth Government placed before parliament as its first major piece of legislation an Immigration Restriction bill there was not one voice raised against the principle of racial discrimination.” Meaney’s interpretation has been particularly influential because he is

one of the few today in the Department of History at the University of Sydney who is a real historian rather than a left-wing ideologue. His notion that “British race patriotism” was central to Australian national identity has spread beyond the circles of the Left, influencing writers such as the journalist Paul Kelly. Unfortunately, Meaney has not done the research he has led his readers to believe.

To show this, let me first say that it is certainly true that *some* parliamentarians did speak in terms that were offensively racist, even for the times. Labour leader Chris Watson and Protectionist Prime Minister Edmund Barton both made overtly racist arguments, and their words are often quoted today. However, what historians who discuss this debate never tell you is that most politicians voted for other reasons entirely. Here are some statements from the debate that give the lie to the claim that not one voice was raised against racial discrimination:

Bruce Smith, Free Trade Party, said:

The foundation of the bill is racial prejudice... the whole thing is a boggy, a scarecrow. I venture to say that a large part of the scare is founded upon a desire to make political capital by appealing to some of the worst instincts of the more credulous of the people.

James Fowler, Labour Party, said of the people of India:

Many of these peoples are at least our equal in all that goes to make up morality, or even intellectual or physical qualities. We should not, therefore, argue this question upon such grounds.

William Higgs, Labour Party, said:

No one who has paid any attention to the question of the coloured races will attempt for one moment to despise either the Japanese or the Chinese.

Sir John Downer, Protectionist Party, said:

This is not an urgent matter in practical politics at the present moment. It is merely a political cry for the purposes of gaining kudos... I do not anticipate or fear any intermixture of races from any Asiatics who may come here.

Edward Pulsford, Free Trade Party said:

I look upon the whole of the inhabitants of Asia as my friends. I am perfectly willing that they should be called my friends, and I hope so long as God gives me breath that I shall have the courage to stand up for what I consider to be right for them.

James Macfarlane, Free Trade Party, said:

I do not approve of this Bill, which is against the traditions of the British Empire. It is evident that it is very objectionable to the British Government because it takes cognizance of race, colour and country of origin.

Edward Harney, Free Trade Party, said:

I am not prepared to admit, and certainly I am not disposed to base any arguments on the admission, that the Asiatic peoples are inferior to us in any respect, morally, intellectually, or physically. But admitting their equality, even their superiority, I still say that we should keep them out.

Read my book to find many more comments like these. In the Senate, Edward Pulsford moved an amendment to the Bill that specifically stated that it meant no racial offence. The truth about the majority opinion in the parliament was expressed by Donald Cameron, a member for Tasmania. In the 1901 debate he said:

It appears that two thirds of the honourable members of this House really object to the Chinese, not so much on the ground of the possible contamination of the white race, as because they fear that if they are allowed to come into Australia the rate of wages will go down.

This debate lasted from August to December 1901 and most parliamentarians spoke. It occupies more than 600 pages of Hansard and more than half a million words. On my reading of it all, I think Cameron's statement is the most accurate estimate of parliamentary opinion of the day. It is significant that not one of the historians of race in Australia has ever quoted it before.

Apart from the impact of large-scale foreign immigration on wages, the other major fear of most politicians was that the creation of a racially-based, political underclass, living on very low wages, which meant they could only afford sub-standard housing, food and clothing, would undermine the egalitarian society which most democratically-minded people wanted Australia to be.

In short, the White Australia Policy was introduced for economic and cultural reasons, not primarily because of racial prejudice.

Since the 1970s, the case presented by the historians of this subject has been a travesty of the truth. They have scraped together comments from what was clearly a minority opinion within parliament to claim that everyone thought that way. The historians who have dominated this debate have all presented the same kind of selective and skewed evidence, usually borrowed from one another's own work without any reading of the original sources, to reach the same conclusion. Our academic historians have betrayed their responsibility to tell this story in all its dimensions.

A reading of the 1901 parliamentary debate also undermines the fashionable notion that Australian engagement with Asia is a recent idea. A number of the speakers in that debate were very well travelled men who had visited Asia where they were actively engaged in trying

to boost trade. Senator John Ferguson, for instance, had not only visited Asian countries to promote trade deals but had spent several months living in Japan. Despite the claims of Henry Reynolds that the White Australia Policy in 1901 put an end to a burgeoning trade between northern Australia and Asia, the trade statistics show, in fact, that the opposite occurred. By 1920, Australian exports to Asia were five times greater than in 1900 and imports were nine times greater. By 1936, despite our political wariness of expansionist Japan, that country had become our third biggest trading partner.

It is important to recognise that racism is not an ancient concept but a modern one. Racial divisions among human beings were first defined in the late eighteenth century. Racism, as such, emerged only in the 1850s. In the then non-unified German states and principedoms, biological theories of race became predominant soon after, when they were used by politicians and writers to define the prospective German nation.

Now, there were some Australians who did subscribe to these theories of racist nationalism. By the 1880s, racism, along with socialism, republicanism and feminism, was one of the latest trendy ideas from the continent which inspired our colonial intelligentsia. Among these people, our academic historians' case does have some basis in reality. The greatest enthusiasts for White Australia, and the genuine racists of that era, were the members of the late nineteenth and early twentieth century Left intelligentsia, especially its writers and artists. Norman Lindsay wrote a memoir which he titled *Bohemians of the Bulletin*, which is a convenient label for them all. From the 1880s to the First World War, the *Bulletin* was their main publishing outlet. Most historians today treat the *Bulletin* of that period as a widely popular journal. In reality it was the late nineteenth century equivalent of, say, *Nation Review* or *National Times* in the 1970s, or the ABC's Radio National today, that is, very influential among the cultural elite and labour politicians of an intellectual bent, but greatly out of step with the majority of their fellow Australians in the suburbs and country towns. It is uncanny how much this late nineteenth century intellectual avant garde is a mirror image of its radical, tertiary-educated counterpart in our own times.

In the nineteenth century, the principal objections to non-white immigrants had come from trade unions and labour movement politicians. They objected to Chinese immigrants not primarily because of their race but because many were "coolies", that is, indentured labourers recruited in their home country at wages a fraction of Australian market rates, which left them an impoverished underclass. They also objected to the Melanesian islanders employed as coolies on Queensland sugar plantations, which paid them six pounds a year at a time when an unskilled white labourer in Sydney or Melbourne

could earn six pounds a fortnight. The union campaign against coolie labour was at the time a progressive movement to extend the freedom and dignity of labour, in the same mould as the campaign to end black slavery and convict transportation. Nonetheless, it remains true that by the end of the century some labour politicians appealed to their electorate on the basis of race. The worst was Labor's federal leader Chris Watson, followed closely by King O'Malley. In the early parliaments, the two major political parties were the Protectionists and the Free Traders. Labor was a minority party but it held the balance of power and could make or break the Prime Minister. Immigration policy was one issue that determined which of the two major parties it would support. That was probably the main reason why the Protectionist Edmund Barton declared himself for White Australia.

In 1901, however, White Australia was not the burning issue with the majority of the Australian electorate that academic historians claim. Most Australians defined their national identity not in terms of race but in terms of politics. In fact, Australians had two identities. On the one hand, they identified themselves as democrats who were proud to be building the most democratic country in the world. At the same time, Australians were also internationalists who owed loyalty to the British Empire, an organisation that specifically rejected hierarchies based on race. In 1897, the British government refused demands by the colony of Queensland to restrict immigration on grounds of country of origin. Colonial Secretary Joseph Chamberlain told the Premier that Queen Victoria, who reigned over an empire containing many different races, could never be persuaded to approve a bill that discriminated among them in such a way.

Because Australian political identity was based on civic patriotism rather than racial nationalism, the White Australia Policy could be readily discarded once the political decision was made. Immigration restrictions were gradually liberalised, starting with the Menzies government in the mid-1950s. John Howard's recent claim that it was the Liberals, not the Labor Party, who really ended the White Australia Policy is largely true. The biggest single change to the policy was made in 1956 when Harold Holt was Minister for Immigration. He allowed highly-skilled non-Europeans to enter the country and become citizens and also allowed the non-European spouses of Australians to become citizens. The Labor Party opposed such measures for another ten years. When Holt became Prime Minister in 1966, he effectively ended the policy, permitting entry of non-Europeans who had skills that were "positively useful to Australia" and giving European and non-European residents the same qualifying period for citizenship. The last vestiges were eliminated by the Whitlam government, with Coalition support, in 1975. Within the Liberal Party in the 1950s and 60s, the debate was between the

Deakinite liberals, of whom Bob Menzies was one, who supported state protectionism, wage determination and White Australia, versus the free traders or classical Adam Smith liberals. The latter eventually prevailed. Ending the White Australia Policy required no cultural crisis and was accomplished by liberal politicians — that is, small “l” liberals — from *both* sides of parliament, whose values were similar to those of the 1901 bill’s original critics. The proof that Australia wore the policy lightly was the ease with which it discarded it.

Overall, the White Australia Policy had aspects that were both reactionary and progressive, discriminatory and humane. It is nothing to be especially proud of, but nor is it anything before which we should cringe or apologise. A proper reading of its history reveals there is no ghost of racism haunting mainstream Australia culture.

# **LONG, SLOW DEATH OF**

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## ***WHITE AUSTRALIA***

**Gwenda Tavan**

Did the Australian people consent to the dismantling of the White Australia policy? They did, according to some commentators. Keith Windschuttle appears to support this position in his recent revisionist interpretation of the White Australia policy, arguing that the civic patriotism and fundamental liberalism of Australians allowed them to discard the policy “with a minimum of fuss” once the political decision had been taken.

This viewpoint differs quite considerably from that of other conservative commentators, some of whom have implied an elite conspiracy surrounding non-European immigration, with political leaders using secrecy and dissemblance to avoid public discussion and consent. Sociologist Katherine Betts has argued, for example, that “public opinion was circumvented by the use of administrative procedures and secrecy rather than open debate”, and that the final phase of the abolition, enacted by the Whitlam Government, was a “political victory” of the cosmopolitan elite which failed to convert Western Australia’s supporters “by reason and evidence”, leaving them “unconverted but outmanoeuvred”.

The issue of “consent” might seem irrelevant in these so-called multicultural times. I think it deserves close attention, raising important questions about the White Australia policy; and providing insights as well into the nature of social change in this country after World War II, especially the growth of anti-racist sentiment and acceptance of non-European immigration. For if Betts is correct, there was no fundamental change of attitude towards non-Europeans after World War II, and resentment has been growing ever since. If the Windschuttle perspective is right, then immigration and race are settled issues in this country. But then – how do we explain ongoing immigration controversies during the last two decades? This is one of the questions my book set out to explore.

I share with Keith Windschuttle the view that White Australia was a far more complex policy and doctrine than many historical representations have suggested. The establishment of the policy was due to a variety of factors: the desire to protect the living and working conditions of

Australians, strategic concerns; and a morally-imbued, social-liberal faith in the capacity of governments to create an equitable, prosperous and cohesive society, through various “population management” strategies, including a selective immigration policy.

But racial-nationalism was undoubtedly a crucial factor in the decision to severely restrict non-European immigration. By the early twentieth century, there existed a commonsense assumption that racial and cultural characteristics; that is, whiteness, Britishness and Australianness, were crucial elements of Australian nationhood and should be a major determinant of who would be allowed entry and granted membership of the national community. Various factors influenced this viewpoint, including memories of “racial conflict” on the Australian goldfields and in other countries; also the convergence of nationalist sentiment with the Social Darwinist ideas of the time (even if a majority of people did not understand such theories in any theoretically sophisticated manner). Altogether they reinforced the idea that national and racial integrity were somehow interlinked. As Attorney-General Deakin put it: “no motive power operated more universally than the desire that we should be one people and remain one people without the admixture of other races”. While this emphasis on racial/cultural belonging might today be seen as contradictory to the liberal-democratic ideals of Australians in 1901, they clearly weren’t so at the time. Equality was a relative not a universal concept; racial/ethnic loyalties and civic ideals were not deemed to be mutually exclusive.

Racial-nationalism and White Australia were always contested ideologies, of course. Some individuals believed immigration restrictions were antithetical to liberal and Christian ideals. People made exceptions for individual non-Europeans who were economically and socially integrated, thus reinforcing the fact that for most people, White Australia embodied an abstract principle of opposing group settlement rather than personal animosity towards all Asians.

Similarly, racial-national ideals never completely overshadowed more practical concerns. The policy never aimed to prohibit non-Europeans outright, and provisions existed for the temporary entry of business people, travellers and students. Diplomatic sensitivities motivated the decision to enforce restrictions through use of a dictation test.

But the undeniable objective of the Immigration Restriction Act was to severely restrict the entry of non-Europeans; that is to discriminate against such people, principally on the basis of their race. A variety of political and social rights were denied to non-European settlers, but not other migrants. A policy regime was put in place in which entry to Australia for many was determined explicitly by reference to pseudo-scientific notions of blood and race (for example, the creation of racial categories like “half-caste and mixed descent”, and the 75 per cent European blood rule which was imposed on “mixed descent” entry in

1950). Some of these categories were maintained until the early 1970s. The policy proved remarkably effective. Non-European settlement in Australia, already low at the turn of the twentieth century, continued to decline significantly after the introduction of the White Australia policy from 1.25 per cent in 1901 to .21 per cent by 1947.

There were other consequences as well. The policy overshadowed diplomatic relations with Asian countries from the outset. The ambiguous objectives of enforcing racially discriminatory policies while maintaining a façade of liberal equality and impersonal bureaucratic rationality, sowed the seeds for a culture of control, secrecy and dense, rigid bureaucratism in the administration of the Immigration Act, which created its own momentum. The political consensus that surrounded the policy from the outset likewise had its own self-fulfilling logic. White Australia is a prime example of a policy rendered captive to the sectional interests that supported it. Long after racial nationalism and Social Darwinism had lost much of their appeal, and despite the damage it caused Australian interests, governments continued to defend the policy for fear of a political backlash.

Many of the factors that sustained White Australia for decades were gradually undermined after World War II. Racial theories lost their moral and scientific legitimacy. Assimilation theories gained ground, with their presumption that socialisation, not race, was the major determinant of people's capacity for integration. Closer interaction between Australians and non-Europeans helped break down old suspicions. Economic and national imperatives helped change policies, namely, the need for labour and population that propelled the mass immigration scheme of 1945 onwards.

The policy was increasingly at odds with Australian attempts to strengthen ties in the Asia region. There was no absolute crisis in relations as such, but a gradual building of resentment. Intermittent international controversies erupted over Australia's harsh handling of individual cases (such as the O'Keefe, Gamboa, Prasad and Locsin cases). The need to reconcile foreign policy aims with a discriminatory immigration policy was a constant source of frustration for external affairs officials.

Altogether, these factors rendered the White Australia policy increasingly controversial, both domestically and abroad, between 1945 and the early 1970s. They compelled governments to gradually liberalise the policy; a process that began with changes to citizenship laws in the mid 1950s and ended with the significant Holt and Whitlam reforms of 1966-1973, which saw non-European entry rates rise to about 10,000 per year by the early-to-mid 1970s. (And note: the available evidence suggests both major parties played a role in ending the policy, contrary to contemporary assertions of both Labor and Liberal that only one of them can take the credit!)

From present-day perspectives, the dismantling of the policy was achieved quickly and with “relatively little fuss”. This view underestimates, however, just how contested the issue was, involving as it did significant ideological and policy change. The issue clearly gnawed at the Australian conscience, manifested in the literally thousands of words dedicated to the issue of race, racism and White Australia in the public domain during the period between the early 1940s and early 1970s.

The administrative process of dismantling the policy was timid, piecemeal and slow. There was no coherent plan regarding non-European immigration amongst political leaders, a point which more than anything disproves the notion of an elite conspiracy. Decisions were implemented in an ad hoc, reactive, sometimes secretive manner, especially in the late 1950s. This partly reflected the ambiguous attitudes of political elites towards the issue, and uncertainty about the consequences of the changes they were introducing.

It also indicated the political sensitivities surrounding White Australia and the rigid administrative culture of the Immigration Department, with politicians and public servants having to balance a variety of conflicting demands in relation to the policy and too often willing to put domestic political considerations and administrative rules ahead of human rights and the national interest (though to be fair, bureaucrats often met strong resistance from politicians in their efforts at reform. Historians to date have failed to adequately acknowledge the important role that they played in the end of the policy).

But if timidity inhibited the reform process, it also ensured that some sort of public accountability was maintained. Fear of a political backlash if secret reforms were exposed dissuaded officials from keeping too much information from the public. The most important policy changes during the late 1960s and early 1970s occurred in the context of a protracted and very public debate about immigration reform, and were well publicised. The changes were in step with public demands, although some resistance remained.

There was no political backlash against the Holt and Whitlam reforms. The reason for this is clear. By the late 1960s, most Australians had come to accept that a measure of non-European immigration was both necessary and desirable. They supported policy change, largely on the basis of assurances by political leaders that the entry of non-European immigrants could be reconciled with other principles and objectives; namely, the preservation of Australia’s core Anglo/Celt ethnic identity, and firm governmental control over immigration numbers and types. Let me be clear: popular support certainly existed for the end of the White Australia policy, but with strings attached; that is, contingent upon the promise of limited, manageable reform defined according to the national interest.

It is in this context that we can best understand successive immigration controversies during the past two decades. They've made manifest popular unease with aspects of the social and policy changes that have occurred since the late 1970s, which appear to have undermined the conditions upon which people accepted the end of the White Australia policy. These include the evolution of multicultural policies, the dramatic increase in non-European intakes, and the arrival of unauthorised asylum-seekers from Asia and the Middle East.

This assessment is not intended to undermine the extraordinary achievements of the last four decades or so, both in terms of attitudinal and policy change. Al Grassby was fundamentally correct when he declared the White Australia policy dead in 1973. The evidence is all around us: an open and generous immigration scheme, high annual Asian immigration rates, high levels of social mobility and integration for some non-European groups, relatively limited ethnic and racial conflict, multiculturalism as a lived reality in many parts of Australia.

Rather, I want to emphasise how ambiguous social-historical change often is; always disputed, always in flux. People have a remarkable capacity for paradox; holding on to old values, prejudices and fears, even as they are adapting to, even embracing, new circumstances. We shouldn't underestimate the power of the dead to haunt us. In Australia's case, successive immigration controversies suggest that White Australia retains a residual appeal, despite the advances made. Of course, race and racial attitudes alone do not dictate popular attitudes towards immigration and never have. Other factors have also been important, including the political, economic and cultural climate in which such issues are debated, and must be accounted for. It reinforces the important responsibility we have, the nation's political and cultural elite in particular, to resist the tendency towards absolutism, triumphalism or defeatism in the telling of our national story, and to acknowledge the complex, multifaceted nature of who we are and where we've been. Our stability, cohesion and prosperity as a nation depends on it.

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## Endnotes

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Photo – David Karonidis

*Helen Coonan*

Senator The Hon Helen Coonan, Minister for Communications, Information Technology and the Arts, addressed The Sydney Institute on Tuesday 23 August, 2005. In a timely speech, as the government prepared to put the sale of Telstra to a vote in the Senate, the Minister reiterated the government's position saying: "The government wants to sell its remaining share in Telstra to remove the inherent conflict of interest between the government being the rule-setter and policeman for the entire telecommunications industry while at the same time being the owner of the largest phone company in Australia. Resolving this tension is possibly the most powerful argument for selling the government's shareholding."

# **CONNECT AUSTRALIA:**

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## ***FUTURE PROOFING THE NATION***

**Helen Coonan**

Given the events of the past week you won't be surprised that this evening I want to talk Telstra – not just Telstra, but about the emerging story of telecommunications in Australia.

When it comes to telecommunications it is abundantly clear that we can only expect the unexpected. In 1876, an internal Western Union memo from the US stated: "This telephone has too many shortcomings to be seriously considered as a means of communication. The device is inherently of no value to us." In 2005, it is not surprising that telecommunications services are such a flashpoint in the national psyche at the moment as they have long underpinned the prosperity of Australia.

In the early days of the colony, letters ferried between Britain and Australia carried social, economic, political and scientific information. And when the electric telegraph was introduced in the mid-nineteenth century then the country really started to zing when the goldfields were connected with major population and agricultural centres. One thing that hasn't changed as telecommunications have evolved is that the challenges of connecting our vast continent, with all of its tough terrain and scattered populations still remain. But despite these challenges, connecting the country is of enormous national benefit and nothing less than a social good. In the twenty-first century to not have access to even the most basic telecommunications services means isolation and often times desolation.

The Howard Government has taken a proactive approach to developing the telecommunications industry, proceeding down a path of deregulation that began in 1997. When we came to government in 1996, Labor had spent many years presiding over a cosy duopoly of Telstra and Optus. Labor wimped out on the sale of Telstra and had utterly failed to address Telstra's dominant position in the market. Labor had forced the closure of a mobile phone network and overseen one of the greatest missed opportunities in our telecommunications history by watching Telstra and Optus partially roll out duplicate pay TV networks. Now we have more than 100 telecommunications

providers, prices have fallen by 21 per cent, the Australian economy employs 30,000 more people and is some \$10 billion larger than it would have been without the competition reforms. Small businesses have benefited from competition to the tune of \$2.1 billion and Australian households by \$5.5 billion.

This government also introduced a range of telecommunications consumer safeguards to ensure there is support for low income earners and those living in rural and regional Australia. But with a country as large and sparsely populated as Australia there will always be areas of the nation where it is uncommercial for any operator to go. So the government makes targeted investment in services where there is market failure most notably in rural, regional and remote Australia. This investment ensures we do not have a two-tiered telecommunications system where people living in metropolitan areas enjoy the benefits of competition while rural and regional Australia is left behind.

We have already spent more than \$1 billion on telecommunications services since 1997 in rural and regional Australia alone and this investment has simply transformed the way in which Australians can live, work, get an education and have a decent life in rural Australia.

## **Selling Telstra**

Competition, consumer safeguards and targeted assistance all interplay with the government's long-standing commitment to sell our remaining share in Telstra. One element of the recent debate about privatisation - and one I feel that is consistently overlooked - is that selling Telstra is in the national interest. The government wants to sell its remaining share in Telstra to remove the inherent conflict of interest between the government being the rule-setter and policeman for the entire telecommunications industry while at the same time being the owner of the largest phone company in Australia. Resolving this tension is possibly the most powerful argument for selling the government's shareholding.

Selling Telstra is not about flogging off an asset to pad our bottom line, it is not about unleashing a dominant telecommunications provider to crush competitors and it is not about deserting the bush. Selling Telstra is actually about completing the transition from telecommunications being provided by a government department, the Post Master General, to telecommunications being provided by a multitude of nimble private sector interests. This transition began the moment the former Labor Government corporatised Telstra and allowed Optus to enter the market in 1991.

The government has consistently stated, however, that there are three preconditions for the further sale of Telstra -

- That services in rural and regional Australia are adequate;
- That there is value for taxpayers; and
- That we have the authority to sell from Parliament.

Getting value for taxpayers from the sale of Telstra has always been a prerequisite of going ahead with full privatisation – that is just a matter of common sense. But as I have said before, I am acutely aware that at the end of the day the government will not just be judged on whether Telstra shares sell for ten cents more or five cents less. What the Australian people expect of the government, and what history will also judge us on, is whether we deliver a strong competitive telecommunications market and whether that market delivers the services Australians need to make their communities strong and their businesses competitive now and into the future.

I admit the Australian public still needs convincing that there is no connection between government ownership and service levels in Australia. But it is worth stating again that you don't have to own Telstra to regulate it. Whether or not the government owns 50 per cent or less of Telstra, we will continue to set the rules under which all telecommunications providers can operate in Australia and require compliance with these rules through legislation and licence conditions.

It is an incontrovertible fact that the less the government has owned of Telstra the more services have improved. Ten years ago the government owned all of Telstra – prices were higher, services were slower and you could have any choice of telephone as long as it was black! Targeted investment in new telecommunications infrastructure and services will best be enhanced when the government is able to focus on its core business of setting the rules for the whole industry and Telstra can focus on being competitive and delivering the very best services to its customers free of any government overhang in its shareholding.

That is why I have been working for many months on a plan to future-proof telecommunications in Australia.

## **The plan**

Last week the government announced a generous and far-reaching package of measures to *Connect Australia* now and into the future. There are four key planks in the package:

- An immediate investment of \$1.1 billion in services now and a \$2 billion fund to generate revenue for services in the future;
- Introduction of operational separation to deal with ongoing concerns about Telstra's high degree of integration;
- Improved competition regulation; and
- Enhanced consumer safeguards.

## Connect Australia

The \$1.1 billion *Connect Australia* package is the biggest regional telecommunications assistance program in Australia's history. *Connect Australia* will rollout affordable broadband connections to people living in regional, rural and remote areas, extend mobile phone coverage, build new regional communications networks and set up vital telecommunications services for remote Indigenous communities. The \$878 million *Broadband Connect* program will give all Australians access to affordable broadband. The funding will be competitively neutral, technology neutral and demand driven. The \$113 million *Clever Networks* program, supplemented by at least matching funding from State and Territory Governments and private investment, will be strategically invested in new broadband infrastructure.

This builds on the success of previous broadband infrastructure programs such as the National Communications Fund, the Coordinated Communications Infrastructure Fund and the Advanced Network Program – where Australian Government investment of \$109 million has leveraged further investment of \$360 million in new broadband infrastructure. Through these programs in 1,800 sites in more than 600 towns across each state and territory have had broadband services rolled out through a variety of technologies, including fibre, DSL, Wireless and Satellite. This includes connections to health clinics, hospitals, emergency services, schools, TAFE colleges, homesteads (for distance learning) and regional Universities. And Fibre backbone networks have been constructed in South Australia, Tasmania and NSW.

Recognising that major gaps in mobile phone coverage remain, and also that some parts of Australia will never be covered by terrestrial mobile networks, a further \$30 million will be provided for *Mobile Connect* to both terrestrial mobile coverage and to expand the satellite phone handset subsidies scheme.

Remote Indigenous communities are among the most disadvantaged groups when it comes to access to modern communications services. The \$90 million *Backing Indigenous Ability* package will deliver Internet and videoconferencing in remote Indigenous communities and improved Indigenous radio and television services.

## Future proofing

The second funding element of the package will ensure that telecommunications services remain adequate into the future – what the Estens Committee called future-proofing. Already the government has issued Telstra with a licence condition requiring the company to implement and maintain an effective local presence in rural, regional and remote Australia and has committed to holding regular, inde-

pendent reviews of telecommunications services in the bush. No-one knows what the telecommunications landscape will look like in 10 years time. So, short of a crystal ball, regular reviews are the next best thing to determine the future telecommunications needs of Australians living in regional areas.

The first review will commence three years after the sale of Telstra or at an earlier time as directed. They will then occur at least every four years after that. To complement these reviews, the government will create a dedicated \$2 billion Communications Fund which will be invested on behalf of the Australian people, managed by an independent Advisory Board with the interest generated to be spent on upgrades and rollouts of telecommunications services.

And on top of *Connect Australia*, the government will begin the rollout of the *Metro Broadband Connect* program in January to fix the blackspots that continue to affect around 200,000 households in outer metropolitan areas.

The \$50 million funding will be targeted towards metropolitan areas where affordable broadband access is not available due to the lack of suitable network infrastructure. By the end of 2003 there were approximately 900,000 households in metro areas that could not get a terrestrial broadband service such as ADSL or wireless broadband. By the end of this year, that figure will be around 200,000. With this massive, targeted investment package designed to meet the need that we have identified for rural, regional, remote and metropolitan Australia, the nation can be confident that services will continue to improve.

Services will not always be perfect. There will always be a hill that blocks a mobile tower, or a tunnel that interferes with phone reception, but services will be available and affordable and the Government is committed to ensuring they remain so.

## **Competition reform**

The government is firmly of the view that competition is ultimately the best means of delivering better and more innovative services which is why earlier this year I undertook a review of the regulatory arrangements that apply to telecommunications carriers. The result of that review is a series of reforms to telecommunications competition regulation. These reforms strike a balance between the need for regulation which promotes competitive services and investment in new infrastructure while allowing Telstra the scope to meet changing market conditions and demand for services.

The centrepiece of the competition reforms will be a requirement on Telstra to introduce operational separation within Telstra's organisation. This avoids the more risky and unacceptable forced structural separation but will deliver what many consider accounting

separation has failed to deliver. The objective of operational separation is to provide equivalence and transparency to Telstra's wholesale customers. It is designed to fit within Australia's existing regulatory framework and to fit with Telstra's business arrangements. The hope, and one of the tests, for operational separation is that it minimises the chances of repeating last years complaints about Telstra's ADSL prices.

These complaints centred around allegations that Telstra was selling products to its retail customers cheaper than to its wholesale customers. It resulted in a protracted dispute between the ACCC and Telstra which was eventually settled but not to the satisfaction of anyone. Avoiding repeats of these situations is in the interests of Telstra, its competitors, the regulator and the public. The framework will ensure that wholesale customers of Telstra receive equivalent, but not necessarily exactly equal, treatment as Telstra retail in terms of price and non-price terms and conditions.

An internal wholesale pricing mechanism for Telstra will be developed. Telstra will be required to maintain separate retail, wholesale and network business units and to publish internal contracts setting out non-price terms and conditions. These could cover, for example, the timeframes for supply of services and fault rectification. The model for Operational Separation was developed with expert advice in consultation with Telstra and the ACCC.

Compliance with operational separation will be imposed through a licence condition enforceable by both the Minister and the ACCC. The model provides a sound approach to achieve transparency, without slicing and dicing Telstra or breaking it up. It is credible, cost effective, durable, enforceable and tailored to Telstra's business. But it is not a panacea – other competition regulation will remain and be amended to provide companies with greater certainty when making investments in new networks and to speed up decision making by the ACCC. Building on the existing provisions that allow any company to obtain an exemption or agree regulatory conditions with the ACCC prior to making investments, the government will require the ACCC to take account of the costs and risks of new investment when making decisions under the telecommunications access regime.

When specific telecommunications regulation was introduced it was assumed that the provisions would be transitional. That is, when competition was sufficiently developed it would be possible to wind it back and revert to the general competition arrangements in the Trade Practices Act. With this in mind the government will hold another regulatory review in 2009 to assess how competition has developed and whether any further adjustments to competition and telecommunications specific regulatory regime are warranted.

## **Consumer measures**

The Howard Government has built the current consumer protections and we will maintain them including the Universal Service Obligation, the Customer Service Guarantee, untimed local calls, priority assistance and price controls. The new price controls that apply to Telstra will operate from 1 January 2006 and will only apply to Telstra's legacy network. The price controls have been developed to strike a balance between the tightening of price controls proposed by the ACCC and the loosening of caps sought by Telstra. The price of a local call has been fixed at 22 cents. Untimed local calls remain. On average, the price of a basket of services used by households and small businesses will not be allowed to rise – they will fall in real terms. And Telstra's basic line rental products can only rise by the rate of inflation.

In a departure from previous price control arrangements, big business has been excluded from the arrangements on the basis that these customers are able to negotiate individual agreements with Telstra. This focuses the price controls on protecting residential and small business consumers who use Telstra's fixed line network. Under the price controls, Telstra is required to provide parity in the local call prices offered to customers, including the local calls offered in package deals. This means that Telstra has the flexibility to develop a range of call packages and customers can choose the one most attractive to them and their needs.

The price controls are complemented by a package of measures to protect low income consumers and will ensure the benefits of competition in the form of lower prices, are passed to consumers. Consumers are quite rightly the end-game for the Government in telecommunications but experience has clearly demonstrated that competition and getting the balance right is the only way to deliver the services Australians want and need.

## **Getting the balance right**

The government often talks of the conflict of interest in being both the rule-setter for Telstra and the majority shareholder. Never has this been more apparent than in the past few days in the very public discussion that has centred on regulation.

When I announced the regulatory review back in April, commentators mused over whether I would go soft on Telstra or adopt perceived "harsher" and perhaps more stringent regulatory measures as advocated by the ACCC. I think now when you have Telstra squealing a bit and the ACCC's Graeme Samuel broadly accepting a good Mercedes model rather than a preferred Rolls Royce, then you must have achieved an appropriate balance. But it is worth reflecting

on some features of the competitive environment to put the government's regulatory reforms into perspective. And also to show that claims that Telstra is over regulated are, in my view, over stated.

Australia has a balanced telecommunications specific regulatory framework which contains the same core elements as those in most other countries.

- There is an access regime to ensure new market entrants can get access to essential services provided by the incumbent telco;
- There are rules to tackle allegations of anti-competitive conduct;
- Price controls; and
- Specific consumer safeguards such as the Universal Service Obligation which apply to the legacy network.

In a recent submission to the Canadian government, one Australian expert concluded that Australia's regulatory regime is far more relaxed, less administratively burdensome and in most respects more balanced than the regime in Canada. Evidence of this can be found in the fact that Telstra is still a highly vertically and horizontally integrated company. It is the nineteenth largest telecommunications company in the world by revenues, and the eighth largest by earnings. It is not prevented from operating in any part of the market and has a fixed and a mobile arm, directories and even a pay-TV network.

There are some key differences in the Australian regime compared to those operating in other countries such as:

- In Australia the regulator does not have powers to force divestment of companies;
- In the first instance, it is expected that access prices will be settled through commercial negotiation rather than through published, regulated prices.
- The costs of providing the USO are shared by the whole industry. In other countries, including the UK, the incumbent is expected to absorb the entire costs of providing the USO on the basis that being the USO provider gives a sufficient competitive advantage to the company discharging the obligation as its customers upgrade to other services.

Some might say that these examples play into the hands of people wanting to impose even more regulation on Telstra. However, I think we have the balance about right. We are not in the business of crippling Telstra, but we do want to give new entrants a fair go. If we get this right, then consumers benefit – and the evidence to date confirms that consumers are benefiting.

There has been a lot of attention on Telstra's recent results which, despite announcing a \$4.4 billion profit, show that Telstra, like every other dominant telco in the world, is facing pressure on its PSTN (fixed network) margins. The decline in these revenues has been a feature of Telstra's results for some time and comes as no surprise. The problem for Telstra is that the growth services – mobiles and

broadband – both have more competition than fixed services. For Telstra to preserve its earnings and profitability it needs to grow its revenue – this could mean either convincing people to spend more on telecommunications services, clawing back market share from competitors or buying into new services such as content.

It is legitimate for Telstra to leverage a position of dominance in legacy PSTN services into new services as long as it is done without taking unfair advantage of market power. Because of its scale, scope and resources Telstra should be well placed to make strategic investments in new networks and innovative services not the subject of legacy regulation. For instance, there is no regulation in the mobile market other than the regulation that applies equally to Telstra, Vodafone, Optus and Hutchison.

There is still no retail regulation on broadband products nor on Telstra's wholesale broadband products. Put simply, the mobile and broadband sectors are competitive – Telstra might have to work harder in these markets to make money but it is still the biggest player.

### **Leader or laggard?**

In December, the OECD found Australia's broadband penetration rate to be in the lowest quartile. Contrary to some people's views, the challenge is not as dramatic as first thought. High speed services can be delivered to most of Telstra's customers over the copper network using various flavours of ADSL. Admittedly this is not inexpensive, but the point is it does not require an entirely new network. What it requires is investment by Telstra, or its competitors, in ADSL 2+, and more importantly, the silver bullet that would make consumers want broadband speeds of 6 mega bits per second and above.

Although Australia's love affair with technology is now kicking in and we have the tenth highest rate of take-up of broadband in the OECD, we came off a very low base. Take-up in rural and regional Australia now rivals take-up in metropolitan areas (19 per cent compared to 21 per cent) and this has largely been driven by the Government's higher bandwidth subsidies – with more than 600 communities now connected in the last year or so alone. Of course, the lion's share goes to Telstra as the largest provider – 60 per cent of the \$158 million committed. So therefore it is fair to ask what Telstra and indeed the other major providers were doing to rollout broadband prior to government intervention?

Over the past six months many providers have come to me with proposals to roll-out services, including Optus with their Bridge to Broadband, Austar and Unwired with their wireless proposal to offer broadband over pay-TV cables and even infrastructure companies and banks with plans to invest in infrastructure. Telstra was a late entrant

into the debate with its plan to “hotwire” the nation, an eleventh hour proposal that has received a good deal of publicity.

### **Telstra’s proposal**

Telstra proposed a \$5.7 billion network upgrade, the cost to be shared with government, conditional upon an immediate wind-back of specific telecommunications access and competition regulation and abolition of telco specific regulation within three years. Rather than adopt this approach, the government has pursued the approach that has been proven to deliver benefits to consumers:

- Allowing the market to compete and deliver services in commercial areas of the market;
- Investing taxpayer’s dollars responsibly- and only doing so in response to market failure;
- Not picking technologies; and
- Not picking any particular provider.

We want to encourage competition in the market for non-commercial areas, not just competition for the market which is what had been proposed. However, looking at Telstra’s proposal there do seem to be some similarities with debates that have occurred in the US in recent years. It is worth noting two key differences between the US and Australia:

<sup>a</sup> In the US the telecommunications companies face widespread competition from pay TV companies who own an alternative cable network passing most homes; and

<sup>a</sup> There has been major structural intervention in the US in the 1980s – similar intervention has never occurred here.

These two differences mean the US is a very different market in which to debate the appropriateness of interventionist telecommunications regulation. It is not as if we are blind to the importance of ensuring that Telstra must be able to compete effectively. We have specifically applied a model of operational separation that was not too onerous on Telstra.

We want Telstra to keep investing. We want Telstra, or other companies, to use the provisions in the Trade Practices Act to obtain regulatory certainty. Moreover, as part of our reforms the ACCC will be explicitly required to have regard to the risks associated with new network investment when setting access prices. Telstra are yet to demonstrate what the current regulatory regime is restraining them from doing. We are confident that none of the regulatory changes proposed will prevent Telstra from innovating and investing where it is in their commercial interest to do so. Moreover, as the market in telecommunications evolves, so too should regulation.

There will be opportunities going forward to consider how the USO should be provided and by whom, what price controls should apply after the next three years and whether it is necessary to maintain telecommunications specific regulation. Much of this will be dependent on how effective the new framework is and how a fully privatised Telstra and its competitors respond over the next few years.

### **Telstra's value**

Finally, I will make a few observations about the so called impact of regulation on the sale. Of course, the government does not give advice or comment on the share price or value. However it is worth pointing out to commentators speculating about the effects of regulation yet again that operational separation was tailor made to suit Telstra's business structure and had been substantially agreed with Telstra's senior management at least on the non-price issues. It was designed to minimise costs and risk to Telstra's legitimate business and, I believe, it will still have that outcome. Greater transparency and efficiency between its business units can only improve Telstra's competitiveness.

Telstra still enjoys the benefits of owning the legacy copper network. Copper has proved to be very resilient, its death knell has been sounded many times but it fights on. ADSL2+ technology allows speeds of up to 15 mega bits per second to be delivered over copper and new Australian technology is breaking ADSL's distance barrier allowing broadband to be delivered up to 20 km from an exchange. We should also not forget that Telstra will qualify for a substantial share of the subsidies included as part of the *Connect Australia* package. In short, Telstra is hardly a dud.

### **No sale, no deal**

But all of these arguments will sound a bit hollow if the government's longstanding and long stymied objective of eventually selling our remaining share in Telstra is resisted. To those criticising the Government's substantial *Connect Australia* package or holding out for more, I issue some timely advice.

Continued and enhanced investment in telecommunications services in rural and regional Australia will be substantially boosted by the passage of the sale legislation through parliament. No sale, no deal. That is the political reality. So I would urge those questioning the proposal to remember that services in this country have only improved the less we have owned of Telstra. Previous tranches of the Telstra sale have allowed us to invest heavily in services.

I believe *Connect Australia* can ensure all Australians enjoy twenty-first century telecommunications both now and into the future. This should give the doubters both the comfort and the confidence that in telecommunications no Australian should be left behind.



Photo – David Karonidis

*Susan Greenfield*

Professor Susan Greenfield is an advisor to Britain's Social Issues Research Centre. Apart from her primary research where she heads a group of 18 scientists studying Parkinson's and Alzheimer's Disease, Professor Greenfield has developed an interest in the physical basis of the mind. She was general editor in 1996 for *The Human Mind Explained* (Cassell) and has recently authored *The Human Brain: A Guided Tour* published as paperback in 1998 (Phoenix Press). Susan Greenfield addressed The Sydney Institute on Wednesday 24 August 2005.

# THE FUTURE OF THE

## *BRAIN*

**Susan Greenfield**

It's a pleasure to be here and to explore with you something which must concern us all. All of us are worried about the future, not just for ourselves, but for our children and grandchildren. As a neuroscientist, I'm obviously biased but when we think of the future perhaps what we think about most is, "What kind of people are we going to be?"

What we are going to do in the next half hour or so is to survey what the new technologies actually are. This is not going to be a "tekkie" talk; it's indeed going to be wide-ranging overview of the technologies but emphasising more what those technologies are going to do to the brain. What we are going to look at are the opportunities and the threats of science. Are science fiction type scenarios now reality? Brain cells generate electrical blips, changes in voltage. So nerve cells are brilliant electronic components. They have had the whole of evolution to become so and this is nothing to do with conscious computers. Perhaps in the future we will all be heading towards a world where we'll blur the silicon and carbon systems or artificial systems and what we call real life.

This will lead to new types of computers. Some people are already referring to a "neuro-chip", a system which is quite beautiful to look at. And if you can put a brain on a chip, as it were, would we be able to soon put chips into the brain. It's been done in Bristol. From a company that's pioneered a new device for people with tremor, intractable tremor, where all else has failed. The patient can receive an implant in the brain and when the tremor is really bad, there is a control unit, activated by passing a magnet over a control unit in the chest, which will then stimulate an electrode within the brain to release chemicals which will then temporarily alleviate the tremor.

So we are starting to see again something we saw in the 1950s and 1960s. This is direct intervention into the brain. People are more technically confident now, and are starting to introduce implants into the brain to alleviate various problems. At Emory University this has been done to combat severe paralysis. Someone, paralysed from the neck down, has received an implant containing a nerve growth factor

which, as its name suggests, attracts brain cells to grow towards it where they hook up with the electrodes over several months. Then what happens is they interface. The patient can will a cursor to move on a computer screen - something that is quite remarkable. It's a form of psycho-kinesis and quite spooky to think about. Now this is in the realms of science fiction. But it does show how what we could traditionally regard as calling the firewall of our brain/body might be challenged conceptually, if not actually, in the future by this merging of the carbon and silicon systems and a start on a future with robots where we have synthetic prosthesis.

We're familiar with cochlear implants; soon there may be optical retina implants. We might also witness psycho-kinesis: what interests me immensely is how active thought might influence robotic arms to do things as indeed can happen in studies with rats as well as paralysed patients. Though it might not just influence cursors on computers, but also the interactions that exist between the immune system and the endocrine system and your central nervous system. We know that these three systems must be linked together, or we'd have biological anarchy. Imagine an active thought being able to manipulate interface with your immune system and have a therapeutic effect - as we already knows happen with placebo effect.

So, in thinking about robots, there will be a blurred distinction, mental and physical, between objective and subjective. We might start encroaching on that most elusive and special of all the mental - the thought. I was brought up, as I'm sure you were, to understand a difference between the mind itself and the brain, or mental versus physical. I now very vigorously challenge those distinctions because neuroscience is finally manipulating thoughts, even though we don't exactly know how. That's not to say its not already happening.

That's a preamble as to the kind of issues that we are facing, and the dramatic changes, for good or ill, on which we'll have to decide. What I want to do now is go through a series of questions, with that in mind, that are not happening immediately but are with us in development. I'm not going to talk about time travel or an expanding universe, but issues, phenomena and ideas that are already under active investigation and development even though you can't necessarily buy them in David Jones just yet.

There's going to be a series of questions under "lifestyle". You could say, well what does this mean? What is reality? What are we going to see, or perceive, as reality if indeed we have this cyber world? Imagine going to log onto your computer and you just say "hello" to the computer. And it says "hello" back to you in the voice that you might like. This computer can actually measure the fourteen points on the human face that will register the emotion, and it can configure similarly back to portray to you, subliminally, what you would perceive

as a certain emotion. Although this computer is in no way simulating consciousness. Nonetheless, you will be interacting with a device that for all intents and purposes is talking to you, and interacting and “understanding” the feelings you might be having. It can even hear the prosody in your voice, that’s the sort of tone that will portray a certain emotion. Of course, you might want to put a meat cleaver through such a device for being extremely irritating, as it happily announces, “You’ve just lost all your files.”

You’re then going to get dressed. Soon we will have smart fabrics as well highly interactive materials that can play music, sniff out chemicals, send data about your location. Gradually we will be thinking of materials and substances around us as interactive, not just as in things we put on or take off. You might be pleased to know that another development in these smart fabrics are self-cleaning fabrics - material which will change life in a very serious way.

You might then go for a walk. Put on the goggles for augmented reality, which as its name suggests gives you information above and beyond the presence of senses about the world around you. With the goggles, you would be getting information about the architect, the style of architecture, the historical events that occurred on the site. It would be like having an online google in your senses. Augmented reality will offer a dramatically different world from what we’re used to, a bit like explaining to someone in the 1950s, my mother’s generation, what the internet would be like. She still doesn’t know of course what the internet is like and that shows the gulf. It’s a little like trying to conceptualise the difference it will make to your life. Imagine the 1930s even, what that would have been like to try and explain to someone what it would be.

So, in our future lifestyle, you’ll have appliances with human interfaces and personas. Your body processes and spoken word will influence the environment so you don’t have to stop with just the brain having a thought. But if you’ve got a brain interfacing with the immune system perhaps some glitch or change in your new body state can then influence something. We know that the smell of chocolate can change the status of your immune system as monitored in your saliva. That in turn could perhaps influence something. If you’re sitting and you’re cold perhaps the temperature would go up in the room. It is quite remarkable. Emerging from the cyber world therefore we’ve got the life called “reality”. Let’s not get into what reality is, but you only have to look now at people on their phones ignoring each other or the world around them, to see that they are removed from reality. They’re so engrossed in their cyber world that they’re utterly indiscreet, saying things that normally you would imagine they mightn’t want anyone else to hear and the whole train is listening in on them. We know that they’re somewhere else in the cyber world.

So here we are living in this cyber world out there somewhere, conscious, not dreaming, interacting, navigating; but not using your senses, all of them, and not in the way as we know it. And already, very sadly, three year olds in the UK have lessons in how to socialise because they are so used to being in the cyber world.

Let's take a look at reproduction and how we're going to view life. *Sex in the Future: The Reproductive Revolution and How it Will Change* by Robin Baker, is a book about the future of reproduction and life. Baker has a notion of a "Gamete Marketing Board"; gametes are eggs and sperm. When we select in the pattern a partner, with touching optimism, we might be looking for the genes that will produce a child with humour, dependability, understanding and above all conversation skills. This is in the realms of fantasy but it could be the case, in the future. People think that genes deliver complex mental traits, which they do not. But if reproduction and sex are divorced, as they could well be and are already with IVF, people may be able to design the offspring they wish to have or the partners they wish to have by looking at the genes in this way.

If one thinks about that then we are going to have artificial chromosomes. These are a kind of molecular "coat-hanger" that genes hang on. New "genes" would be introduced into your body, that would in no way interfere with the other ones. This has already circumvented the notion of an artificial gene, an artificial chromosome. If you had certain "enhancing genes", people might, if they could afford it, expect that they could pick themselves anti-obesity genes, or anti-cancer genes, or extra cleverness genes and so on. Although this is really and truly a misleading view of genes, it will not stop people trying or thinking they can steal a march on others by having these artificial genes. Why you would want to do that, again, is an issue.

"Germline" engineering is a great technical advance. At the moment we have not been able to access genes because you have to access all the cells in your body and this is very hard. The best way if you're going to manipulate genes is to do so at the level of the sperm and the egg, from germline engineering. You can't do that in humans, as it is illegal because you're then immortalising that trait. But you can do it in animals. However, a particular technique, still in the experimental stage, restricts these changes by manipulating the egg or the sperm in one generation of humans. This gets around the legal and ethical constraints and does mean one can access genes more directly. This is very good news. People suffering from cystic fibrosis, for example, which is attributable to one single bad gene, could be helped.

There is work being done on artificial wombs, which might eventually lead to some kind of scenario where the two parents could

watch their baby being born in some kind of glass womb. Another possibility is that anyone of any age, or sexual orientation, could have the potential for reproduction with anyone else. This could be done by extracting, genetic material from any cell in the body, combining it with someone else's in a donor egg, then implanting it in a donor or surrogate womb which means that eventually one might look at the child having six parents - the genetic donors, the donor of the egg, the donor of the womb, all different possibly from the people who bring the child up. I'm not condoning this, but I'm saying these are the implications of how we might revise our attitudes to life.

Once a child is born, what is he or she going to need to learn? That might seem an obvious question to many of you. You might want your offspring to learn what you've learnt. But you have to face up to the changing environment that other people are exposed to. A child up until now could be lost in a world of imagination, lost in a world where a box can become a car or a castle or a house; where she is ignorant of the presence of the outside world, absolutely and thoroughly engrossed in the game she is playing, rather like being engrossed in the novel you are reading.

But is it really going to be like that? If we don't read books so much, if we are working as young people are now with screens as much as they are, are we going to have this distinction between what we could call this next generation, people of the screen versus people of the book? The journalist Kevin Kelly has written:

Screen culture is one of constant flux, of endless sound bites, of quick cuts, and half baked ideas. It is a flow of gossip tit bits, of news headlines with floating first impressions. Notions don't stand alone but are massively interlinked to everything else. Truth is not delivered by authors and authorities, but is assembled by the audience.

On the one hand, how nice not to have somebody else's truths; to make up your own truths and not to have someone's else narrative, someone else's story. You can navigate search engines intelligently, and you can meander off into some cul-de-sac or come back, you can do whatever you like when you're navigating on computers, you just ask questions and find out. On the other hand, if you don't know very clearly, what path you want to follow, what story you want to follow, what question you are trying to discover, you are in reactive mode. If you get distracted easily, are you going to be as well off as someone who's been led by the hand by an author?

So clearly it is not enough to learn something, to have it there as information, as an isolated fact. You need to be able to relate that fact to something else in order for it to have value. This is why, in my own view, we don't rate Trivial Pursuit highly. It's all just facts. It's only when you relate the facts, that it becomes interesting. If you don't

know how to relate them into some big picture then I don't think that you are benefiting. The future of education will depend very much on those issues.

Can we show that computers are making a difference to learning and memory? We suspect they are but we need hard proof. Once we know that, what do we want our kids to learn? What kind of things might be given to what we want them to be? And once we know that, how are we going to deliver it, with this new technology?

Finally we come to human nature, the trickiest thing of all. We all think we know what that is. But if you think about it, human nature is something by definition which disenfranchises everyone else in the animal kingdom, including our nearest relative, the chimpanzee. By the same token, it's something that can be recognised anywhere in space or time in humankind's history. You'll recognise human nature in ancient Greeks, and in Amazonian rainforest Indians. So what is it that ancient Greeks do, that Amazonian rainforest Indians do, that chimpanzees do not, that makes us instantly recognise human nature?

Is it emotions? No, consider the parson's cat or dogs' wagging tails. It is not describable in terms of isolated genes because our genes are very similar to those of the chimps. And, as I mentioned, we don't have sophisticated traits trapped inside a gene. It's not describable in terms of drive-reduction, by which I mean, eating to cure hunger, copulating to reproduce, fighting to defend our territory and so on. The paradox is that human nature, whatever it is, we use as an excuse for things: "Oh, it's human nature, that's why I wanted it."

However, one set of truths that do seem exclusive to humans are the Seven Deadly Sins. What do the Seven Deadly Sins have in common with each other? Well, they are all behaviours that result in particular social values and reflect on your status in society. Of course, they are symbolic. You are jealous of someone because their status is higher than yours. You might eat a lot because obesity in some cultures reflects great wealth or, in our own culture, you want to escape from the present, to comfort yourself by the sensation because you're not thin. We could go on. You chill out because you're so rich, you want to show people you can relax, don't have to work or because again it's a way of combating the failure to work, because you're low status, or whatever. So we could go through the Seven Deadly Sins, in a way interpreting them as the head resort of particular social values and status. However, the context will vary. So you're not jealous of the ancient Greek's tunic or toga but the response, the behaviour, is something instantly recognisable, instantly uniform to human nature.

The whole point of it is to promote individual identity. This, I would suggest to you, is more important to you than anything else. Your individual status, you are a unique person, this is so important to us. This is why we care so much about ourselves. Why we are

different from other people. We are aware and we are self-conscious. We are aware we are different from other people and we do so by trying to promote ourselves, at the expense of other people, by status. So if values and status are important in determining our identity, I would say that we are in a state of mind. The brain, the state of mind, a mind, in my view this is the personalisation of the brain, through these individual personal connections.

As a human, you evaluate the world in terms of what's happened to you previously. I'll call this the mind. It's not some airy-fairy alternative to the biological squalor of the physical brain but rather the personalisation of the brain as it grows through experience. Therefore your status, or your values, will depend on the actual configuration of your connections. There is a physical basis to this, and that is the connections which have grown through your life. A small child, a six-month old baby, is not worried about status, one to another, but gradually at school these things will be forged and grow, and competition will make obvious the hierarchy or pecking order that will contribute very strongly to the child's sense of identity.

If anyone has been touched by Alzheimer's you will know that what happens in the world "means" less and less and the person becomes like a child again, where they cannot make connections. They cannot see things in terms of something else. Of course, the connections that enable them to see one thing in terms of something else is now dismantled. They are confused and disorientated because they don't understand. They are back to putting a premium on the senses.

So, in the future, what are the options? Well the first is to say, "I don't want anything to do with technology, it's all stupid and I'm going to be nice and cynical." One could say the evil scientists are out of control and ought to be pulled back into their ivory tower where they belong as harmless boffins. Unfortunately we can't do that any more because you just have to open a newspaper and virtually every story you read has a science slant.

My own view is the alternative; to salvage human nature and use these new technologies to foster individual creativity. Just think of the eureka moment, that wonderful time when you suddenly have an insight, suddenly are creative and in a way that's individual to you. My own view is that this eureka moment is the thing, that wow moment in science, where you see what everyone else can't see and think what no one else has thought.



Photo – David Karonidis

*Peter Doherty*

Professor Peter C. Doherty AC was awarded the Nobel Prize for Physiology and Medicine with Swiss colleague, Rolf Zinkernagel, in 1996 for discovering “the nature of the cellular immune defence”. He was recognised as Australian of the Year in 1997. After a life devoted to science, Peter Doherty has now published *The Beginner’s Guide to Winning the Nobel Prize – A Life in Science* (MUP). In a wide ranging address to The Sydney Institute on Wednesday 31 August 2005, Peter Doherty gave a few insights into his book, along with thoughts on a few of the big questions such as “Are Nobel Prize winners exceptional human beings or just lucky?”; “Are GMO crops really dangerous?”; “Why can’t scientists and born-again Christians get along?”

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# A LIFE IN SCIENCE

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**Peter Doherty**

An idea that surfaces increasingly as the years roll on is that “everyone has at least one book in them”, leading inevitably to the thought, “will I ever get round to it?” Among my compulsory, daily reading list whenever I’m in the USA is the op-ed section of the *New York Times*. One morning, not too long back, the *Times* carried a carefully and passionately argued piece by a long-suffering editor titled: “Don’t write that book”. The basic message was that, though you may find your life to be incredibly fascinating, most of us don’t need to know, so relax, play golf and avoid the humiliation that comes inevitably from being a novice author at an advanced age. Still, for me, writing my book has proved to be an interesting experiment, and my life has been about experiments, though some turn out better than others. We shall see how this one ends up.

The *Beginner’s Guide to Winning the Nobel Prize* is, of course, an ironic title. Fewer than 800 individuals have received one or other of the Nobel awards over the past 100 years, though the Peace Prize sometimes goes to large organisations, like the United Nations, or Medecins sans Frontieres. Even for top scientists, the chance of making a Nobel Prize winning discovery is pretty much a lottery. Also, *The Guide* was never intended as an autobiography though, largely due to the insistence of the editors, it does tell some of my personal story.

The basic aim was to write about science and the nature and excitement of discovery in a way that is accessible to those who live very different types of lives. How does science work? Where does it come from? What is it like to be a research scientist? Few of us can, or might wish to, pursue such a career. However, when our world is changing constantly as a consequence of new, pervasive technologies, it is important that we have some understanding of how and why the advances in understanding, that led to these altered realities, happened.

The book is also aimed at young people who might be thinking about careers in science, the science-related professions or in one of the ever-increasing range of activities that are driven by novelty and innovation. A lawyer who specialises in intellectual property needs,

for instance, to have a good understanding of what motivates scientists and the research enterprise. The young mathematician might find a fascinating career in the new field of informatics that is central to genomics and modern molecular medicine. Those adolescents who live in front of a flat screen could aim to spend their more mature days playing with computer drug design. Embarking on a medical degree might lead to a life spent caring for patients in a doctor's office or a hospital, but some turn their focus to finding out the basis of a particular disease process and maybe even a cure. Many Australians will now be familiar with the story of Ian Fraser and his new papilloma virus vaccine that prevents cervical cancer in women.

Over the past nine years or so I've had a moderately high public profile, and have tried to convey a sense of the excitement of science and what it can achieve to both the broader public and to our political and bureaucratic leaders. As I relate in *The Beginner's Guide*, my late introduction to science communication put me on a pretty steep learning curve and, in the words of the first President Bush, the occasional step into "deep doo doo". It pays to look down as well as up when trying to convey some deep principle, or fondly held conviction! It is also necessary to understand how few of the assumptions that scientists take for granted, such as the commitment to rational enquiry and evidence-based reality, and the idea of relative risk, are shared by either politicians or the community at larger. Like a preacher, it helps to draw people into an argument by using familiar examples, such as the balance between protection and possible untoward effects associated with wearing a seat belt when talking about vaccination or drug treatment.

What has surprised me, though, is that even those who hold positions of great public responsibility for science education and science itself often have remarkably little understanding of the nature of the beast. Part of the problem is that we live in a kind of modern tower of Babel. Science is evidence based but, when the word evidence is used, a lawyer may hear one thing, a politician another, an advertising executive something different again, and heaven knows what a religious leader will make of it. Sometimes, even those with a formal science education who have not gone on to do research can still fail to get it!

Despite that, it is enormously important for people of influence from all spectra of belief and experience to reach some level of agreement on the difficulties that confront us. What use to humanity are belief systems that, for example, fail to accept the obvious fact that our species has primary responsibility for the health and well-being of the physical and biological world that sustains all life? As we move forward to deal with such central issues as global warming, deforestation, desertification, lack of water and so forth, we need to get as many

as possible on the same page. If anyone doubts that there is a problem, I would suggest that they read Jared Diamond's *Collapse*. He may get a few details wrong, but it should scare the hell out of all Australians.

The perhaps apocryphal statement, "Why worry about the Colorado River when Jesus is coming again?" certainly chills me to the bone. That may sound like a bad joke, but there are people in positions of power who either think in this way, or are so blinded by immediate opportunism and/or personal greed that they take no account of the future. Can we afford to elect governments that refuse to address the seriousness of the long-term challenges resulting from global overpopulation, atmospheric pollution and the increasingly fierce competition for arable land and water that played out so tragically in Rwanda and is an underlying cause of the tension between Palestine and Israel. We need to get people of good will on the same page. Surely all must accept that, whether by God's good grace or because we have evolved big brains that are capable of driving science and technology, we are in a position of stewardship over nature. Humanity has a collective responsibility to seek and achieve sustainable solutions.

The desire to achieve a broad discussion is one reason why the *The Beginner's Guide* has a chapter on science and religion, to point out that, though each deals in a different way with the collected wisdom of our species, personal involvement in the one does not necessarily mean exclusion from the other. Religion is, of course, very old, while science as we know it dates back for only about 500 years. Clearly, though, we are not likely to achieve a useful dialogue if we confuse the roles that these two activities play in society. On the one hand, it is of no value to apply the evidence-based criteria of science to symbolic religious beliefs like virgin birth or the resurrection of the body. On the other, conflict will inevitably result when believers try to insert creationist ideas into science curricula.

Australian society is currently grappling with a concerted effort to have "intelligent design" (ID) taught to school science students as an alternative to Darwinian evolution. This debate has now been going on at one level or another for about 150 years. As a belief system, the idea that a creator has in some way controlled or, initiated, biological evolution brings comfort to those religious people who reject the fundamentalist interpretation of creation based on counting back the days of the Christian Bible. According to the "flat earth" view of the extreme creationists, the universe is only about 6,000 years old and dinosaurs and humans co-existed. An Australian evangelist has evidently created a "museum" in the American mid-west that plays out just this scenario. As a belief, intelligent design (ID) is clearly much more acceptable and does not require that the adherents be delusional.

However, if ID is to be taught as an “alternative” to evolution theory in school science curricula, it has first to fulfil the criteria of a valid scientific theory. The era of scholasticism when ideas about the nature of the world were simply debated is as dead as the dodo. No theory has any stature in science until it is clearly stated and can be tested by experiment or observation in ways that lead to meaningful, peer-reviewed publication. As I discuss in *The Guide*, science has progressed because it “interrogates” nature to provide results that can then be confirmed, or rejected, by others. Darwinian evolution is probably tested at least 100 times a day, in a myriad of different experiments that are generally designed for other purposes but, along the way, in no way fault the idea of natural selection. With the enormous increase in acuity provided by the recent advances in molecular biology and, particularly, genomics, biological systems continue to look like they’ve evolved, not as though they’ve been designed.

Science is a very open activity, and there are plenty of scientists who are committed Christians. The discovery of, for instance, a “molecular portal” that allowed some extrinsic, mysterious power to skew a selective process would inevitably be pursued and reported with massive publicity. That hasn’t happened, but the book based on such a finding would sell like *The Da Vinci Code*.

The lack of scientific credentials doesn’t mean, though, that ID should not be discussed in school scripture, comparative religion, philosophy or even current affairs units. Either because of their own or their parent’s value systems, kids can opt out of the religion class, while regrettably few have the opportunity to study philosophy. However, “freedom of religion” also implies “freedom from religion”. It would be both obscene and stupid to force ID on science teachers, a good number of whom now have no background in, or sympathy for, religious belief. The same will be true for many of their pupils. Foisting ID on science students also makes no sense at all from the religious perspective.

Why would even the most committed evangelist want to have a smart science teacher who is hostile to religion explore the meaning of “intelligence in evolution” with their class of eleventh graders? The intelligent systems that we know are brains and computers. Do we really want science teachers, who may be enraged at being forced to address the issue, introducing their students to the idea of a creator? Can you imagine the anger of a religious parent who heard about the details of such a discussion? Religion and science have their own spheres in human affairs, and we should let each play out accordingly in ways that allow these two groups to get together to address real problems. Good people can disagree on personal beliefs, but still work together very effectively.

Some of my interest in religion reflects the experience of my Brisbane childhood and adolescence. A little of that personal story is told in *The Beginner's Guide*, along with a brief account of my early education in Queensland public schools and universities. Though it might be an enormous advantage to attend, for example, one of the wealthy private or selective public high schools that exist in this country, the story of the Nobel Prizes emphasises that the winners come from many backgrounds. A few grew up in peasant communities in the developing world, others were home schooled, while more than one survived the horror of spending part of their childhood in a Nazi concentration camp. A remarkable 25 in number attended public schools in New York City, including five from Bronx Science High School

The other part of my life history that is told here deals with the discovery that led to the Nobel award. This is developed as part of the story of the Nobel Prizes for immunology, and discusses such diverse areas as immunotherapy, vaccination, allergy and autoimmunity. Tracing this thread illustrates how the success of any one scientist builds on what went before. Some of the immunology awards were for work of great practical importance, like blood typing, organ transplants and the development of the monoclonal antibodies that have proven to be so important for diagnosis and, increasingly, for some forms of therapy. Others were for very basic discoveries concerned with, for example, the way that the antibody genes are organised to allow the recognition of an immense spectrum of diverse micro-organisms which, if allowed to grow unchecked, would overwhelm us. So that the non-specialist reader can understand what all this is about, the relevant chapter starts with a short course in immunology.

Scientists are no better than anyone else at predicting the future, but it is at least possible to tell some good stories about what is happening now and where we are likely to see major breakthroughs in the next 20 or so years. Cancer therapy seems poised for a revolution, with the likelihood that many may live on with their disease held in check by long-term treatment with very specific "designer" drugs that have few, if any, undesirable side effects. We will understand a great deal more about how the brain works and, again, are likely to have much better therapies for a variety of psychiatric and neurological diseases. The debility caused by some persistent conditions may be greatly ameliorated by the use of various implanted devices to relieve, say, epilepsy, while tiny nano-machines may enable the precise delivery of minute amounts of desired chemicals to this or that compromised tissue. Bringing together heavy duty computing, mathematical modellers and scientists who either do experiments or make careful observations will allow us to develop a much better

understanding of the complex systems underlying immunity, brain function and global climate change.

I now have five grand-children, and a key question that I ask myself over and over again is, "How are they, and their children and grand-children going to live and work in the Australia of the next 100 to 200 years?" I also look around and see the profligacy of our use of non-renewable energy, arable land and the progressive degradation of our natural environment, and have the profound sense that we are stealing at least some of their future. What will Australia be like when, as is happening with incredible speed, the 1.4 billion people in China ramp up to use the full potential of their enormous talents? Will Australia be any more than a mine, a farm, a golf course and a tourist destination?

My belief is that, if we are to offer young Australians anything like the benefits that many of us had, we must do our utmost to foster the emergence of a sophisticated, knowledge-based society. That means the promotion of cultural awareness and the ready availability of all types of educational opportunity, at every stage of life. It means educating people to think critically, both in the work place and in the society that supports them. It means building a much larger, science and innovation-based industrial capacity that is clean, green and exploits our own intellectual capital.

It means enhancing the opportunity to pursue deep, basic research questions about how, for example an immune response, a cancer cell or a river system has gone wrong, while at the same time further developing the translational, development, financial, legal and management skills to exploit useful discoveries for economic and social advantage. It means finding solutions to environmental problems that make scientific and (ultimately) economic sense, not promoting prejudice and inefficiencies that mask underlying realities but lead to short term political advantage.

It means protecting our liberal democracy and ensuring that we do not allow ourselves to be distracted into a state of political apathy that condemns us to live under a system of disingenuous, secretive, short term, elected dictatorships. Bread and circuses are fine, but it is much more important to foster the health of active minds and the sustenance of a vital and involved society. The only power that I have to influence any of this is the power to advance ideas, the power of persuasion. That's why I wrote *The Beginner's Guide for Winning the Nobel Prize*. It was fun doing it, and I learned a lot from the experience.



Photographer: David Karanidis

*Prime Minister John Howard addresses The Sydney Institute 2005*



Photo – David Karonidis

*Michael Sherraden*

Michael Sherraden is the Director of the Center for Social Development (CSD) at Washington University. In 1991, Professor Michael Sherraden authored *Assets and the Poor: A New American Welfare Policy*, which proposed matched savings for the poor in Individual Development Accounts (IDAs). He points out that asset-based policy is expanding in many countries, but typically does not include the poor. This research was influential in the design of Universal Savings Accounts (USAs), a 1999 proposal by President Clinton that would enable all working people to build assets. Professor Sherraden addressed The Sydney Institute on Thursday 1 September 2005. He was introduced by Patricia Toohey from the ANZ Bank, sponsor of Michael Sherraden's lecture visit to Australia.

# **ASSETS, POVERTY AND**

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## ***PUBLIC POLICY***

**Michael Sherraden**

I'm delighted to be in Australia as a guest of ANZ where I have had some very engaging discussions. ANZ bank has been a leader in reaching out to the community to support and initiate efforts for bringing lower income Australians into financial services, into financial education, and into asset building. Increasingly these are services and skills that are necessary to function in the world that we live in. ANZ is a leader in Australia and the region, and is well-known in the United States for the work that they're doing as well.

My work in recent years has been focused on asset accumulation for very poor people. This topic has several facets. There's an idea side, with theory and evidence, and there's a policy side. Tonight I'm going to talk about some of this work, mainly the ideas. But also, in the spirit of The Sydney Institute, I might be a little provocative in policy suggestions, and maybe that will create some interest, especially in the discussion period.

To start with the context, we have come out of the twentieth century with welfare states that were designed for an industrial era. They're oriented largely around income support for families. The original idea was that if families weren't earning wages in industrial labour markets then social policy would support them during any unemployment time, or if disabled, or if an earner died children would be protected, or if retired, and so on. This notion of income support when not employed is the basic idea of social policy as we came to understand it in the twentieth century. This, of course, is a very large idea. Even in the United States, which does not have the most generous set of social policies, income support is about half of the federal budget. It is more in most of Western Europe. What modern states are, in a fiscal sense, is first and foremost an income transfer mechanism; that's what the state does. While defence and diplomacy get most of the headlines, what the state is doing in a budgetary sense is taking in money and passing it out in social benefits.

But we've entered a time where this simple income support idea upon which the welfare state is built is no longer an adequate idea.

The notion of supporting people, out of government funds, when they don't happen to have employment in the labour market doesn't fit the kind of economies and labour markets that we have today. The relatively low skill, long term, and stable jobs of the industrial era are increasingly hard to find. Increasing knowledge and skills are required for employment today, and employment transitions are more and more necessary. Continually retraining or gaining new skills throughout life is more and more necessary. With these changes in labour markets, and many other social and economic changes, the income-support theme of industrial era social policy is no longer fully adequate. For this reason there is a lot of pressure on these social policies in almost every country.

Mostly this is discussed in ideological or political terms, but the basic issue is not ideological. Underlying economies are changing. There's a lot of pressure on social policies that do not fit the modern context. Not unrelated to this, there is today a near revolution in the way some social policies are being delivered. This is most evident in retirement policies. Many countries are moving toward individual account systems. The Australian superannuation policy is one example. In these social policies, people are holding their own resources and are more in control of their "social welfare". This has both pluses and minuses. It's happening in many countries around the world, and not only in the developed countries. It's also happening in the so-called developing countries.

In sum, the global pattern is toward defined contribution principles in the public sector, and also in the private sector. We are seeing more and more defined contributions systems instead of defined benefit systems for retirement. Today it is almost unheard of in the United States for a corporation to set up a new, defined benefit retirement system. It just doesn't happen anymore. At the same time, there is increasing discussion of individual accounts in the public sector associated with Social Security.

This is a massive shift. In the United States these principles are also being applied to other policy issues. Increasingly there are individual accounts for education, for some aspects of medical care, for home ownership, and for other policies that we think of as social benefits. We are witnessing a very large change. Decades from now, people will look back at this time as a shift out of industrial era welfare policies and into another set of policies that, hopefully, will better suit the information era that we are moving into.

The problem is that these new policies are leaving a lot of people behind. Defined contributions systems are serving the top-end of the income distribution and leaving a lot of people out at the bottom. This is happening in my country and I would guess it's happening here as well. One of the reasons that people are left out is that these new

policy systems are very much tied to income - the more income you have, the more money will go into these accounts, and public subsidies for these accounts, which operate through tax benefits, are also tied to income in a regressive way. The larger your income, the greater the tax subsidy. This is almost the opposite of the welfare state idea which was to take care of people at the bottom. What's happening in these new policy systems is that we are taking care of people at the top, and people at the bottom are not getting the same level of support. Unfortunately, that's the big picture.

Why does that matter? Other than the fact that large numbers of people are not well off and have little social protection, why should we care? I think we should care for several reasons. One is that asset accumulation and investment are the way that households develop. This has always been the case. Although largely overlooked in the social policies of the welfare state, it has always been the case that families need to save and make investments in education, or buying a house, or owning a small business, or some other investment that will improve their circumstances. This is the way families improve their well being over time. This is the way that families improve their well-being across generations - one generation will accumulate assets and pass these on to the next generation.

What we did with social policies for the poor, in the welfare state era, was to forget that asset accumulation is essential to family development, and in fact we set up barriers to this accumulation. If you receive income benefits, you're actually not permitted to accumulate more than minimal savings and assets or you lose eligibility for your benefit. What we have right now is a set of policies that are encouraging and subsidizing asset accumulation in the top part of the population and we still have remnants of social policies from the welfare state that are actually punishing people for accumulating assets at the bottom. This is the most counter-productive policy idea I can imagine. The point I want to get across is that this is not merely unfair, it is also misguided policy. This dual policy on asset building—subsidies for asset building at the top, and penalties at the bottom—is not developing the entire population. This policy is standing in the way of people at the bottom reaching their potential, and that means they also do not contribute as much as possible to the economy and society. The foremost point is that this is not wise policy; people are not able to develop under these conditions, and the whole nation pays a price in wasted potential.

Unfortunately, we are seeing increasing asset and net worth inequality that is not unrelated to these policies. Public policy is exacerbating asset inequality. In 2001, the bottom 40 per cent of the US income distribution had an average net worth of less than US\$3,000. For many people, there just isn't very much money; people are literally

at the margins; people are living very precarious lives. This is not conducive to their development and also, I think, increases social tension. This gets played out through race because these figures are also very much related to race. We have in the United States a median white household net worth that is more than ten times that of the median African American household or Latino household or Native American household. We have vastly different holdings of wealth by race. And if wealth or asset holding is how families develop, we are just exacerbating these racial tensions, which in our country are a very important part of our history, and have always been an issue in America. So there are important reasons for asset building other than “it’s just too bad that some people are not doing well”. There are important social and economic reasons to pay attention to this.

With all of that in mind, how should we think about policy? Can we begin to think about social policies that are a little different? Can we begin to bring the whole population into social policies that facilitate asset accumulation? Before I go into a policy discussion, though, there are a couple of key ideas that are important. Both these are really clusters of ideas that are contrary to mainstream economic thought at the moment, although this is also changing.

The first idea is that asset-holding delivers more than just deferred consumption. The mainstream neo-classical idea is that people prefer to consume later rather than consume now and so they accumulate some assets, and that’s the only the benefit of asset accumulation. But in fact, there is a lot of evidence that when people have assets they are better off in other ways, in addition to the deferred consumption. When people begin to accumulate assets they begin to think a little bit differently, they begin to think “well, I have these resources, what’s the potential for these resources?” People’s cognitive horizons lengthen; they begin to think that their children might have more opportunities because resources exist for these children perhaps to go on to higher education whereas they might not have thought about that otherwise. There’s quite a lot of evidence on these cognitive and behavioural changes, particularly strong evidence inter-generationally. When families have resources they have very different ideas about the possibilities for their children.

For example, we did a study with a large longitudinal data set that found that, when families hold resources, even small amounts of resources, a couple of thousand dollars in a savings account, or ownership of a home with modest equity, controlling for many other factors such as age, race, living conditions and income levels, single mothers who had a few assets had higher educational aspirations for their children. And we also found that when mothers had higher educational aspirations for their children, their children did better at school, they had better educational performance. So this is one

glimpse, statistically, of what happens when resources accumulate: people think differently and they probably behave differently in terms of whether children are getting homework done, and whether children are watching too much TV, so children end up doing better in school, and children grow up with the idea that they have educational potential and opportunities, which probably also changes the behaviour of the children.

Other research shows that when assets exist at particular points in a family's development, this can make a big difference. In the United States, this is particularly true for being able to own a home in a neighbourhood where the schools are good. Because of vastly different quality of education in different neighborhoods, when families are able to be in a neighbourhood where the schools are better, the children will do much better in the long term. Other studies report that, inter-generationally, when families own assets, children are much less likely to become pregnant in their teenage years; controlling for all else, children are much less likely to have interactions with the law, are much more likely to graduate from high school, and so on. With asset accumulation, research finds these large and positive inter-generational effects, and these are not the only effects. There are also effects for the adults themselves; people speak very positively about ownership of something when they haven't owned something before; they speak about a sense of control over their lives and ability to think about and plan for the future. In sum, the idea that asset accumulation is about more than just deferred consumption is a very important idea.

The second idea is about how assets accumulate. Mainstream economic thought is that people have preferences to accumulate assets but these are individual preferences, that people have individual characteristics that make them want to save. These individual characteristics can be what they know, what they believe, what they hope for, what they've learned from their parents, what their culture is, all the characteristics that make some people more prudent than others. And to be sure, people differ in these ways. But I no longer believe that individual preference is the chief cause of asset accumulation, or lack of it, in most households. For most American households, the significant asset accumulation is in some kind of retirement pension and home equity. Both of these are structured and heavily subsidised by public policy through tax benefits. If public policy didn't give tax benefits for home ownership and for retirement pensions, assets wouldn't accumulate nearly as much. For the most part, home equity and retirement pensions are the only substantial asset holdings of the median US household. Most Americans own little else. Our household savings rate, which would reflect preferences for asset accumulation, is just about zero.

If asset accumulation is very different from one household to the other, what is causing that? I think that some people have access to institutional forms of savings and asset-accumulation (e.g. retirement pension accounts offered at the workplace) and other people don't have these opportunities. We've carried out studies with matched savings programs, similar to Saver Plus sponsored by ANZ bank, and we find that several institutional features matter in terms of savings. One institutional feature is *access*; can people get to it? If they cannot get to it, then they are not going to participate in it. Another institutional feature is *incentives*. In the same way that there is a tax incentive for my retirement pension, is there some kind of subsidy, as in Saver Plus where there is a match of two-to-one for people who save. Such incentives turn out to be very important for getting people in the program.

Another institutional feature is *information*. In order to participate, people have to know about it, so financial knowledge matters. We have evidence that if people have some financial education, and information about savings programs, they do better in them. Another institutional feature is *facilitation* or assistance in saving and asset accumulation, such as direct deposit from a paycheck. If there is an automatic deduction from your paycheck every month that you don't ever think about, it's not really behaviour on your part, this is really an institution doing it for you, and this kind of *facilitation* is highly associated with how well people are able to save.

Another institutional feature that has emerged as being very important is expectations. It turns out that if you say to very poor people in a program like Saver Plus (in the United States we call similar programs Individual Development Accounts), "if you save \$25 a month we'll match you 2-to-1", then if you say to them, "well, if you save \$35" it turns out that to raise the target saving amount by \$10, on average people will save 50 per cent of that extra amount each month, or \$5 out of the \$10 that is possible to save. This is a huge statistical effect. If you know that raising this "match cap" or what the saving program will match, will have that large an effect, it provides a lot of information and guidance about how to structure these programs.

In my view, these and other institutional features are the chief explanation of saving and asset accumulation in most households. I don't want to go on too much longer about that. What we're trying to do is to identify this body of ideas that can help define and inform policies and programs that might help people at the bottom participate in asset accumulation.

Turning from ideas to policy, I first proposed Individual Development Accounts (IDAs) in the late 1980s. This policy idea has gradually grown in the United States, so matching people's savings is rather common now for people at the bottom. And the phrases

that that go along with it, such as “asset-building” and “asset-based policy” are now a common language in the United States.

I originally proposed IDAs as a large policy system. I have a strong view that we should create public policy that everyone participates in, and make it possible for people at the bottom also to participate, rather than think of special things we do for poor people. Of course, we should and must do special things for poor people in some circumstances, but if we really want to create public policies that help poor people in the long term, we should bring them into the policies that already exist for the non-poor. In asset-building, the right mission could be: bring everybody in. And the right strategy could be: let’s give everybody the same amount of money.

The right policy idea is, let’s bring everybody in, let’s do asset-accumulation for all. So we’re looking for ways to demonstrate this policy. If it looks a little strange to match people’s savings two-to-one, keep in mind that this is not as much money as we’re passing out to the top end of the population, it’s not even close to as much money as we’re passing out to the non-poor. We are trying to demonstrate that poor people also can do this, when they have a structured savings program with incentives.

When we first started doing this in the United States - and Saver Plus in Australia is having the same experience - some people said “the poor can’t save, they don’t even have enough money to meet their rent payments and so on”. Turns out the poor can save. They can save and accumulate assets and invest in homes or computers or education or a small business that will help move their family forward. One of the things that has happened in the United States is that we are now past this stage of policy resistance. I hardly ever hear anymore that “poor people can’t save” because we have quite a lot of evidence that they can.

This policy work is now “on the table”. Maybe we should bring everybody in. Maybe we should be inclusive about financial capability, about financial knowledge, about financial education, about financial services and products and financial resources. Maybe there’s an obligation in public policy to treat everybody somewhat fairly in this regard.

An excellent example of a more hopeful asset-building policy has just been started in the United Kingdom. In the United Kingdom the Blair government has begun to give every child an account at birth so now every newborn child in the United Kingdom gets an account, and the government puts a deposit into those accounts, and children in the bottom third of the income distribution get a larger deposit. This is the first asset-building social policy on the planet that embodies two important features: universality (every child has an account), and progressivity (children at the bottom get a little bit more).

This is a policy example that is worth emulating. There is a little bit of discussion in Australia about it, and a little bit of discussion in the United States about it. In the United States we are testing this idea of a universal and progressive children's savings account.

In closing, I will be a bit more provocative. I imagine a world where one day every child in every country has an account. This would mean that, through a truly universal asset-building policy, every child can begin to accumulate resources so all have a brighter future, whether they live in Zambia or Peru or Canada or Korea or any other country. This is a policy concept that is at the moment a little bit far fetched, but with the increasing capability of information technology this policy will become possible. Going forward, maybe we should think a bit more creatively about asset accumulation not just in our own countries, but around the world.

## FUNCTIONS - 2005



*Photographer: David Karonidis*



Photo – David Karondis

*Tom Frame*

He was to last just 692 days as Prime Minister and disappear in the surf off Cheviot Beach never to be found. Harold Holt's life and death have all the drama of good fiction. But what was his legacy as Australia's Prime Minister? Dr Tom Frame believes there's quite a lot to be remembered about Harold Holt – from being the prime minister who began the end of White Australia to his positive encouragement of Australia's engagement with Asia. In an address to The Sydney Institute on Monday 5 September 2005, Tom Frame recaptured many of the highlights in Harold Holt's life. Dr Tom Frame's *The Life and Death of Harold Holt* was co-published by Allen & Unwin and the National Archives of Australia.

# WHY HAROLD HOLT

## *DESERVES TO BE REMEMBERED*

**Tom Frame**

Prime ministers can't write their own epitaphs. Harold Holt is usually remembered for a casual comment on the White House lawn on 30 June 1966 when he pledged that Australia would be "All the way with LBJ" in South Vietnam and the mysterious manner of his demise off Victoria's Cheviot Beach on 17 December 1967. One throw-away line has become synonymous with his public career; one careless act has allowed his death to overshadow his life.

And yet, Australia's seventeenth prime minister deserves to be recognised for contributions to a range of public programs and a series of initiatives that began a transformation of the nation's mood and outlook. He was a genuine liberal who believed that the Liberal Party was neither a Conservative party nor a guarantor of vested interests but an organisation committed to personal liberty and individual flourishing.

Harold Edward Holt was born in Stanmore, New South Wales, on 5 August 1908. His early life was unsettled and lonely as his parents travelled in search of work and then divorced. Harold became a boarder at Melbourne's prestigious Wesley College where he demonstrated both academic and sporting prowess. After studying law at Melbourne University, he became a close friend of Robert Menzies and decided to pursue a political career with the crucial backing of the Melbourne-based Australian Women's National League.

He was elected United Australia Party (UAP) member for the Federal seat of Fawkner in 1935 and moved to the newly created seat of Higgins in 1949 (presently held by Peter Costello). After a brief period of military training at Puckapunyal, he held the important portfolios of Labour and National Service (1940–41, 1949–58), Immigration (1949–56) and Treasury (1958–66). During these years he was responsible for introducing universal child endowment, administering Australia's post-war immigration program, enacting crucial reforms in industrial relations and supervising the highly successful conversion to decimal currency.

After years spent in the shadow of Sir Robert Menzies, Holt was the longest serving parliamentarian to become prime minister when he succeeded Menzies on Australia Day 1966. It was a bloodless succession although a long time coming. Holt was proud he had the top job “without stepping over anyone’s body” and placed a premium on the kind of loyalty he had shown to Sir Robert over a decade as Deputy Liberal Leader. But the parliamentary party he inherited was internally fractious and politically complacent. While some thought the Liberals’ best days were behind them, to ensure its continuing electoral appeal Holt needed to reinvigorate its platform with creative policy initiatives and some fresh perspectives on persistent problems.

Harold Holt was prime minister for just 22 months but differed substantially in both approach and methods from his predecessor and, I would contend, staked out a claim to be Australia’s first modern prime minister. Let me explain why by drawing your attention to three areas of activity where Holt’s tenure marked the beginning of a transition.

The first was a different sense of national identity. Holt became Prime Minister on Australia Day 1966, as the nation and its people had a clear sense in which they were coming of age. The formative years of nationhood experienced within the British Empire were nearing an end. Holt told the Young Australian Foundation at the University of Melbourne that while the nation once looked to Britain and the Royal Navy, “we have now realised that Australia is a national independent entity of its own and that Australia faces problems and has obligations which are quite unlike anything the earlier generations of Australians had to meet”. The unifying symbols of Crown, religion and race were becoming less relevant to an increasingly pluriform and multicultural society. Holt recognised the nation was in a period of social, economic, political and moral transition.

No-one should have been surprised when Holt said that “if we’re going anywhere, we’re not going American, we’re going Australian, and there is, I think, a stronger sense of nationalism, a growing feeling of pride in Australia, its achievements, its potentialities, even its hazards”. He hoped the people would provide a lead as to their preferred destination but emphasised the importance of harmony and homogeneity in the meantime. As Prime Minister, he said, “it is my responsibility to reflect the modern Australia to my fellow countrymen, to our Allies and the outside world at large”. This was manifest in Holt’s decision to make his first official overseas visit to Asia rather than to Europe. Holt could see that Australia’s prospects were linked to those of the emerging regional nations. He was adamant too, that Australia could no longer lean on Britain or hide behind what remained of the old Empire. This country and its people,

including their prime minister, had to make their way in the world drawing on their own experiences and embracing their own destiny.

The second turning point was the role of the prime minister's office in parliamentary proceedings and political life. As with his predecessors, departmental and personal staff mediated Holt's contact with the parliament, the press and the people. But Holt made two new appointments that marked a significant break with the past. The 39-year old Peter Bailey became Holt's "Liaison Officer". While his formal title was "First Assistant Secretary (Prime Minister's Office)", he was essentially an on-the-spot adviser in addition to having administrative oversight of Holt's private office as it steadily expanded.

The other notable addition was Keith Sinclair. *The Age's* editor for the previous seven years, Sinclair was the first prime ministerial speech writer and provided Holt with another intellectual resource. He undertook detailed research and produced final drafts of Holt's speeches before passing them to Tony Eggleton, Holt's press secretary, who further massaged them. They were then handed to Holt for final checking and delivery. Given Holt's reticence about speaking publicly without notes and acknowledging his own tendency to ramble, this was a prudent appointment. But it also created a crucial new space between the various departments and the prime minister's office. Although political scientist Tony Griffiths later accused Holt of attempting to "set up an American presidential style of leadership in Australia" by arranging for "a battery of aides", Holt began the movement towards the prime minister's office being an important element in the conduct of government business and an influential political entity in its own right.

The third noteworthy change was in managing the burgeoning demands of the electronic media. Peter Bailey recalls: "Holt was the first prime minister to hold regular press conferences and he rarely slipped up in them. He went on TV frequently; he would go out and meet people. My problem was to balance all that with the job of getting the government's business done". Holt was comfortable with television. In contrast to Menzies who did everything to avoid on-camera appearances, Holt was prepared to learn how to exploit this new and powerful medium for mass communication. He was also faced with the beginning of television current affairs programs. Shortly after the launch of the ABC's *This Day Tonight*, Holt agreed to an extended interview. This was, according to former ABC staff member Robert Moore, "a big deal" and "rules of behaviour were invented overnight". No journalist had ever engaged the Prime Minister in this manner before. Within a decade, such interviews would become commonplace and are now taken for granted.

Political writer Clem Lloyd remarked that Holt "was shrewd enough to realise that the prime ministership had to be brought into

closer touch with the electorate. In his early days as Prime Minister Holt adopted a populist approach, generating interviews and picture opportunities in the tabloid press which Menzies had largely spurned. Holt also acknowledged the importance of the political media and strove to build better links with it". The Secretary of the Prime Minister's Department, Sir John Bunting, supported the stronger focus on public relations and media liaison, and believed the prime minister ought to be accompanied by take his Press Secretary whenever he would encounter the media. For his part, Eggleton was encouraged to make contributions on methods for communicating government policy and to obtain departmental briefing notes in advance to allow Holt to respond promptly to media questions. Eggleton succeeded in helping Holt convey his key messages to journalists delighted that the new prime minister also understood and appreciated their needs.

But successfully negotiating these changes and being part of this transition did not make Harold Holt a great national leader. When the *Australian Financial Review* gathered a panel of six historians to rate Australia's best and worst prime ministers in 2001, Holt did not appear in any of the "best" lists. In explaining why, Holt's inability to manage power and to deal with opposition – both within and beyond his own party – loom largest. As Liberal Party strategist Edgar Holt (no relation) observed at the time, Holt saw "all people through rose-tinted spectacles. He seemed quite incapable of saying an unkind word about anybody. In the whole of Canberra it would be difficult to discover a man who ever recalled hearing Holt say anything personally hurtful". Dr H.C. "Nugget" Coombs, who worked with many prime ministers, thought he was "too nice a person to exercise power effectively".

But Holt was nonetheless able to claim some notable achievements. In his albeit brief period as prime minister he worked to strengthen Australia's alliance with the United States; preserve as much as possible of the British presence east of Suez; emphasise the importance of Asia in both the pace of global development and in the maintenance of international stability; and, sustain a well-performing domestic economy with high levels of foreign investment. Holt was beginning to open Australia to the world and the world to Australia.

Although Holt offered nothing to parallel the "New Deal", the "Great Society" or a "New Jerusalem" when he ascended to national leadership, Australia began to change appreciably under his leadership into a broader and more diverse society with a greater sense of its potential to shape regional affairs and to undergird its security. He also attempted to prompt and guide some responses to Australia's changing social climate. In this respect, Holt was much nearer to Gough Whitlam than many imagine. He was not as forthright or as proactive as Whitlam would be, but remained adamant that Australia

ought not to fear cultural change. Holt was essentially the link between the “old” Australia and the “new”, between Robert Menzies and older-style Conservative politicians like Richard Casey, and the progressive Labor leaders Gough Whitlam and Lance Barnard; and, between the British dominion and a nation edging closer to the community of nations. And despite Party fears that the Liberals could not lose elections with Menzies or win them with Holt, he achieved a record parliamentary majority at the November 1966 federal election and secured his own mandate to govern.

Holt’s disappearance off Cheviot Beach prompted an unprecedented search and rescue operation. The memorial service held at Melbourne’s St Paul’s Cathedral remains the largest single gathering of world leaders in Australia’s history. More than 2000 people were seated in the cathedral. The adjoining streets were closed as another 10,000 gathered outside to hear the service broadcast through speakers scattered around the inner city. *The Age’s* John Hamilton won a Walkley Award for the “best news story” with his coverage of the reactions of ordinary Australians to Holt’s tragic demise. In supporting a subsequent condolence motion in Federal Parliament, Gough Whitlam highlighted Holt’s “essential decency”. The Opposition Leader said he “was tolerant, humane and broadminded”. He had led the nation for 692 days.

Regrettably, in my view, there are fewer memorials to Harold Holt today than a decade ago. His friendship with President Johnson led to the Joint Naval Communications Facility at Exmouth Gulf (since closed) and an American frigate launched at Todd Shipyards on the Port of Los Angeles (now decommissioned) being named in his honour. At Cheviot Beach, a plaque was bolted to the rock floor near where he had disappeared. It read: “In memory of Harold Holt, Prime Minister of Australia, who loved the sea and disappeared hereabouts on 17 December 1967”. As the beach lies beyond sand dunes marked by signs warning of unexploded ordinance, few people have ever seen it.

A new wing for boarders at Wesley College carries his name, as does a Canberra suburb and a Federal electorate in outer Melbourne. There is a commemorative sundial and garden in the Fitzroy gardens, and a marine reserve on the southern shore of Port Phillip Bay where he disappeared. The best known - the Harold Holt memorial swimming baths in the Melbourne suburb of Malvern - is famous for either its irony or bad taste. It is known locally as “Dead Harry’s”.

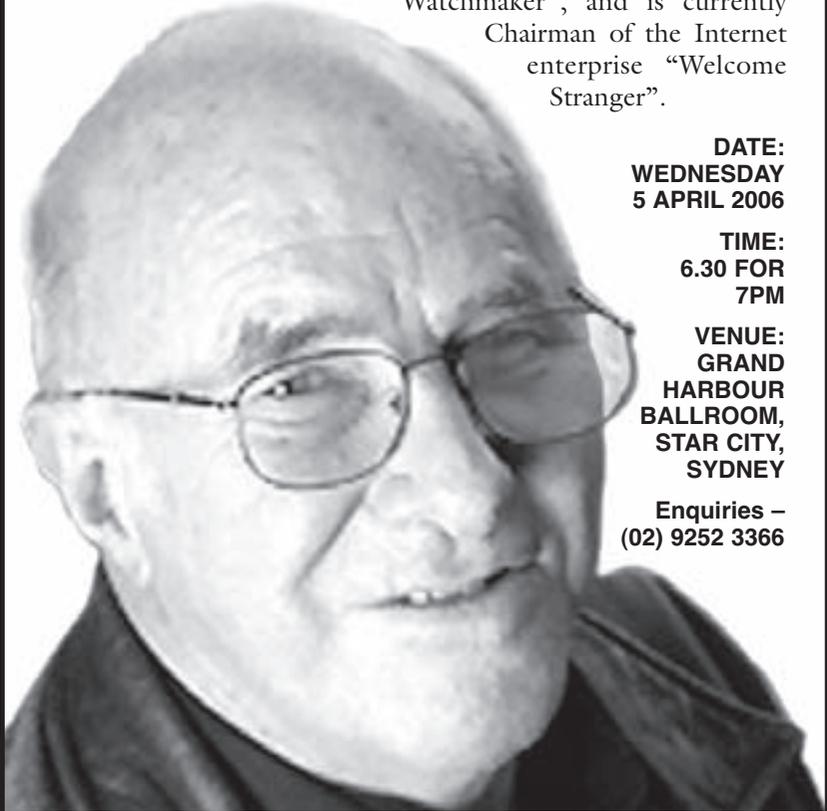
The organisation to which Holt gave so much of his time and talent - the Liberal Party of Australia - appears to draw little insight or inspiration from its second leader. As *The Sydney Institute’s* Gerard Henderson remarked in the *Sydney Morning Herald’s Good Weekend* magazine a few years ago: “Unlike Labor, the Liberals do not

place much emphasis on honouring past leaders – except for Robert Menzies. These days, Harold Holt is all but forgotten. There is no memorial lecture, no biography, no statue or bust, no library”. And yet, Prime Minister John Howard recently suggested that the six-year interlude between Menzies and Whitlam was not the bleak period it is often depicted as being for the Liberal Party.

Biographers tend to promote the virtues of their subject as a justification for their labours and the importance of the published work. As Holt’s biographer, I would not argue for his inclusion among the great leaders of this nation. But he ought to be remembered as a man whose compassion and humanity was admired by both friend and foe, whose respect for the dignity and processes of parliament was unrivalled and whose love for Australia and its people could never be doubted. His White House lawn remark ought not to summarise his contribution to public policy and the manner of his death should not be allowed to overshadow his life.

**THE SYDNEY INSTITUTE****ANNUAL DINNER LECTURE GUEST SPEAKER FOR 2006 IS****CLIVE JAMES**

With countless appearances on television, Australians will especially remember James for *The Clive James Show*. As a television performer he appeared regularly for both the BBC and ITV in the UK, notably as writer and presenter of the *Postcard* series of travel documentaries. James helped to found the independent television production company “Watchmaker”, and is currently Chairman of the Internet enterprise “Welcome Stranger”.



**DATE:**  
**WEDNESDAY**  
**5 APRIL 2006**

**TIME:**  
**6.30 FOR**  
**7PM**

**VENUE:**  
**GRAND**  
**HARBOUR**  
**BALLROOM,**  
**STAR CITY,**  
**SYDNEY**

**Enquiries –**  
**(02) 9252 3366**





*Tony Abbott*



*Joyce Harmer*

Photos – David Henley

For nearly a decade, Major Joyce Harmer and her husband Major Hilton Harmer worked as Court Chaplains for the Sydney Downing Centre and magistrates courts, in time expanding their beat to the courts at Darlinghurst and the Supreme Court. During the Sydney gang rape trials in 2002 and the trial of accused child murderer Kathleen Folbigg in 2004, Joyce Harmer's work came to public notice. Her seven day a week, round-the-clock availability supporting those in need soon became something of a legend. That work did not begin in the Sydney Courts; Joyce Harmer's life of service spans some four decades and has become the subject of a book – *An Angel in The Courts* (HarperCollins) written by Anne Henderson. On Friday 9 September 2005, the Hon Tony Abbott MP, Minister for Health, launched *An Angel in The Courts* at The Sydney Institute.

# AN ANGEL IN THE

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## *COURT – BOOK LAUNCH*

**Tony Abbott**

I'm here today for three reasons. First because of my respect for the Salvation Army, second because of my regard for Anne Henderson and third because of my appreciation for the work to which Joyce has dedicated her life. It was nice of Shona Martyn, from HarperCollins, to go through some of the formal achievements that I have to my credit, but you know it's one thing to occupy various official positions and it's another thing to actually make a difference to the life of ordinary men and women. While I spend plenty of time on legislation and on policy and in public life, I doubt very much whether I could possibly hope to equal the real impact on this world that Major Joyce Harmer has had in 40 odd years with the Salvation Army.

I'll say a little more about Joyce in a moment but, first of all, I want to say something about the Salvos. They are a marvellous leaven in our society. Having always respected the Salvation Army, I came to a new appreciation of them in my time as Employment Minister through the work that the Salvation Army did in the government's job network. The Salvation Army, because of their success at getting people employment, are now the largest single component of the government's Job Network. I have to say that the Job Network, with the help and inspiration and the hard work of the Salvation Army, amongst others, is much more successful than any previous means that we have yet discovered of getting unemployed people to work.

It seems to me, as an outsider, that the Salvation Army offers other human beings help without judgementalism. It's not that they don't believe in right and wrong, of course they believe in right and wrong, but they appreciate that if someone is in trouble that person needs help not judgement. And that's what the Salvos have given for well over a century in our country.

Now Anne Henderson is a remarkable woman. She is a formidable part of an extraordinary couple. Not only is she Gerard's deputy at The Sydney Institute but she is a very distinguished author and commentator in her own right. Anne has a number of causes that are very important to her; I have had cause to deal with Anne on some of

those issues. Anne understands something which is very, very significant. You don't change minds by argument so much as by inspiration. Now Anne could argue the case for a better deal for refugees and for fairer treatment for women, and she has done that very effectively, but she knows that in the end telling a story is more effective because when you tell a story you let other people into the lives of those for whom you are concerned. And one of the qualities that makes us human is that once we know something about another human being we inevitably appreciate that other person more. We inevitably find ourselves entering in to the circumstances of that other person and therefore feeling much more understanding, much more accepting, much less judgemental about that other person. Anne has rather made it her business to tell the stories of the lives of some remarkable women in our society and her book about the life and times of Joyce Harmer certainly stands highly amongst her body of work.

I want to say to Joyce; you have lived an extraordinary life of service, sometimes in very difficult circumstances. You know it's hard to live a life of service at all but to live a life of service when you are sometimes misunderstood even by your own team, when you are sometimes in conflict even with your own loving superiors is particularly difficult. And yet you've come through that and you have triumphed over all these difficulties. You are now rightly respected as one of the great treasures of this state and this country. You have, as is obvious from Anne's book, an extraordinary capacity for finding the good in people, even people who have done terrible things. You understand that even the worst of us, even those who have done deeds which we shrink from in the marrow of our bones, need human companionship and you have given human companionship to people in need regardless of what the justice system has meted out to them.

I have to say that I feel quite humbled in your presence. It's not usual for Australian politicians to feel humble. I feel chastened even in your presence because you dedicated your life to God sometime in your teens and there was a period in my own life when I attempted to do something similar. I spent three years, ladies and gentlemen, training for the Catholic priesthood. In the end I decided that it couldn't continue. First, because I didn't believe I would be celibate for the rest of my life; second, because I concluded that I lacked the patience to be a parish priest; and third, because I doubted that I felt close enough to God to live the life and teach the truth in the way that our faith would expect.

Well Joyce, you have done something which I was incapable of doing. You have scaled the heights that I was never capable of scaling and I salute you for a life of the very best sort of achievement. I suppose as an officer in the Salvation Army, perhaps you are lucky, as you don't have to be celibate, as Hilton and four children and eleven

grandchildren will attest. But, certainly, endless patience is absolutely required and endless patience is what you have shown for almost 50 years. To show that patience and to deliver that service, you must have an extraordinary love of God as our father and our friend. I am delighted to be here today to help launch this book. I think this book will be an enduring and marvellous monument to a great life, to a great work and to a great faith.

### **Anne Henderson - response**

Thank you very much Tony for that spirited and generous launch of *An Angel in The Court*. As I researched the book, I lost count of the times friends and associates of Joyce Harmer would refer to her as an “angel”. She really is. And, in his time in politics, Tony Abbott has always been one to stress that he is not perfect – I suppose that’s the Catholic in him. So could I say to Tony now, that if ever he is looking for a new minder, may I recommend Joyce Harmer for serious consideration.

I had little idea of who or what Major Joyce Harmer was, either as a Salvation Army officer or as something of a phenomenon in the Magistrates courts in New South Wales, when I was asked, in early 2003, to write her biography. But I am very grateful to Helen Littleton of HarperCollins, my then publisher, for suggesting that I did.

Joyce was standing a little beyond the metal detector at the Downing Centre courts, and smiling her iconic smile as I came through the first day we met. And it wasn’t long before I felt the spell of Joyce. But my task was a little different from those who normally meet Joyce. I had to take Joyce back over the years and find the flesh for the bones of her life story.

Over many meetings, we listed the dates and details of the Harmers’ many postings; I listened to her recollections of growing up in Gympie, her parents and their lives before she was born. She told me of being unhappy at home in her teen years and how Hilton Harmer became her true friend and then sweetheart just when she needed love. Their marriage, their children, their journey to Sydney for their years of training as Salvation Army officers. Their years in rehab, and family stores, and welfare work and finally the courts. We spoke of her relationship with accused child killer Kathleen Folbigg and the weeks she had spent supporting the victims of the Sydney gang rapes.

But, then, as happens with a life dug out, I began to listen to the story from other members of the family. Soon, I was discovering that there was much more to Joyce, and it was the stuff of grit and trial and dark days and worry. And it involved the people Joyce loved and who

were most dear to her. How to get the details and tell that part of her life now became my concern.

I told Joyce what I knew; at some point I would have to talk to Hilton about what I knew. Joyce and Hilton had 40 years of officership together; they had not only worked in small towns but reached much higher levels as the commanding officers at Congress Hall Sydney, and Parramatta. It wasn't going to be easy teasing out the down sides in their life together, and for a public airing. So I waited for Joyce to work out how it could be done. And then I received my first email from Hilton. "As a starter" it was headed.

Then it began: "Anne, I have at times an 'unfortunate' way of expressing a 'truth'. I want to be myself (with no mask) in these submissions to you, however, I will have to trust your judgement as to whether you use them or not, because I would not want to SHOCK the Troops, who thought they knew me!"

Over weeks and months, Hilton continued to email me Joyce's story (and very much his story) as he had lived it. It was an account, in various "chapters", of a loving husband who had been struck down with encephalitis, and almost died, only to recover as a different person, and to never fully return to the man he had been. Through it all, over years, Joyce had stayed the distance, nursed him back to normality whenever needed, covered for him at the citadels they were assigned to when he collapsed in a couple of break downs, kept the children out of his way in the worst of it and loved him for all that.

It was the story of a man who had often felt cheated of his ambitions to serve as he felt he could, but it was also the story of a couple who eventually found their achievement far greater in following the essence of the William and Catherine Booth mission as they believed it to be. To have stayed with the most needy in society at all times.

Joyce and Hilton Harmer never threw in the towel. As each hurdle came along, whether thwarted ambition, ill health, the dark tunnel experience that Joyce came to see in serious moments of distress, Joyce and Hilton stayed the course. And it was this hard won life experience, along with their often challenged spiritual belief, which developed them to the people whisperers they have become. Spend a few moments with either of them and you can't but help feel their talent for the job they do.

So I would like to thank HarperCollins for giving me the chance to work with Joyce on this book. Leadership is much discussed these days and so often in terms of the most important public figures that come across our television sets and fill our newspapers. But, for most of us, the only leadership we can fully appreciate, even gain from, in our own lives is to be found on far smaller stages. The support, the friendship, the round-the-clock solid help, materially and emotionally,

of a Joyce Harmer (or a Hilton Harmer) is a leadership all of us can aspire to. Sadly, perhaps, very few of us can achieve it as Joyce has done. I now would like to ask Major Joyce Harmer, the angel herself, to speak.

### **Joyce Harmer - response**

If anyone had told me when I was young and an insignificant schoolgirl coming from Gympie in Queensland that I would have a book written about my life and that it would be launched by a federal minister of the Crown in Sydney central I would really have never believed it. Indeed I would have considered their prediction ridiculous. Of course the book would never have materialised had I not made the vital decision to follow the divine calling of Jesus Christ on my life at 19 years of age, which subsequently led me, after an adventurous 33 years of ministry as an officer of the Salvation Army, to what I call my double gold opportunities at the Downing Centre and at the Supreme Court complexes in Sydney where my Hilton and I arrived in August 1995.

It still seems just so unreal to me that I should be in this position when speaking in this way, today, surrounded by so many beautiful people with all sorts of connections to my life in all sorts of places. I am so thankful. I want to thank you all for coming today because I realise that it has cost you money, it has cost you time and reorganisation of your usual daytime duties but, more importantly, you have turned your back on those other personal things that could have occupied your time to just be here with me today, with me on this very special occasion that I am sure will never be repeated. Especially is that so for our Minister for Health and Aging, Mr Tony Abbott. Mr Abbott I feel both honoured and humbled to be here and have your presence with me today. I want to thank you, that you have taken the time to commit to the launching of the book and for your kind words. I do not take your presence here for granted, thank you very much.

It has been my pleasure to share my life - with its privileges, its ups and downs, its light and shade. Perhaps I should say light and darkness for, as you will read in the book, there were periods of darkness where I had to hold in faith not knowing just what the future would hold for me.

When Anne Henderson first approached me to write the story of my life, I was so humbled that someone, somewhere, had thought that my life was significant enough to write a book about. But, since that first approach, Anne and I have become well known to each other during the many hours and days we have spent together reflecting on the past. We have laughed and even cried because of some of the things that one does not really want to revisit. But if the book was to be genuinely my life it had to be both good and bad, both happy and

sad. So I shared all my secrets with Anne Henderson and she has now printed them all for you to read.

Anne, I want to thank you for the contribution that you have made to my life. I have found you to be a warm, courteous and most beautiful woman and it has been a privilege to come so close to you. I want to thank you for piecing together the jigsaws of my life. Piecing them together in such a professional manner and presenting them in the form that now forms that book *An Angel in the Court*. I would like at this point for you to join me here Anne, I would like you accept this small token, gift token of appreciation of your acceptance and understanding of me over the many months that we have been together and as you have researched the book.

It is just really wonderful today for me to have most of my family here present for this special occasion. To have my sisters here is incredibly wonderful for me and other members of our family. I want to thank them for their contribution to my life that they are still making, day by day. I want thank my husband Hilton for surprising me with Lyndall our daughter, who lives in the United States, and whom he just smuggled into the country so I wouldn't know. She bought me breakfast in bed and said, "Room service!" I was shocked more than I could tell you. I want to thank my husband Hilton for all the love and support he's given to me over the years, and still does today, for the background work that he's done for this book, for the support that he has given to me for our family. I want to say, today, that our marriage was made in heaven but, as you will read in the book, we went through some hellish experiences. But you will also read that faith brought us through and our adversities have made us stronger.

You will read in the book that my family, the Lipke family from Gympie Queensland, was in a sense made up of two families because our parents had four children and then some years later had three more children, close together, and so there was this distance in the middle, almost like two families. But I assure you we were one family. And so my younger siblings experienced a father who had mellowed somewhat from the father that the first four of us experienced all those years ago. As we all know, in parenthood there is no rehearsal. When children are born it is straight into the actual performance and you will read in the book that Cecil, my eldest brother, had severe conflict with my father. He left home at an early age, as I did myself. Cecil and I were kindred spirits. We had precious bond of understanding, one that probably couldn't be explained or expressed adequately to anyone. Cecil passed away some ten years ago, and I want to say how very significant it is that my book *An Angel in the Court* is being launched on my brother Cecil's birthday. Today he would have been 70 years of age and I am very honoured to have Vivienne, Cecil's wife

and Kerry, Cecil's daughter here with me from Brisbane and I thank them with all my heart for being here.

During our years as Salvation Army officers, my husband and I were moved by the Salvation Army, as the understanding was, to 19 appointments from Atherton in the north to Canberra in the south and Mt Isa in the west. This included church work, youth ministry, rehabilitation services, family industries and court chaplaincy. For that reason, I have discovered that I need to bloom where I am planted.

Both Hilton and I believe implicitly in the saying, "Man cannot place us where God cannot use us". We have found, by giving our all, a ministry has been made available to us. In the Gospels, we read of a small boy who gave his loaves and fishes to Jesus. Jesus took that small offering and performed a miracle. Forty-three years ago, I gave my insignificant, immature, uneducated life in full surrender to Jesus Christ to become a Salvation Army officer and he has seen fit to use me to bring comfort to people in distress, to bring something of the sunshine of God's love into the darkest of situations. I am so grateful that I said yes to his calling on my life. But I must conclude by saying that whilst the focus of attention is on me and my book today, there would be no Chaplain Joyce Harmer or book entitled *Angel in the Court* were it not for Jesus and his book the Holy Bible, where I learned the plan of salvation and which has been my inspiration and hope in the entirety of my life. In all of those dark and difficult days He has been my everything.

My husband has joined me over the two years in praying that God would be especially close to Anne Henderson, that God would be with her as she wrote the book and that the Holy Spirit of God would bless its contents to readers. I want so much that this book will help people to trust where they cannot trace and that many shall find peace in heart and mind through the reading this book. To see that being a Christian is not an insurance policy against heartache and despair, but that God has promised His grace to be sufficient in every situation.

Today I say a big thank you to Harper Collins staff, Anne and Gerard and all who played a part in bringing this occasion together. I would also like to thank so many of you who contributed and cooperated with Anne Henderson to say what you knew about me, whether it be good or not so good. I thank you for that. In conclusion may I just say that my prayer for each one of you is that God may indeed bless you and use your life to serve other people, I pray that His blessing may bring peace and contentment to your hearts and your souls and to those of your family. God bless you all.

## **Major Rod Carey – vote of thanks**

It's my privilege and pleasure on behalf of the Salvation Army to briefly say a few words about the launch of this book. Indeed the title is very apt - *An Angel in the Court*. I wonder if you know what the word "angel" means? I may have this over you because I looked it up before I arrived here and the word "angel" means "messenger".

Joyce, you indeed, as you've served the Lord faithfully through the Salvation Army, have then been a messenger of God's love, of God's care, of God's compassion to those in need in our society. We want to honour you and commend you and thank you for your ministry to the poor and repressed of the communities in which we live and you have lived over the many years. The wonderful thing about Joyce is that she might have been an angel in the court and in many other places, but she's still an angel today because both Hilton and Joyce still serve as members of the Sydney Congress Hall Salvation Army and they serve the Lord faithfully as angels today in the city of Sydney.

I want to say a big thank you to HarperCollins. We are truly indebted to you for making a percentage of the profit of the sale of the book available to the Salvation Army, particularly to the Sydney Congress Hall, Salvation Army. We're involved in social service ministry in the city, and we have a mission station in Waterloo, a very needy area. We provide meals and welfare work in that area and as we sit in this lovely building, right now, there are angels down there in Waterloo serving a meal to the needy in that community.

Yesterday some of those people attended a funeral. In Waterloo there are Housing Commission apartment blocks. A 72 year old man whose life had no hope, and who had found that it was the end, and jumped from the twentieth floor. He was dead. And who was there? The Salvation Army. Angels like Joyce, there to help, comfort and administer God's love and compassion to those left behind. So thank you to HarperCollins for making a percentage of the proceeds towards the work of the Salvation Army. Hilton, of course, is still involved in the inner city, along with Joyce, ministering to the homeless on the street and in the parks and so this is money that will be used to do such work in our city.

One final comment. Look to the person next to you, to the right of you - just take a moment to do it please. I want to suggest to you that you're looking at an angel as well. If an angel is a messenger, I might be stretching it a little bit with some people, a messenger of God's love, of compassion, grace, of mercy and justice, then there's no reason that you and I also can't be angels, maybe in disguise. God bless you and thank you once again.

# GUEST SPEAKERS AT THE SYDNEY INSTITUTE May – September 2005

**Yasmina Khadra** (Author, *The Swallows of Kabul*)  
*From Army Officer to Writer of Fiction*

**Professor Maryanne Confoy** (Academic and author, *Morris West - Literary Maverick*)  
*Remembering Morris West*

**Dr Simon Guttmann** (Author, *The Rise and Fall of Monetary Targeting in Australia*)  
*The Rise and Fall of Monetary Targeting in Australia*

**Dr Samina Yasmeen** (University of Western Australia)  
Geraldine Doogue AO (Presenter, ABC TV *Compass*)  
*Islam and the West*

**Dr Ken Henry** (Secretary to the Treasury)  
*The Task of Economic Policy*

**Professor Deborah Lipstadt** (Academic and author, *Denying The Holocaust: The Growing Assault on Truth and Memory*)  
*History on Trial – My Day in Court with David Irving*

**The Hon John Howard** (Prime Minister of Australia)  
*Workplace Relations Reform – The Next Logical Step*

**Jung Chang** (Author *Wild Swans* & co-author *Mao: The Unknown Story*)  
Jon Halliday (Co-author *Mao: The Unknown Story*)  
*Writing About Mao*

**Dr Eileen Pittaway** (Director, Centre for Refugee Research, UNSW)  
Linda Bartolomei (Senior Research Associate, CRR, UNSW)  
*Refugee Women at Risk – Evaluating a Program*

**The Hon Kim Beazley** (Leader of the Opposition)  
*A Nation at Risk – Australia in the Fourth Year of a Long War*

**Gwenda Tavan** (Lecturer, La Trobe University & author, *The Long Slow death of White Australia*)  
Keith Windschuttle (Historian & author *The White Australia Policy*)  
*The White Australia Policy*

**Senator The Hon Helen Coonan** (Minister for Communications, Information Technology & the Arts)  
*Connect Australia – Future Proofing Australia*

**Baroness Susan Greenfield CBE** (Professor of Pharmacology, Oxford University)  
*The Future of The Brain*

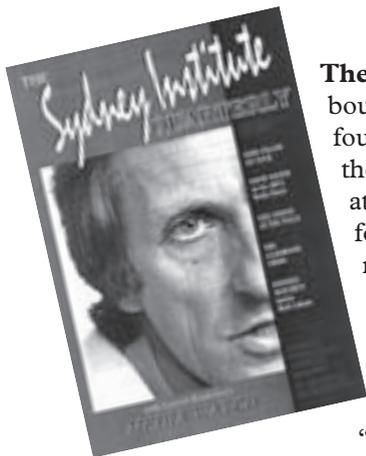
**Dr Peter Doherty AC** (Nobel Prize winner & author, *The Beginner's Guide to Winning the Nobel Prize*)  
*A Life in Science*

**Michael Sherraden** (Director, Center for Social Development, Washington University)  
*Assets, Poverty and Public Policy*

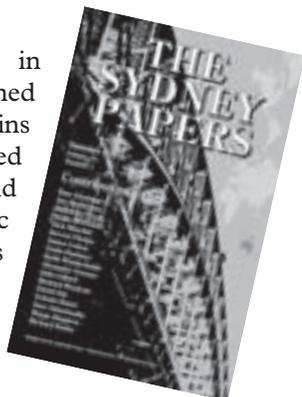
**Dr Tom Frame** (Author, *The Life and Death of Harold Holt*)  
*Why Harold Holt deserves to be Remembered*

**The Hon Tony Abbott** (Minister for Health)  
**Major Joyce Harmer** (Former Court Chaplain, Downing Centre, Sydney)  
*An Angel in The Court – A Book Launch*

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