

The Sydney Papers

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Sir David Smith



Helen Irving

Photo – David Karonidis

Sir David Smith, one of Australia’s best known Constitutional Monarchists, retired in 1990 after seventeen years as a Secretary to five Australian Governors General. He is also the author of *Head of State - the Governor-General, the Monarchy, the Republic and the Dismissal* (Macleay Press). Dr Helen Irving teaches Federal Constitutional Law, Comparative Constitutionalism and Advanced Constitutional Law, and is the Director of the Julius Stone Institute of Jurisprudence. In the week of Australia Day 2007, David Smith and Helen Irving addressed The Sydney Institute on Wednesday 24 January to give two differing views in Australia’s “Head of State” debate.

A MATE FOR HEAD OF

STATE?

David Smith

As a democrat, I recognise the right of my fellow Australians to campaign for a change to our Constitution and our system of government, so long as they recognise mine to defend our present Constitution and our present system of government. What republicans do not have the right to do is misrepresent the provisions of our present Constitution or misrepresent the effect of the changes that they wish to make to it.

One leading republican has stated that “debate over the identity of Australia’s head of state is an arid and ultimately irrelevant battle over nomenclature”. However, he was prepared to let his fellow republicans launch that debate and he allowed it to rage for more than a decade before he delivered himself of these words of wisdom. Another leading republican – one responsible for launching that misbegotten and still-born campaign for a mate for head of state – has declared Australia to be a “backwater” and a “racist, inward-looking pigsty”. How dare he, of all people, claim the right to alter the Constitution which our founding fathers crafted and drafted so carefully? However, The Sydney Institute having invited me to discuss a mate for head of state, I gladly accept the challenge.

At the outset let me assert that we already have an Australian mate as our head of state in the person of the Governor-General. As Dr Gerard Henderson has correctly reminded readers of the Autumn 2006 issue of *The Sydney Papers*, when I first entered this debate in 1991, shortly after my retirement as Official Secretary to the Governor-General, and for some years afterwards, I accepted the conventional notion of the relationship between the Queen and the Governor-General – the Queen as Monarch and Head of State and the Governor-General as her representative. But then I started to do some research into our constitutional arrangements. At first my language was clumsy, and I tried to differentiate their roles by saying we had two heads of state and by describing the Queen as our Monarch and our symbolic head of state and the Governor-General as our constitutional head of state. After further research I realised that

the Queen is our Monarch but is not our head of state at all, and that the Governor-General has two separate and distinct roles – one as the Queen’s representative and the other as our head of state. And each of these changes, and my reasons for them, I also placed on the public record.

My research into the archives and in the libraries produced information that was not known to me when I headed the Government Branch of the Department of the Prime Minister and Cabinet, nor was it known at the time by my colleagues or by my senior officers. It was not known to me during my time as Official Secretary to the Governor-General, nor was it known to the Governors-General whom I had the privilege of serving, a point which Dr. Henderson has also alluded to in *The Sydney Papers* by pointing to writings of Sir Paul Hasluck in 1972 and Sir Zelman Cowen in 1985, many years before I began my research. So my withers are completely unwrung by being reminded of views which I once held. Changing one’s views in the face of more and better particulars is not yet a sin.

Before I say something about the results of my research, may I just take up two other points made by Dr Henderson in his paper. Dr Henderson quoted with approval from Vernon Bogdanor, a distinguished commentator on the British Constitution, who simply asserts, but without providing any supporting evidence whatsoever, that the Queen, and not the Governor-General, is Australia’s head of state. Bogdanor is an expert on the British Constitution but he is dead wrong about the Australian Constitution. He lists, as functions of a head of state, appointing a prime minister, dissolving a legislature, carrying out public engagements and ceremonial duties, receiving the credentials of foreign envoys, and representing the nation, particularly abroad – all functions of the Governor-General and not the Monarch. Bogdanor then goes on to describe as crucial the role of the head of state to interpret the nation to itself, a description which both Sir Zelman Cowen and Sir Ninian Stephen had given years before to their roles as Governor-General. So I don’t think that quoting Bogdanor assists the republican cause. (Bogdanor’s description of the role of the Official Secretary to the Governor-General is also out of date and wrong, but that is a story for another time.)

The second point on which Dr Henderson places great reliance are the reasons given by Attorneys-General Daryl Williams and Philip Ruddock for describing the Queen as our head of state, namely, that it is “appropriate” and “proper”. Can you just imagine trying to use those two words to argue a case before the High Court for a constitutional interpretation? Dr Henderson chides me and my monarchist colleagues for rejecting the views of the Attorneys-General, as we certainly do, and for arguing a proposition for which he claims we have no legal authority. On the contrary, we have a great

deal of legal authority for our view, and I am about to set it out. It is the Attorneys-General who have no legal authority for their view, for when challenged to provide evidence for their view, neither could provide any at all.

I am grateful that Dr Henderson did not quote former High Court Chief Justice Sir Anthony Mason to support the republican view. In his attempt to dismiss my arguments and to deny to the Governor-General the independent constitutional role which I assert that he has, Sir Anthony said that when the Queen arrived in Australia the Governor-General ceased to function. Not true – it has never happened. As evidence, Sir Anthony claimed to have discovered a “robust” constitutional convention which prevented the Queen and the Governor-General from appearing together in public. But sadly for Sir Anthony, they have done so on many occasions – in fact, as Chief Justice, he was present as an honoured guest on one such occasion and was seated in the very front row! The former Chief Justice’s non-existent constitutional convention was based on precedents that have never occurred.

But to return to the evidence which I have not invented, but actually found, about the Governor-General’s two independent roles under our Constitution. It is true, as republicans regularly remind us, that the Governor-General is the Queen’s representative. We know that from section 2 of the Constitution. Sadly, many republicans stop reading the Constitution once they reach section 2, and constantly repeat the mantra that the Governor-General is the Queen’s representative and not the head of state. But if they were to press on to section 61 they would find that the Governor-General is indeed both. Section 61, headed “Executive power”, is the first section of the Constitution’s Chapter II, which is headed “The Executive Government”. Section 61 reads as follows:

The executive power of the Commonwealth is vested in the Queen and is exercisable by the Governor-General as the Queen’s representative, and extends to the execution and maintenance of this Constitution, and of the laws of the Commonwealth.

Republicans love to latch on to the words “as the Queen’s representative” as if they placed some limitation on the Governor-General’s powers under this section. But the words are merely descriptive, and not prescriptive, as was made clear by a 1975 legal opinion by the Commonwealth Solicitor-General to Prime Minister Whitlam, and by the 1988 report of the Hawke Government’s Constitutional Commission. I shall return to these later.

When our founding fathers set about drafting our Constitution they had the Canadian Constitution to guide them. The distinctions they made in the Australian Constitution were quite deliberate. The

Canadian Constitution, and later the New Zealand Constitution, recognise the Queen as head of state – ours does not. As a consequence, the Monarch signed Letters Patent transferring all head of state powers from the Monarch to the Governor-General – King George VI in 1947 in the case of Canada, and Queen Elizabeth II in 1983 in the case of New Zealand. No such transfer has been necessary in the case of Australia because our Constitution conferred head of state powers on the Governor-General in 1901.

In other words, the Canadian and New Zealand Governors-General received their powers from the Crown, while Australian Governors-General received their powers from the Australian people via the Australian Constitution. To further highlight the deliberate distinctions made by our founding fathers, while our section 61 provides that the executive power of the Commonwealth is vested in the Queen and is exercisable by the Governor-General, the equivalent Canadian provision simply vests the executive government of Canada in the Queen. And while our section 68 provides that the command in chief of the naval and military forces of the Commonwealth is vested in the Governor-General, the equivalent Canadian provision vests the command in chief of the Canadian naval and military forces in the Queen.

Australian republicans are not the only people to fail to recognise the unique features of our Constitution – Queen Victoria’s advisers in 1900 suffered from the same handicap. On 9 July 1900 Queen Victoria assented to the *Commonwealth of Australia Constitution Act*. On 17 September 1900 Queen Victoria proclaimed 1 January 1901 as the date for the establishment of the Commonwealth of Australia. So far so good. On 29 October 1900 Queen Victoria signed Letters Patent and Royal Instructions relating to the office of Governor-General of Australia. Big mistake. Two of our constitutional scholars who had been involved in the drafting of our Constitution, Inglis Clark and Harrison Moore, wrote in 1901 that the Letters Patent relating to the office of Governor-General and the Royal Instructions to the Governor-General were superfluous, or even of doubtful legality. They pointed out that sections 2 and 61 in our Constitution relating to the powers and functions of the Governor-General were unique – they gave to our Governor-General powers and functions not given to any other Governor or Governor-General within the British Empire. In their view, the Constitution had created the office and given it its powers, thus depriving the Crown of the right to purport to recreate the office and give instructions to the incumbent four months later. Clark specifically rejected any notion that section 2 placed any limit or control over the Governor-General in the exercise of the executive power of the Commonwealth under the Constitution, as conferred on him, and on him alone, by section 61.

The views expressed by Clark and Moore at the time of federation were to be shared by Justice of the High Court, Dr. H.V. Evatt, 25 years later, and by the Commonwealth Solicitor-General in 1975, but it was not until 21 August 1984 that Prime Minister Hawke advised the Queen to revoke Queen Victoria's Letters Patent and Royal Instruction, on the grounds that they should never been issued. However, a lot of constitutional water was to flow under the bridge between 1901 and 1984. The various legal and judicial pronouncements on the subject are dealt with in some detail in my book, *Head of State: The Governor-General, the Monarchy, the Republic and the Dismissal*, published by Macleay Press in 2005 and launched by former Governor-General Bill Hayden. The limitations of this paper permit me to refer to them only briefly.

In 1916, during a Canadian case before the Privy Council, Lord Haldane, Lord Chancellor of Great Britain and president of the judicial committee of the Privy Council, commented on the absence, from the *British North America Act*, of any provision corresponding to section 61 of the *Commonwealth of Australia Constitution Act*. In 1922, during the hearing of an Australian case, Lord Haldane had occasion to make a similar observation when he asked, with reference to section 61, "does it not put the Sovereign in the position of having parted, so far as the affairs of the Commonwealth are concerned, with every shadow of active intervention in their affairs and handing them over, unlike the case of Canada, to the Governor-General?" Clearly Lord Haldane shared the view of Australia's constitutional arrangements in respect of the Governor-General's powers which had been expressed earlier by Clark and Moore.

At the 1926 Imperial Conference, the Empire's Prime Ministers resolved that, henceforth, a Governor-General would stand in the same constitutional relationship with the dominion government, and hold the same position in relation to the administration of public affairs in the dominion, as did the King with the British government and in relation to public affairs in Great Britain.

The 1930 Imperial Conference resolved that, in appointing a Governor-General, the King should no longer be advised by British ministers but should act on the advice of ministers in the dominion concerned. The Conference reached this decision at the urging of the Australian Prime Minister, James Scullin, who was determined to appoint Sir Isaac Isaacs as Australia's first Australian-born Governor-General.

As Australia prepared for the first visit by a reigning monarch in 1954, Prime Minister Robert Menzies asked the Solicitor-General, Professor Kenneth Bailey, for a legal opinion as to whether the Queen could carry out any constitutional duties while she was in Australia. The Solicitor-General advised that nothing could be done,

except by way of a constitutional amendment under section 128 of the Constitution, to delegate the Governor-General's constitutional powers to the Monarch. As Professor Bailey put it:

... the Constitution expressly vests in the Governor-General the power or duty to perform a number of the Crown's functions in the Legislature and the Executive Government of the Commonwealth. In this regard, the Australian Constitution is a great deal more specific and detailed than is the earlier Constitution of Canada... The executive power of the Commonwealth, by section 61 of the Constitution, is declared to be vested in the Queen. It is also, in the same section, declared to be "exercisable" by the Governor-General as the Queen's representative. In the face of this provision, I feel it is difficult to contend that the Queen, even though present in Australia, may exercise in person functions of executive government which are specifically assigned by the constitution to the Governor-General. The appointment of a Minister of State (section 64) is an example.

That 1953 opinion by the Solicitor-General confirmed that the Governor-General is not the Queen's delegate in the exercise of constitutional, that is, head of state, powers and functions; and explains why the Queen has never exercised any of these constitutional powers and functions, even when in Australia. And Professor Bailey's final sentence quoted above is the reason why the Queen, in November 1975, could not intervene, when asked by the Speaker of the House of Representatives, to reinstate Gough Whitlam as Prime Minister after he had been dismissed by the Governor-General, Sir John Kerr.

In 1975 the Commonwealth Solicitor-General, Maurice Byers, gave Prime Minister Whitlam a legal opinion in which he (the Solicitor-General) concluded that the royal instructions to the Governor-General were opposed to the words of the Constitution; that the executive power of the Commonwealth exercisable by the Governor-General under Chapter II of the Constitution may not lawfully be the subject of instructions; and that this had been the case since 1901.

The Solicitor-General's first conclusion was that, as the office of Governor-General was created by the Constitution, and as the Constitution also prescribed the nature and functions of the office, Queen Victoria's letters patent "were in many, if not most, respects unnecessary." The Solicitor-General next noted that royal instructions to the Governor-General had been issued in 1900, 1902, 1911 and 1920, and he concluded that they were not only anachronistic and unnecessary, but that they were also opposed to the words of the Constitution and therefore unlawful.

The Solicitor-General's Opinion also dealt specifically with the widely-held but incorrect view that the Governor-General, because

of the description of the office as “the Queen’s representative”, could therefore act only as her representative. He wrote:

The Constitution binds the Crown. The constitutional prescription is that executive power is exercisable by the Governor-General although vested in the Queen. What is exercisable is original executive power: that is, the very thing vested in the Queen by section 61. And it is exercisable by the Queen’s representative, not her delegate or agent. The language of sections 2 and 61 had in this respect no contemporary parallel.

The Solicitor-General went on to refer, with approval, to the views expressed in the Privy Council by Viscount Haldane in 1916 and 1922 in relation to section 61 of the Australian Constitution and concluded his opinion with: “I think no place remains for instructions to the Governor-General.”

The Solicitor-General’s 1975 opinion had seen work begun under the Whitlam government on a revision of the letters patent, continued almost to completion under the Fraser government, and brought to finality under the Hawke government. On 21 August 1984, on the advice of Prime Minister Hawke, the Queen revoked Queen Victoria’s letters patent relating to the office of Governor-General, all previous amending letters patent, and all royal instructions to the Governor-General, and issued new letters patent which, in the words of the Prime Minister, would:

... achieve the objective of modernising the administrative arrangements of the office of Governor-General and, at the same time, clarify His Excellency’s position under the Constitution. I would emphasise that the new letters patent do not in any way affect the position of Her Majesty as Queen of Australia or diminish in any way the constitutional powers of the Governor-General.

On the contrary, the new letters patent strengthened the constitutional position of the Governor-General by not purporting to create the office, as the original letters patent had done, and by acknowledging the creation of the office by the Australian Constitution. At long last, the royal instructions that should never have been issued in the first place were revoked. No new instructions were issued and none are now in existence. The 1901 views of Clark and Moore were finally vindicated, and the Governor-General was acknowledged to be what in fact he had always been, namely, the holder of an independent office created by the Australian Constitution and not subject to royal, or any other, instructions.

In 1985 the Hawke Government set up a Constitutional Commission charged with carrying out a fundamental review of Australia’s Constitution. Three of its members were constitutional lawyers – Sir Maurice Byers, a former Commonwealth Solicitor-General and chairman of the Commission; Professor Enid Campbell,

professor of law at Monash University; and Professor Leslie Zines, professor of law at the Australian National University. The other two members of the Constitutional Commission were former heads of government – Sir Rupert Hamer, former Liberal Premier of Victoria; and Gough Whitlam, former Labor Prime Minister of Australia. The Commission was assisted by an advisory committee on executive government under the chairmanship of former Governor-General, Sir Zelman Cowen. In 1988, in its final report, the Constitutional Commission wrote:

Although the Governor-General is the Queen's representative in Australia, the Governor-General is in no sense a delegate of the Queen. The independence of the office is highlighted by changes which have been made in recent years to the Royal instruments relating to it.

The Commission was referring to the amendment of the letters patent and the revocation of all royal instruction. So, to summarise the position: under section 2 of the Constitution the Governor-General is the Queen's representative and exercises certain royal prerogative powers and functions; under section 61 of the Constitution the Governor-General is the holder of a quite separate and independent office created, not by the Crown, but by the Constitution, and empowered to exercise, in his own right as Governor-General and not as a representative or delegate of the Queen, all the powers and functions of Australia's head of state.

One of the commission's terms of reference had asked it to report on the revision of our Constitution to "adequately reflect Australia's status as an independent nation". In its report, the commission traced the historical development of Australia's constitutional and legislative independence, and concluded:

It is clear from these events, and recognition by the world community, that at some time between 1926 and the end of World War II Australia had achieved full independence as a sovereign state of the world. The British Government ceased to have any responsibility in relation to matters coming within the area of responsibility of the Federal Government and Parliament.

And the commission found that, "The development of Australian nationhood did not require any change to the Australian Constitution." Thus did the 1988 Constitutional Commission report dispose of the two arguments used by republicans during the 1999 referendum campaign, namely, that the republic would give us an Australian head of state and would give us independence from Britain.

As Dr Henderson has placed such reliance on the view of the Attorney-General that it is "appropriate" and "proper" to describe the Queen as our head of state, I should like to conclude by referring to Daryl Williams in particular – the First Law Officer of the Crown

who put aside legal impartiality and became a partisan republican during the 1999 referendum campaign.

When Prime Minister Keating launched his republican campaign in 1995 he proposed that the president would inherit all of the powers of the Governor-General without alteration, and he referred to the Governor-General as head of state. At least he realised how impossible it would be to argue that the Governor-General was not a head of state but that a president with exactly the same powers and functions would be a head of state.

When Daryl Williams became Attorney-General in 1996 he sought to assist the republican campaign that claimed that the Governor-General was not our head of state. So in January 1998, just before the February 1998 Constitutional Convention, the Attorney-General's Department published a revised edition of Australia's Constitution, a pocket edition of the *Australian Constitution*. In a section headed "Overview" it stated that "Australia's Head of State is Queen Elizabeth II". This "Overview" was subsequently added to the full-size publication of *The Constitution* in the edition published by the Attorney-General's Department in 2003. Despite repeated written requests for information about the authority for this assertion, neither the Attorney-General nor his department have been able to provide any supporting documentary evidence, nor any constitutional or legal justification for describing the Queen as head of state, other than that it is "appropriate" and "proper". I am delighted to report that in the most recent edition of the Attorney-General's Department's booklet, *Australia's Constitution*, the assertion that the Queen is Australia's Head of State has been removed.

As I said at the beginning, republicans have a perfect right to seek to change our Constitution and to alter our system of government. But I would remind them of the words of the late Rufus Davis, foundation professor of Politics at Monash University: "Neither the present Constitution, nor any other constitution, can protect us against unwise government ... [but] to replace a known constitution that has served us well with an unknown, in the belief that the new will be better than the old, is to gamble with the future of a nation in the name of a disintegrating philosophy of centralised power that has been found wanting everywhere in the world." The onus is on republicans to produce their Constitution, and to convince a majority of us that it would be better than the one we have now. This they will never do by resorting to meaningless plebiscites, stupid stunts or silly slogans. My challenge to the republicans is this: "Comply with section 128 and show us your Constitution."

A MATE FOR HEAD OF

STATE

Helen Irving

Sir David has put an interesting case before us. He says that we already have an Australian Head of State in the Governor-General, that the Queen has no constitutional powers in Australia, and that no constitutional change is needed, because the Australian people have been sovereign since 1901. I question the first of these propositions, but I agree with the last, although the belief that Australia has always been constitutionally sovereign places us in a small minority (of which, interestingly, the late Justice Lionel Murphy was a leading member).

But the two propositions are not necessarily tied together. It is possible for the Australian people to be (and to have long been) sovereign, and at the same time for the Queen, rather than the Governor-General, to be Australia's Head of State. Whichever side of the argument one supports, however, it must be common ground that the words of the Constitution are not clear or unambiguous on these matters.

So, if the Governor-General is the Head of State, but the Constitution doesn't actually say so, why does Sir David oppose constitutional change, making the Constitution say, clearly and unambiguously, what he believes it to mean? It is because, as a conservative, he dislikes change.

This is in the nature of conservatism. Conservatives don't like change. That is, until it has happened. Then, they warmly defend the changes that have occurred in the past, and point to them as signs of the adaptability of society, of its growth and its organic wisdom. *And*, as evidence that no further change is needed. Yet, when the changes that conservatives defend and rely upon were first proposed, the conservative response was just as it is today - *Don't change anything. Change is dangerous. Unforeseen consequences may result. Things are fine just as they are.*

Monarchists tell us that we already have an Australian Head of State in the Governor-General, and that Australia is now constitutionally quite independent of Britain. *If* that is so, it is not

because conservatives like Sir David welcomed such changes when these were proposed in the past.

They did not say: let's give ourselves an Australian Governor-General so that future republican change will never be necessary. *Not at all.* When Sir Isaac Isaacs was proposed by Prime Minister James Scullin as Australia's first native-born Governor-General in 1930, there was a conservative outcry. An Australian, it was said, would never be able to fill the role with the necessary impartiality and dignity. An Australian would be mixed up with politics, and would not command respect. Only a British-born and educated Governor-General could do the job. Well, Scullin persisted, and Isaacs was appointed, and he filled the role as Governor-General with probity and dignity and the sky did not fall in.

When the *Statute of Westminster* – the British Act of 1931 that ended Britain's legislative power to pass laws for the Dominions in the absence of their request or consent – was ratified by the Curtin government in 1942, conservatives in Australia responded similarly. Ratification, they said, would mean the collapse of the Empire; it would undermine the war effort, and give encouragement to our enemies. It would leave Australia vulnerable and alone.

They said similar things about *Australia's Nationality and Citizenship Act 1949*; about the various Acts that ended most appeals to the Privy Council, and about the changes to Queen Elizabeth's *Style and Titles Act*, especially the 1975 change that made Her Majesty Queen of Australia, *simpliciter*.

The one thing they did not object to was the *Australia Act 1986*, which the Queen signed into law during her visit to Australia that year. This Act closed the last avenues of appeal from the state Supreme Courts to the Privy Council, and ended the exercise of British powers with respect to the constitutions of the Australian states. They did not object, because the Queen herself signed off on this constitutional change. So, let's not forget that Queen Elizabeth has already indicated that she would accept any further constitutional change, making Australia a republic.

It should not be thought that the Crown – both Her Majesty and Her Majesty's British government – did not actually exercise any such powers until that time, that is to say, that the power was merely there, on paper, as a historical relic. In fact, the British Crown was far more active and intrusive in Australian affairs up to this time than many people realised. Anne Twomey's latest book, *The Chameleon Crown*, recently published by Federation Press, includes much hitherto un-researched material that reveals just how much the Crown was actively involving itself in Australian matters.

Now, Monarchists tell us, everything has been sorted out. Change happened. It was fine.

What conservatives like Sir David are worried about is really the future. They want things to stay still, to remain just as they are. The future is inherently uncertain; no can one know what is waiting for us either personally, or for our country. Uncertainty is risky. Anything might happen. So – they say – we’ve had changes in the past. Let’s not make any more changes now.

There are several things to say in response to this position. The first is that not all change is dangerous. Conservatives actually do accept this, since they can see that changes in the past have often been beneficial. Even Edmund Burke supported change. (Burke, by the way, is seriously misused by politicians in Australia, who draw upon him as an opponent of constitutional change *tout court*). In *Reflections on the Revolution in France* (1790) Burke wrote, famously, that:

A state without the means of some change is without the means of its conservation. Without such means it might even risk the loss of that part of the constitution which it wished the most religiously to preserve.

The principles of “conservation and correction”, Burke also wrote, allow an adaptation to change at the same time as “maintaining the whole fabric.”

Burke considered the monarchy to be an essential part of the fabric of the British constitution. He was probably right. He thought the restoration of the Monarch after the English Civil War was one of the best things that had happened. But, he also supported the major constitutional changes of 1688 when King James II was deposed by the Parliament and the law of succession was breached. *That* was major constitutional change! He supported Irish independence, and the right of the American colonies to break from Britain. Even Burke did not believe that a part of the English-speaking world and British Empire would fail to function without the Monarch.

Monarchists will respond, no doubt, that the Queen is an integral part of the “whole fabric” of the Australian Constitution. There is nothing wrong with protecting the *fabric* of any nation. I too am committed to retaining the fabric, but I say that the constitutional fabric – what we are all committed to retaining – is not the monarchy, but the rule of law and Australian democracy. There is no way in the world that substituting an Australian Head of State for the Queen is going to undermine either.

In fact, it will strengthen it. We will have in Australia – unambiguously - a Head of State who represents the Australian people. We will have a Head who is chosen, either directly or indirectly by the Australian people, not chosen by the lottery of birth. We will have a Head, whose message will be to Australians: you are good enough to have one of your own at the apex of your Constitution.

Monarchists who argue that the Governor-General is currently the Head of State, tell us that the Queen is not named in the Constitution as Head of State. Indeed, they observe, the words “Head of State” don’t appear at all in the Constitution. That’s true. But the words “Prime Minister” don’t appear in the Constitution either. Not at all. Nowhere. Yet, that doesn’t mean that John Howard is not Prime Minister.

Monarchists say that the Governor-General performs all the tasks of the Queen – all the tasks that the Queen would perform if she were *really* Australia’s Head of State. That may be true in the day-to-day sense. But, when the Queen is visiting Australia, she remains entitled to perform the tasks that the Governor-General would perform in her absence. She opens parliament, if it is sitting; she signs Bills into Acts, if requested. Why does she take precedence over the Governor-General if he, rather than she, is Head of State?

Regardless of the arrangements that are made to relieve her of any such duties when she is visiting, the *Royal Powers Act 1953* still says (Section 2 (1): “At any time when the Queen is personally present in Australia, any power under an Act exercisable by the Governor-General may be exercised by the Queen.” Why hasn’t this Act been repealed?

Why does the Constitution say that the executive power of the Commonwealth is vested in the Queen and is exercisable by the Governor-General as the Queen’s representative”?

Why, if the Queen is not the Head of State, does she commission and de-commission the Governor-General? Sure, she acts on the advice of the Prime Minister in doing so, but that’s what a Head of State does in a parliamentary democracy.

And why does the Constitution, unequivocally, name the Governor-General as “Her Majesty’s representative in the Commonwealth” if their offices are separate? Why does the Constitution say that the Governor-General exercises “such powers and functions of the Queen as Her Majesty may be pleased to assign to him”?

Why, if the Queen is not the Head of State, did her consort, the Duke of Edinburgh, open the Melbourne Olympic Games in 1956 on her behalf? Nothing has changed in the Constitution since 1956 that refers to the Queen or the Governor-General.

Why was there so much confusion about who should open the Sydney Olympics in 2000? The Charter of the International Olympics Committee says that the Games “shall be proclaimed open by the Head of State of the host country”. Why wasn’t it immediately obvious that the Governor-General, Sir William Deane, was the one to do the job, if he, not the Queen, was Australia’s Head of State? Why did the Prime Minister, John Howard, offer to do the job himself, before

finally giving in to popular pressure, and asking Sir William to do it after all?

And why, if the Queen is not Australia's Head of State, and if none of this matters, do Monarchists object to changing the Constitution so that it reflects what they believe to be a reality? If the Governor-General is really Australia's Head of State, why not change the Constitution so that it says that the Governor-General is Australia's Head of State? You cannot insist that something is so, and at the same time, insist that we cannot write down that it is so.

Monarchists, it seems, like the idea of an Australian Head of State. Sir David is happy with calling Michael Jeffrey our Head. But he still wants the Queen to be there in the background. That's fine. The Queen can be there, as Head of the Commonwealth, still linked to us by this historical association, just as Australia is still historically linked to other former members of the British Empire.

Republicans don't call for Australia to leave the Commonwealth, nor are they necessarily indifferent to our history. I loved the film, *The Queen*, as it happens (if you haven't seen it, I recommend it warmly). In fact, I have seen it twice. Although my father was Dutch, I know I wouldn't find a film about the Dutch Royal Family anywhere near as fascinating. That's because Australia's culture has drawn so much from its British heritage (including, of course, its republican Irish heritage).

Australia's constitutional history is close to my heart; and in my childhood, in the 1950s and 1960s, the Queen, along with Sir Robert Menzies and the *Women's Weekly*, were embedded in the fabric of daily life.

But all that has changed, and if popular magazines are anything to go by, Australia now has shares in the Danish Royal Family, and, if Australian citizens take a copy of the *Women's Weekly* with them when they travel, they can read all about Crown Princess Mary while they wait in the very long queue for non-entities at Heathrow Airport.

So, let's have a mate – or a *Mate-ess!* – for Head of State. It makes sense, it won't hurt, it won't bring down the skies. It would put the final icing on the Australia Day cake, and make us proud – as we were when we wrote our own Constitution 110 years ago. Proud to know that our institutions and our symbols can be our own, that we can manage them ourselves, like most of the world manages theirs, and that no Australian political or constitutional office is closed to us, just because we are Australian.

ANNUAL DINNER 2007



Photographer: David Karonidis



Photo – David Karonidis

Graeme Samuel

Graeme Samuel AO has been president of the National Competition Council (1997-2003) and president of the Australian Chamber of Commerce and Industry (1995-97). He took up his present position as head of the Australian Competition and Consumer Commission in July 2003. In an address to The Sydney Institute on Tuesday 30 January, 2007, Graeme Samuel stressed the importance of the ACCC saying, “Its role touches every transaction between businesses and between business and consumers. Every day, from the minute you get up to the minute you go to bed – and even while you are sleeping – the ACCC is there, endeavoring to protect consumer interests.”

THE ACCC'S CURRENT

ISSUES: MERGERS, MEDIA & TELECOMMUNICATIONS

Graeme Samuel

Had I been told a few years ago that in my role as Australian Competition and Consumer Commission chairman I'd be visiting a sewerage treatment plant, dealing with internet broadband speeds or issuing a media release relating to Nestlé and its parallel importing dealings - not to mention about two dozen items I can't talk about because of confidentiality - I would have had two reactions: bewilderment, and, if the Malabar sewerage plant had been mentioned, some hesitation at taking on the role!

The ACCC is highly significant to the Australian community. Its role touches every transaction between businesses and between business and consumers. Every day, from the minute you get up to the minute you go to bed - and even while you are sleeping - the ACCC is there, endeavoring to protect consumer interests. Over the past three-and-a-half years, the ACCC staff numbers have expanded by about 50 to 60 per cent, to nearly 600 individuals around the country. There's been a 70 per cent increase in the ACCC's total budget since we replaced the Trade Practices Commission. That is substantially because the Australian Government, along with the states and territories in many instances, have blessed the ACCC with more and more responsibilities. As a result, we now have more power to deal with issues ranging from gas, electricity, some substantial telecommunications issues and a wide range of other important issues.

It is a great credit to my fellow ACCC commissioners that governments around the country are confident that we are dealing with the real issues in an appropriate and proper manner. Further, they are prepared to invest significant responsibilities in us.

Towards the end of last year legislation was passed by the Federal Parliament which has some important consequences for the way in which the ACCC deals with mergers and increased substantially the penalties the Federal Court can impose for anti-competitive conduct. From a philosophical point of view it is interesting that Australian governments are now reflecting on the importance of competition

to the Australian economy, Australian businesses and Australian consumers.

The Federal Parliament has taken legislative steps to level the playing field for small businesses dealing with larger businesses through the process of collective bargaining. These amendments to the law took some time to get through Parliament. Now new legislation is being drafted to deal with amendments which were proposed following the Senate Economics Committee inquiry *The effectiveness of the Trade Practices Act 1974 in protecting small business* which focused particularly on the issues of misuse of market power or the abuse of market power by large business. There will soon also be significant changes to Australia's trade practices law which involves the imposition of jail penalties - up to five years - for executives who are involved in hard core cartel activity. This is a very interesting reflection of the current views of Australian governments, especially compared with where we were when the Trade Practices Act was passed in 1974.

The Australian Law Reform Commission is currently reviewing the use of legal professional privilege, which enables clients to claim that their dealings and some communications with their lawyers are privileged and ought not to be disclosed - even to regulators like the ACCC that may be investigating potentially criminal or other misconduct under the Trade Practices Act. Tonight I want to deal with three main issues, two of which are connected with mergers, the other is telecommunications. Telecommunications has become a focal point of discussion in most Australian households. We deal with issues such as broadband internet and its take-up throughout Australia. The other major communications issue is cross-media deregulation which relates to the ACCC's role in enforcing section 50 of the *Trade Practices Act 1974 (the Act)*.

Mergers

I am continually amazed at the number of mergers coming before the ACCC. Let me give you a guide. In 2003 the total number of merger reviews conducted by the ACCC was 191 and then in 2005–06 a trend started, 272 merger reviews were considered. So far, as of 26 January 2007, we already had 240 merger reviews on our books.

Why is it happening? I doubt it can be attributed to the popularity of the regulator. As the investment bankers among us will tell you, there is an upsurge in companies seeking mergers and acquisitions. Some might describe it as a frenzy; although I have my doubts as to whether that is accurate. Whatever the case, there is a significant number of mergers now coming before us.

Often I read, in the daily newspapers, assessments made by media commentators about the ACCC's attitude towards mergers. Someone

says that the ACCC has "gone soft on mergers" while someone else says that we've "gone tough on mergers". Both commentators attempt to agree with our alleged point of view. The truth is that if the statistics have any relevance at all, the number of mergers opposed or cleared by the ACCC in any year has not changed in percentage terms from what it was historically. The law hasn't changed either. It says we cannot allow a merger to proceed if it will, or is likely to, lead to a substantial lessening of competition. We cannot allow a merger if it is likely to have a substantial anti-competitive impact - e.g. in the cases of Toll and Patrick; or the Australian Stock Exchange and the Sydney Futures Exchange.

The ACCC is dealing with a number of mergers at the moment. We recently considered the Qantas private equity consortium event and the issue of Smorgen/Onesteel. We are also seeing consolidation in the energy market and if the pace of this continues, we will see upwards of 400 to 500 mergers coming through the ACCC for analysis and assessment before this financial year is out. This is well over double the number that we reviewed in 2003.

Recently questions have been raised about private equity and whether the ACCC deals any differently with these groups compared with how we deal with other mergers. As you are aware, private equity consists of a number of entities gathered together - investment funds, superannuation funds and managed funds and other sources of substantial equity. The ACCC's approach to private equity bids does not differ from its approach to bids that might be made by any other party. Most private equity bids do not run foul of the provisions of the Act. The ACCC looks at the members of the consortium involved in the private equity bid to determine whether it might have competing or combined interests that could cause concerns about anti-competitiveness.

In the United States private equity takeover bids are now being looked at very carefully to ensure that private equity consortium members do not have positions in companies subject to their takeovers, because this could potentially lead to anti-competitive consequences. In Australia, private equity bids are treated in exactly the same way as any other bid.

If a merger party comes to the ACCC and says, "We propose to take over company X and we [the company] recognise that this proposed takeover will have some anti-competitive consequences, we will provide the ACCC with court-enforceable undertakings that will excise these concerns from the merger process." The ACCC must deal with them on that basis. As the regulator, you cannot just turn around and say, "We intend to ignore the undertakings provided to us by the merging parties" and then attempt to oppose the bid.

As merger transactions become more complex, so to do our dealings with businesses in an attempt to resolve the competition concerns. That does not mean we will reject undertakings or will not strike deals. It means that if parties come to us and say we can resolve the competition concerns by submitting a fully enforceable undertaking to resolve these matters - e.g. to divest certain assets or otherwise, then the ACCC will deal with it accordingly.

Recently we have had some unfortunate experiences with parties that looked at their undertakings to the ACCC and made an assessment that they might be able to get away without adhering to the spirit of the undertaking, or in some instances not abiding by particular clauses in the undertaking at all, in an attempt to obtain some competitive advantages.

The ACCC takes a strict view about that type of attitude. We are now tougher in dealing with companies that provide undertakings to resolve competition concerns but fail to meet them. We need to ensure that businesses and consumers are protected against anti-competitive mergers because once a merger has taken place, it is virtually impossible to unscramble it. We have to be sure prior to the transaction proceeding that the anti-competitive consequences will not flow from a merger.

Australia's telecommunications sector

Telecommunications has become a major component of the work of the ACCC. Particularly in view of the recent announcement and the proceedings begun by Telstra in the High Court of Australia to challenge our ability to regulate telecommunications in this country. Telstra and many other telecommunications companies in Australia are undergoing a major transformation from POTS (the Plain Old Telephone Service) to PANS (Pretty Amazing New Stuff). They're meeting the challenges of a technological revolution that is moving so fast that even the best of the companies involved cannot really predict where the industry will be in the not too distant future.

Not too long ago the 56 kilobytes per second dial up modems that were on sale were regarded high-speed broadband. It's safe to assume that few people still using dial-up internet at 56 Kbps consider that fast enough when current broadband speeds are many times that. High-speed access is available in a range of ways. Not the least of which is through the copper line coming into our homes - the telephone line, as well as the Foxtel or Optus cable, which can also be a source of broadband.

Around the world we are seeing the use of wireless broadband speeds which are mind-boggling, even when compared to the speeds we were contemplating just a few years ago. This raises concerns about the claims being made by some internet services providers about

the available speeds and the famous “up to” phrases. As in: ‘You’ll receive up to 10 or 20 megabits per second’, which feature heavily in broadband advertising material.

The ACCC recently released a document advising government and telecommunications companies that phrases such as “up to” were not sufficient to properly inform consumers. Most consumers do not understand what “up to” means and they are very disappointed when their connections do not achieve those claimed speeds. We know - as do the technicians - that these sorts of speeds are headline speeds that are not readily achievable. This fact needs to be made a lot clearer to consumers so that they know exactly what they are being offered.

Regulatory issues

I cannot talk too much about the case currently before the High Court, but I will point out two issues that this case highlights in relation to the way in which we apply the law. Firstly, the ACCC is bound by the law to take account not only of competition but also of the incentives necessary for telecommunications companies, including Telstra, to invest in new technology.

The specific part of the *Trade Practices Act* dealing with the telecommunications industry, Part XIC, has the object of promoting the long-term interest of end-users. Competition must exist to ensure that everybody can communicate with each other on a telecommunications network. That is, everyone must be able to pick up a telephone and talk to someone. To do this, we have to encourage the economically efficient use of, and the efficient investment in, telecommunications infrastructure.

This is very important when it comes to determining investment incentives. By law the ACCC must consider the risks faced by telecommunications companies when investing in infrastructure. Under the law it is impossible for us to determine that the prices paid for services delivered by telecommunications companies - e.g. Telstra - should be below their cost. We cannot impose charges and access arrangements relating to for example Telstra's copper wire network, that result in its shareholders receiving payments below their costs.

Secondly, the ACCC is bound by the law to be reasonable when making its decisions. Equally, the law binds telecommunications companies to impose reasonable charges on their competitors for using some of the essential networks in this country.

Why do we want to promote competition? Because competition provokes and promotes the technological advancements and innovations that now lead you to expect broadband speeds which you could not even contemplate two years ago. The best illustration of that competition process was the recent welcome announcement by Telstra that it was going to roll out its ADSL2+ high-speed broadband

service throughout 360 exchanges in Australia. However, the competitive element is that Telstra's roll-out is taking place using the same exchanges its competitors used to roll out their own high-speed broadband services a year, or 18 months, ago. Telstra has decided to roll out its own high-speed broadband in those exchanges only, while indicating that it will then extend the roll-out to meet the competition wherever it might occur.

As far as possible, the ACCC promotes and enhances a competitive telecommunications environment. We do so for the very reasons illustrated by Telstra's recent statements in relation to its ADSL and broadband network. Telstra has talked about the need for regulatory certainty. This cannot be brought about by the ACCC Chairman making a speech, nor can it be brought about in a media release. There are mechanisms within the *Trade Practices Act 1974* that enable Telstra, and any other telecommunications company, to receive regulatory certainty by going through the ACCC. If these companies do not like our determinations, they can proceed to the Australian Competition Tribunal or to the Federal Court. In its High Court challenge Telstra exercised appropriately its legal right to challenge our ability to regulate the use of its copper wire network.

For the record: the ACCC will continue to administer the law throughout that High Court challenge. Telstra's action in the High Court will not affect our relationship with Telstra – that is not the way we operate. Nor will it affect my personal relationship with Phil Burgess; we happen to enjoy each other's company. Through the Commonwealth of Australia, the ACCC will deal with the High Court challenge in the appropriate way. In the meantime, we will continue to regulate the telecommunications networks in a way that is absolutely in line with our obligations under the Act. In essence, that is striking a balance between bringing about an environment that provides lower prices to consumers but still encouraging healthy competition within the telecommunications industry so that companies - Telstra, for example - can continue to invest in developing their infrastructure.

Media and communications

Let me comment quickly on the media and communications. Legislation to relax Australia's cross-media laws has been passed by the federal parliament, but is not yet proclaimed. The new legislation deals specifically with media deregulation, but most of the issues it covers are not relevant to consideration by the ACCC. Our brief will be to look at media mergers in exactly the same way as we do at mergers in other industries. The question we will ask is would a media merger be likely to lead to a substantial lessening of competition in the market?

Some media commentators have observed that you can't measure media diversity in terms of competition alone – that it is not purely a competition law matter. That is correct and that is why the Australian Communications and Media Authority (ACMA) will deal with the fundamental issues of diversity under the five/four voices rule that will come into play with the proclamation of the *Broadcasting Services (Media Ownership) Act 2006*. Competition will be a very important issue. Advertisers must be able to use competing forms of media to advertise their goods and consumers must be able to choose which medium - the internet, radio, television or the print media - they use to inform their opinions.

The ACCC will take account of the internet because it is rapidly developing as an alternate source of media opinion and transmission of information to consumers. However, we will not do so on the basis of mere speculation. Countless numbers of operators will tell you that they have the latest business plan and the latest technology to provide all sorts of opportunities for consumers to be able to receive media, television and movies and the like.

In Hong Kong and elsewhere in the world, I have seen examples of technologies that enable extraordinarily high-quality television reception using consumers' telephone lines. But it is still too early for us to say that the media in this country will take that course and that it therefore ought to be a significant issue in dealing with media mergers as they occur in the not too distant future.

The recent so-called "media frenzy" occurring in this country is a response to the current restructuring of the industry. All the manoeuvring in relation to the Nine and Seven television networks is, of course, occurring under the old legislation because the new laws are yet to be proclaimed. This is something we need to remember in the context of any commentary about media mergers in this country at this point in time.

Enforcement

There is also much discussion in the media about the ACCC's enforcement processes. In this regard, I would like to comment on a recent ACCC media release. It concerns the Cadbury Schweppes company, which had become involved in what is known as resale price maintenance because two of its staff provided a retailer with an agreement containing terms that set a minimum price for particular products. This may have potentially contravened the resale price maintenance provisions of the Act. However, Cadbury Schweppes realised the implications of this agreement and voluntarily reported the conduct to the ACCC.

What then happened and why the headline in the media was *ACCC praises voluntary reporting for Cadbury-Schweppes* was very

interesting. The ACCC sat down with company representatives and worked through the issue. The matter was quickly resolved by an administrative settlement; the company undertook to investigate the conduct and to enhance its trade practices compliance program to reduce the risk of similar conduct recurring. The process was not secret, because the ACCC does not do secret deals.

The first time I addressed The Sydney Institute, three-and-a-half years ago, I indicated that the ACCC approach with business takes into account the three “Cs” *compliance, communication and commonsense*. The latter is particularly important: if an organisation has a culture of compliance with regulation, it is more likely to communicate directly with the ACCC about a problem, and to say, “we’ll fix it as quickly as we can and if harm has been done to others, we will sort that out and make restitution”.

The ACCC responds to this openness with commonsense, rather than automatically taking the company to court and involving ourselves in litigation. This approach may not generate much publicity, but it is a commonsense way to resolve an issue. The ACCC works very closely with businesses because everything that businesses do on a daily basis that may impact on consumers or other businesses is covered by the *Trade Practices Act* in one way or another.

Everyone involved in advising business - whether they be lawyers, investment bankers, accountants or economic advisors - should be reminded that the ACCC values the advice given to businesses. However, business advisers need to remember that the business itself ultimately has to take responsibility for its dealings with the ACCC. It is the business that will:

- pay the penalty, both financially and in terms of its reputation, if it loses a court case to the ACCC; and
- bear the financial costs of a commercial transaction that is not implemented because, for example, the ACCC does not approve a merger transaction.

The ACCC therefore advises businesses to stay in close contact and talk directly with the ACCC. Advisors are invaluable to the way in which businesses deal with the regulator, but do not let advisors step between the business and the ACCC, because, as noted in reference to the Cadbury Schweppes case, it is terribly important for businesses to communicate with the ACCC and its staff, to maintain trust, confidence and direct dealings. This in turn allows the ACCC to know whether a business actually has a culture of complying with the law.

Conclusion

There are five significant principles which are now firmly embedded into the culture of the ACCC. They are worth repeating because of their importance.

The first principle is *confidentiality* - when you deal with the ACCC, you can rely upon us to maintain confidentiality because there will be no leaks from the ACCC. I can say confidently that no leaks have occurred over the past three-and-a-half years, and that will continue to be the case.

The second principle is *timeliness* - the ACCC endeavors to make its decisions as quickly as possible. We understand that business cannot operate in an environment in which matters take years to resolve when they ought to be decided in days or weeks.

We can predict the way in which most matters will be dealt with: the law is not subject to daily ad hoc change. The ACCC has to be *predictable* for both businesses and consumers.

The fourth principle is *transparency* - subject to rules of confidentiality, it is essential that the ACCC is transparent in its dealings. I use the morning newspaper test to demonstrate the importance of transparency. I say to my staff, consider how you would feel if you read about your actions today in tomorrow morning's newspapers. If you think you might feel in the slightest way ashamed or embarrassed about a particular action, do not do it. If you think you will feel proud of it, you can feel pretty safe that the way you're doing it is the way that it ought to be handled.

The final principle of *fairness* relates closely to the principle of transparency. The ACCC's dealings affect every Australian, so they have to be transparent. This transparency ensures accountability, which further ensures that we are fair in our dealings. However, fairness does not mean softness; sometimes it means being tough, particularly in the interests of Australian consumers and honest businesses.



Photo – David Karonidis

Fred Hilmer

In June 2006, Professor Fred Hilmer AO became President and Vice-Chancellor of the University of New South Wales, while also a director and Deputy-Chairman of the Westfield Group. From 1998-2005, Fred Hilmer was Chief Executive Officer of John Fairfax Holdings, which led him to write a management book, *The Fairfax Experience*, about his time with the company. Fred Hilmer addressed The Sydney Institute on Tuesday 6 February 2007 to discuss what he learned from being CEO at John Fairfax.

THE FAIRFAX

EXPERIENCE

Fred Hilmer

How did I come to write this book? When I started at Fairfax, I recall going to an early management meeting, the subject of which was cost reduction. The managers were doing what managers often do, which is to argue quite vociferously about “should we do this” or “should we do that”. As I sat and listened to the various points of view, Robert Whitehead – later to become editor of the *Sydney Morning Herald* – turned to me and said, “Fred, are we going to become characters in a book?” It was not an unfair question. I had written a number of books and not many people who preside at management meetings have that distinction or lack of it. So his comment made me think about a book. However, I put the idea aside when I realised that being a CEO, particularly of a company that had many challenges, is absolutely full time. It’s not just a day job, it’s actually a day and night job. Then, when I completed my work at Fairfax, a year or so ago, I was asked to talk about the experience at a conference and, in putting the talk together, I recalled how much I enjoyed writing and set out to do this book.

The question was, what kind of book should I write? There are three kinds of books about media. The first kind is about the journalism, including excellent books on editing and the relationship between proprietors and journalists, and books about what journalists do. That’s clearly not the book I wanted write; it isn’t what I did and isn’t what I brought to the company. The second type of media book is about people in the media; a personality book such as *Packer’s Lunch*, the Murdoch book or the stories about Robert Maxwell or the Fairfax families, people stories. There are lots of those books and they’re fun to read but there’s a bit of “so what?” in them and that wasn’t what I wanted to write either. The third type of book, of which there are not many, involves the experience of being a manager in a media company. That’s clearly the type of book that I’m comfortable with. It’s consistent with the other books that I’ve written and draws on what I did at Fairfax. So I wrote about the Fairfax experience and what I tried to learn from the experience rather than about

personalities, journalism or successes and failures per se, though they all have a part in the story.

But I had a problem. I only had six months from the time I left Fairfax to the time that I had committed to start at the University of New South Wales. That wasn't enough time to write a book, at least not the way I write because I write longhand with a fountain pen. So I needed some help and Barbara Drury who is here today agreed to help me. She's an experienced journalist and helped not only in getting the book done but also in making it readable.

The Fairfax Experience is not a book of stories; it's a book about lessons and experience. It's organised around three main questions. The first question is "What did I find?" I came into the job of Chief Executive Officer of a publishing company as an unusual choice. I was the first to admit that. There was considerable turmoil in the company and many executives with different backgrounds had been tried as CEO. Some had lasted no more than a year at a time. So what did I find? That was my first question.

The second question was "What did I do? What did I try to do? And what were the results?". I needed to work through this in order to deal with what I think is the most interesting question which is "What did I learn from the experience?" In this relatively short amount of time I'm going to try and give you some of the highlights from those three questions.

A lot of management books talk about companies as having a personality. As a person, Fairfax stood on two legs but it was limping because while one of the legs was relatively healthy, in the other leg the muscles were atrophying. Which was the good leg and which was the bad leg? The good leg was the journalism.

Coming from a long tradition of journalism, Fairfax had three great mastheads: *The Sydney Morning Herald*, *Melbourne Age* and the *Australian Financial Review*. Journalism was alive and well in the company and seemed to have survived in spite of the turmoil with respect to the ownership and management. It was strong and often opinionated journalism, and, if you looked at the numbers, it had a solid A-B readership, attracting people with the highest incomes and highest levels of education. These are the readers most valued by advertisers. Fairfax also defined the news. When you went to the Walkleys, which is journalism's view of the Oscars, Fairfax was over-represented. When I went overseas, as I did very early on to try to get an understanding of the business and to see what people were doing, I could walk into any of the great papers of the world; the *New York Times*, the *Washington Post*, some of the great papers in London, and Fairfax was respected for its mastheads. So that was the strong side. It didn't mean it was all perfect or that the journalism couldn't be improved. But from the perspective of a business problem, there was

no evidence that journalism was the problem. That was the relatively strong leg.

It was the other leg – the business side, largely driven by advertising revenue – where there were serious problems. There was a strategic problem and there was a series of operational problems. These are covered in the book as the “seven deadly sins”.

The strategic problem stemmed from the fact that the profits pretty much all came from classified advertising. But it was worse than that. The profit came from classified advertising in just two papers - the *Herald* and the *Age*. And it came from classified advertising in these two papers on just one day of the week - Saturday. That's a very vulnerable position for any business; you don't have to have an MBA to understand that a business depending on two products on two days of the week is a vulnerable business. Yet, that's where Fairfax was making almost all of its profits; and those profits were being eroded.

When I arrived at Fairfax, people talked about the internet taking away classified advertising. In fact the drift of classified advertising out of the papers had been occurring long before the internet and the internet has taken some years to have the significant impact now being experienced. In the 1990s, what was happening was that papers like *The Trading Post* were eating into the classified market. I remember trying to buy *The Trading Post* and talking to John McBain, who owned it. He made the point that “we'll always beat you in classifieds”. I asked why and he replied “the *Trading Post* does no journalism, it just runs ads”. So it could under-price a journalism-intensive paper every time. Similar threats came from the suburban newspapers, whether it be the *Wentworth Courier*, the *Mosman Daily* or the *Melbourne Weekly*. The same erosion was happening in the areas of specialised job papers, such as *9 to 5*. Classifieds had started to drift away well before the internet.

So revenue was not growing at the same rate as in the past. But, to make matters worse, costs were rising faster than revenues. That's a very serious problem for any company. If costs rise faster than revenues there is only one end and it's not a happy one.

Why were the costs rising? There were three big costs, the “three p's” - People, Paper and Purchasing. In each case there were no real arrangements to contain the costs. In terms of people, there were agreements with the unions to effectively guarantee that costs would rise above inflation. In terms of newsprint, the newsprint was priced on a world market based on US dollars while Fairfax used basically Australian-made newsprint. So we had the fluctuations of foreign currency, and commodity prices randomly getting into the cost base.

In terms of purchasing there was no centralised purchasing, even though Fairfax was a large company. In fact we were amazed how many people were buying their supplies on credit cards - a multi-

billion dollar company operating in small units, each of which was running on credit cards.

The cost problem was exacerbated by process problems, the most significant of which was bad information; we didn't know what was going on. Very early on, I tried to find out how many people we employed. We found some hundreds of people that were not in anybody's budget - nobody managed these people. They were employees and there were pay-slips but nobody was responsible for them. I remember sitting down with publishers and saying, "Why is your newsprint cost what it is?" They would look at me and give a reason. I pushed back and said "how do you know? There could be other reasons". Then I dug in and suggested we see what drove newsprint costs. The answer was, we didn't know, though newsprint was a major cost to a newspaper. Causes could include problems at the plant such as waste, or it could be because the company printed too many papers. At the end of a week, you could always see outside your newsagent a huge pile of papers which didn't sell. The fact that they could be recycled was a good thing but the fact that they were printed was a bad thing. But we didn't have information to decide what to do differently.

In terms of structure, we had 17 people reporting to the chief executive. Many of them were people to whom I could provide no sensible guidance. For example, I had the editor of *Good Weekend* responsible to me at the same time I had the publisher of the *Herald*. I had to figure out what the company would do and chart a course for some 17 people, many of whom were involved in what was mainly journalism, which was not my job. In the business area, Fairfax owned both business magazines and the *Australian Financial Review*, yet they were competing with each other. What's more, both units were reporting separately to me and I was supposed to make sense of the competition between two parts of what was the same company.

We had problems with respect to culture. Fairfax had a strong culture in what was an old and proud company that was going through hard times. People just wanted to get back to the good old days. There was also the problem of the *Age* versus the *Herald* and soft news versus hard news. We had advertising versus editorial. When you don't have enough money these divisions and tensions are exacerbated. You have to share scarce money amongst competing users and it's a bit like Solomon's baby. What are you going to do? Cut a baby in half? No, you are going to make someone unhappy. We also had a very poor physical plant. I've often told the story of having to de-list my phone because readers would phone me at home on Saturday mornings if they went to their newsagent or front lawn and the paper wasn't there.

So that's what I found. A wonderful company that did some things very well and had a very proud tradition. It was respected around the

world but it had severe business problems. Charting a way through is tough, and I found it tough. I tried to be very frank in the book about what worked and what didn't work. It's not a story of unbridled success.

One encouraging thing was that I never felt lonely. The whole industry had the same problems. When I was struggling with these problems, I would hear that the *New York Times* had tried something similar and it didn't work, or the *Chicago Tribune* or the *Times on Sunday* and so on. The newspaper industry was dealing with these problems on a large scale. So the next question - what did I do?

When you're working your way through a situation like this there is rarely a detailed roadmap. Instead, there were a couple of themes I was trying to follow. I had to do something about both the operational and strategic problems. I had to tackle the operational problems first; in particular to get the costs down. The chairman, Brian Powers, had announced publicly to the share market that I would cut the costs by \$40 million and that I would do that by the end of my first year. That's an interesting position to be put in and one that was hard for me to argue with as I didn't know much about the company. Brian was a very experienced media executive armed with a business assessment that said \$40m was a reasonable goal. I was handed a report on a project called "Project Hercules". We made the cuts but not in quite the way that the consultant's report said it should be done. The cost growth in the company, particularly in the last five or so years of my time there was held below inflation. That was absolutely critical.

The next thing we had to do was to make some quite big and risky investments in plant. That was scary for a number of reasons. Firstly I didn't know much about printing plants and I really had to rely on managers and manufacturers. Secondly, we kept hearing that the internet was taking over. You'd sit down with management and wonder if you were going to be the last executive in the world to build a new printing plant and overhaul a relatively new one. But we had to do that; we really didn't have a choice. If you haven't got a printing press then you can't print. We had to build an entirely new plant in Melbourne. It came in on budget but it was a very tough job—a bitter fight with some very difficult unions to get the working conditions that made the plant viable. We also had to redo the Sydney plant. In the turmoil of executive turnover, the company had built a plant in Sydney that simply couldn't print the *Herald* on Saturday and we spent nearly a \$100 million to fix the plant. Having done that, the company was able to do product innovation such as the *Sydney Magazine*, the *Melbourne Magazine* and *Domain*. We had far better scope for design and colour.

We also set in place processes for planning, proper information and controls so that we knew what profit was likely at the end of the

year, rather than guessing. When I joined, the company was one of the last to go to the stock exchange in announcing its results; you never knew what they were going to be until the last minute. We also introduced processes such as performance management, assessing the performance of people and rolling this out through the company. On the strategic side, we had to diversify. We did that, buying in New Zealand and by buying community and regional papers, and also by trying to get some more business in the digital space.

Did it work? I think people should read the book and make their own assessments. The overall returns at Fairfax during my time there were reasonable and Fairfax was one of the better performers among metropolitan classified dependent papers globally. The company roughly doubled in size and profits over the seven years.

So what did I learn? There are three lessons. The first is that while management is a fundamentally rational activity, there are enormous forces in the way of rational decision making. The best managers may have passion and intuition, but they're very rational. When you teach management you teach the rational side of management; managers make decisions based on facts. The trouble is that in the real world there are enormous forces in the way of rational decision making. The first is time pressure. You're constantly under time pressure and you're not able to fully examine all your decisions. You've got to make a decision and sometimes you'll have hours and sometimes days. Months and years are only available to those people who write books. I used to talk about my schedule as if I were a dentist because I had people come into my office one after the other.

The second enemy is the information that you're served up. When you're in a university or you're doing a consulting project you usually get good information. When you're a CEO, you have incomplete, and at times misleading, information. In particular, a lot of bad news is buried and you've got to work hard to get out the bad news. Thirdly, you're operating in a fish bowl. You know whatever you try will be all over the papers. And the analysts are going to be calling for your head if an initiative doesn't work; if it does work, that's not news. It would be naïve to say that that doesn't put pressure on you and shift your risk aversion. This too gets in the way of rational decision making, and it takes a fair effort and strength of character to ignore that pressure, but I think it's critical to be able to do so.

The second lesson is the way humans are made. I had the benefit of some terrific work which won a Nobel Prize on economic decision making thought processes. Because of the way we're made, as people, we tend to be biased against making negative decisions; we tend to be biased in favour of positive decisions.

Two examples illustrate this point. When I came to Fairfax, it owned a company called National Geographic which still exists today.

National Geographic was largely a retail business and also produced a glossy magazine. The company needed to sell assets and National Geographic was one of the assets that had been put up to be sold. I had only been in the office for some weeks when the Chief Financial Officer said, "We've got this offer, it's a good offer, will you sign the documents to approve the sale?" I went over the papers but felt terrible because magazines are a core business of Fairfax. I felt that there had to be a way we could keep the business. I suggested that we keep the magazines and sell the stores but this wasn't possible. We had to sell the whole concern. It was a good decision, but I felt bad about cutting off part of the business.

The second example was a paper we launched in Melbourne called *Express* – a free commuter paper. It was modeled on *Metro* in London. We did the business case and were optimistic. If we got it going in Sydney as well as in Melbourne it could become a viable new business. Meanwhile we paid little attention to what News Ltd might do. We launched the paper and suddenly there was a major competitive battle between us and News Ltd. After losing a few million dollars we closed *Express*. But I felt good when we were launching *Express* as it did for all the people involved. We celebrated the first edition and the people appointed to run it were delighted. A bad decision felt good because it was positive.

The last lesson was that there are many formulae about what successful companies should do. I soon realised was that those were lessons not drawn from the typical company. The Fairfax experience, whilst it's unusual because it's media, is more usual than the example of a General Electric or a Westfield. The lesson was that sustained success is very rare and most of the lessons about sustained success are really about running. But just walking and not falling over is really what most people do most of the time.

I conclude with an anecdote from my first lecture at university. I remember sitting in the law school listening to the lecturer say, "Clever people learn from their successes and failures but very clever people are able to learn from other people's experiences." What I have tried to do in the *Fairfax Experience* is capture some lessons that I hope will help very clever people become better executives.



Kevin Donnelly



Carol Baxter

Photo – David Karonidis

Carol Baxter is a genealogist and the author of *An Irresistible Temptation: The true story of Jane New and a colonial scandal*. Baxter says history teaching concentrates too much on war and politics and should deal more with social history. Dr Kevin Donnelly is Director of Melbourne-based Education Strategies and author of *Dumbing Down: Outcomes-based and politically correct – the impact of the Culture Wars on our schools*. He says the problem is that competition and rewarding merit has for too long been replaced by “the notion that everyone succeeds”. Carol Baxter and Kevin Donnelly addressed The Sydney Institute on Tuesday 13 February 2007.

TEACHING TODAY –

TWO VIEWS

Carol Baxter

A few weeks ago, Carmel Tebbutt made an embarrassing slip. She referred to Australia Day as commemorating Federation. I am sure she knew that it actually commemorates the arrival of the First Fleet in Sydney Harbour and the establishment of European settlement. It was probably one of those incidents in which one's mouth opens before one's brain kicks into gear and she probably cursed herself for days afterwards. And just to make it ecumenical, Peter Debnam was unable to remember the name of our first prime minister (Sir Edmund Barton, for those who can't, momentarily, recollect it either). These incidents brought to light an important issue for our community – the general lack of knowledge about Australia's early history.

For 13 years, day in, day out, our children sit in school and are "educated". Most of us in this room set great store by education, however for our children it is a bit like working in a chocolate factory. The pleasure soon palls. They complain that school is "boring".

It is very easy for adults to say, "you're lucky; be grateful; get over it". However, research has shown a very logical connection between emotional arousal and memory retention. If we love a topic or find it intriguing, we have a better chance of understanding the issues and retaining the information. We can even remember what we hate – bad advertisements, for example. Boredom produces the worst outcome of all.

Sometimes in this big education debate, we seem to forget the child at the centre. As adults, we make choices about our jobs, but children can't. They have to go to school and they have to study the subjects in the syllabus. Adults make the arbitrary decisions regarding the topics to be studied and the teaching and marking strategies used. Children cannot even choose their teachers. If they had a choice, they would always pick the best teachers because they don't want to sit around for 13 years failing to understand topics they are forced to study (and, accordingly, doing badly), at the mercy of teachers who might not like or understand them, or just feeling bored. Would any of

us start a job knowing that if we didn't like it, we couldn't resign for at least ten years?

I'm a historian yet I have an admission. If anyone had told me while I was at school that I would become a historian, I would have laughed in their face. Studying history was so boring. Feudalism, for example! Yet in my spare time, I loved reading stories about King Henry VIII's wives. Today I understand the difference. I found political history boring but I loved social history, particularly the human face of history.

Reports on the 2006 HSC results noted with surprise that Modern History student numbers are decreasing and Ancient History increasing. Most of the Modern History syllabus is twentieth century political history. Ancient History is essentially social history. Evidently an increasing number of children today are showing that they feel the same way I did 30 years ago.

I do remember being fascinated by one Year 10 history lesson. It was about the Berlin Airlift during the Cold War. The Berlin Airlift is a wonderful story of personal courage, international teamwork, defiance and determination. What I was exposed to that day, although I didn't realise it until recently, was narrative history.

Most of us have seen images of children sitting around, eyes wide, mouths agape, listening to a story teller. For millennia, societies all over the world have used storytelling as an educational tool, and studies in recent years have recognised that such "oral narration" promotes motivation, comprehension and memory. Our brains find the narrative structure easy to process. Well-described settings evoke powerful visual imagery. The characters have relevance and the listeners empathise with them. And the story builds to a climax, so there is an inherent tension.

Obviously, narrative as an educational tool is not appropriate to all learning environments. However, it is appropriate to areas like the study of history. It's a way to get kids hooked so that they actually *want* to pursue the topic, to weigh up the evidence for themselves, to become detectives, which is what studying history is about – not just reading textbooks.

I've been thinking in recent weeks about the school-based history syllabus, particularly after Carmel Tebbutt's slip. And I decided to undertake a survey. Admittedly, with a sample size of "2", I don't think we can consider the results statistically significant. But they proved enlightening. I asked my teenagers what they recollected about their Australian colonial history studies – my particular area of interest. Both could recollect studying the gold rush because they went to Bathurst on an excursion. Excursions, of course, are powerful memory generators: they draw upon all of our senses and a variety of emotions, they offer immediacy and, of course, relevance. For our

egocentric youth, relevance has to be one of the most effective ways of getting through to them. Could you imagine spending 13 years being forced to study topics that you found not only boring but irrelevant?

My daughter could remember studying the First Fleet – she described a big “1788” splashed over the wall. That was about all. And both could remember studying Captain Cook. “He discovered America,” my daughter said. I corrected her. “No,” she said. “America. He sailed west and discovered America.” I explained that that was actually Christopher Columbus. At which she shrugged, turned to walk out of the room and with a toss of her head said, “Whatever.” And as I lifted my jaw off the floor, I realised that “whatever” just about summarised our youth’s interest in and understanding of our colonial heritage.

But why would an intelligent 17 year-old know so little about our past? Because Australian colonial history, particularly relating to our European heritage, is largely restricted to the primary syllabus. It’s as if it’s considered unsophisticated and unimportant, worthy only of a young child’s syllabus. Perhaps it is a hidden hangover of British imperialism and attitudes to the dominions that we became worthy of notice only in the twentieth century when we became a nation and stepped onto the world stage.

Perhaps syllabus makers think children will remember their primary school colonial history studies. Young students might learn more easily but they also forget more easily. Between the ages of 5 and 8 my neighbour almost completely forgot her native language, having replaced it with English. If a child can forget a native language, they can forget anything else we try to teach them in these early years. This is one of the reasons why the educational focus has changed from “teaching” students to helping students learn how to learn.

However there are some core subjects with particular relevance in our day-to-day lives. If these two politicians had expressed ignorance about advanced trigonometry, esoteric eighteenth century poetry or complicated scientific analyses, subjects our students cover in the High School syllabus, no one would have condemned them. But our own history? If we woke up each morning without any memory of our past, we couldn’t function: we couldn’t make breakfast, go to work, or have a relationship. Our past provides us with the knowledge and ability to function in the present and in the future. In the bigger picture: history is society’s memory.

As we struggle with current issues, history offers us the benefit of hindsight. Sometimes, as I read the newspapers and listen to conversations around me, I feel like I’m living in an episode of Groundhog Day. The same old problems (crime, poverty, addictions, religious bigotry). Nobody seems to learn from past mistakes, probably because few people have studied enough history to have absorbed

these lessons into their psyche in the same way that lessons in basic reading, writing and arithmetic provide an educational foundation. Yet even if history did not provide us with all the answers we needed, the lessons of history might save us from following the wrong path in our search for a solution.

Take the penal system, for example. The European settlement of New South Wales was founded on the backs of convict labour. Most of us now recognise how shockingly the European settlers treated the Aborigines, sometimes through ignorance, sometimes with deliberate mal-intent. But many don't realise how badly the convicts were treated. Those sentenced to secondary penal settlements like Norfolk Island were flogged into submission. During a seven month period in one settlement, the sadistic commandant inflicted 11,000 lashes on around 200 inmates. Their dreadful deeds? Mainly insubordination and disorderly conduct.

These men were so desperate for a way out and so brutalised that they lost all sense of normal values. Their religion forbade suicide so some resorted to suicide pacts to escape the torment. They used straws to pick a murderer, a victim and witnesses. The victim would die – hopefully quickly. The murderer would be sent to Sydney for trial and after expressing remorse and appealing to God for forgiveness would be hanged. The witnesses would also travel to Sydney to testify offering them a reprieve from the island's torments and the possibility of escaping during the journey.

Yet if these same prisoners completed their terms of servitude, did such suffering deter them from future criminality. As my soon to be published second book *Breaking the Bank* will reveal: No!

Although many of us recognise that the study of history is important in itself, others can more readily appreciate history if they can see some relevance. So where is the relevance for today's society in this example? That harsher punishments don't deter criminality. That a penal system cannot focus on punishment alone as most prisoners are eventually released back into society and will re-offend unless a huge amount of money and effort is spent on their reformation. And that dumping prisoners onto isolated islands (a demand regularly heard after gaol breakouts) is not in anybody's interests as it allows absolute power to destroy absolutely.

This is not the sort of history we can study in the primary syllabus. Yet this is gripping history, shocking history and both the deeds and the lessons of history will be remembered if the information is communicated in an effective manner. Narrative history is one means to that end. And it is the style I have chosen in my own efforts to communicate the story of our past.

The convict system and the secondary penal settlements serve as the backdrop to my nearly completed second book which tells the

story of a band of audacious robbers. My first book, *An Irresistible Temptation: the true story of Jane New and a colonial scandal*, is the story of a bewitching convict named Jane New who was transported from England to Tasmania after multiple convictions for shoplifting. Jane married and relocated to Sydney where she continued her criminal pursuits. During one court appearance, she caught the roving eye of the Supreme Court Registrar, John Stephen Jnr. A man who was already proving the black sheep of his illustrious legal family, John's pursuits in Jane's cause eventually led to a sex scandal that rocked the colony.

The backdrop to *An Irresistible Temptation* is the story of Governor Darling's divisive period of administration from 1825 to 1831. Most Australians know little about this period yet it was very important in our development as a nation. The 1820s saw the beginning of the drive for representative government in New South Wales, for freedom of the press, for trial by jury (all of which we take for granted today), and William Charles Wentworth was the flag-bearer. To those who lack any knowledge of this period, he was merely the once proud owner of Vaucluse House.

Wentworth is one of the secondary characters in *An Irresistible Temptation*. He represented Jane during an important Supreme Court hearing which produced two controversial legal precedents undermining the power of the Governors of the penal settlements. In fact, Jane's case was one of the few important cases involving women in colonial Australian legal history. Jane New and John Stephen Jnr were, of course, the protagonists. Their story is not only one of seduction, theft, incarceration, escapes and political intrigue. Like the Profumo Affair or the Monica Lewinsky scandal, it shows how the actions of two individuals pursuing their own desires can wreak havoc on a community. Their antics eventually led to a constitutional crisis and contributed to Britain's decision to recall Governor Darling all of which are covered in the story. Someone said to me after reading the book, "Well, I learnt all about Australian history ... whether I wanted to or not!"

Narrative history generates a sense of connection with the historical period, and of empathy with the characters. Some educationalists are focusing almost solely on children's academic results, however these are only one part of the educational experience. The development of social skills is the other: friendships, sharing, teamwork. And healthy social skills are a function of healthy "social emotions" – the ability to feel love, empathy, guilt, remorse and shame.

How can the education system assist in developing these social emotions? By helping children walk in others' shoes. Some educationalists disdain the approach taken in the current English

and History syllabuses of examining literature and historical events through others' eyes: environmental, Aboriginal, feminist, Marxist. But why should we have a blinkered approach to anything we study. Authors and historians are only providing one viewpoint. What if readers took a work at face value whereas it was truly meant as irony? What if a Holocaust denier wrote a literary masterpiece? What about the political spin today?

By helping children see different perspectives, we offer them the ability to make wiser judgments. For example, in looking at our past they can see the First Fleet's journey as a triumphant achievement of navigation, endurance and fortitude – which it was. They can see the British settlement of New South Wales as an invasion with dire results for the native Aboriginal population – which it was. And they can see that the survival of the British settlement was an astonishing endeavour largely achieved by a group of convicts who didn't want to be here and who had no more choice in how they were treated than the Aborigines. Despite being labelled failures by a society which had in fact failed them, these men and women overcame the exigencies of their situations to found a new nation.

So let us – adults and educationalists alike – continue to strive for a more interesting and effective education system and take a renewed interest in our own history. Let us use society's memory to help us better understand who we are and to endow us with the ability to make wiser judgments for our future.

EDUCATION AUSTRALIA:

DUMBED DOWN AND POLITICALLY CORRECT

Kevin Donnelly

The book, *Dumbing Down: Outcomes-based and politically correct – the impact of the Culture Wars on our schools*, addresses two interrelated issues. Firstly, the adverse impact of Australia’s adoption of outcomes-based education (OBE); an experimental and new-age approach to learning that has led to falling standards and increasing teacher frustration and workload. Secondly, in explaining the prevalence of OBE and its unique nature, the book outlines the impact of the culture wars on the school curriculum and the way in which the “cultural-left” has taken control of education by taking the long march through the institutions.

Outcomes-based education, as a model of curriculum development, is conceptually flawed, sub-standard and impossible to implement. It is significant that only a handful of countries have ever experimented with OBE and that stronger performing education systems, such as South Korea, Japan and the Netherlands, as measured the Trends in International Mathematics and Science tests, adopt a more academically rigorous and teacher-friendly syllabus approach to curriculum. With a syllabus approach, teachers are given year-level specific, clear and concise road-maps detailing what is to be taught, there is regular testing and feedback to students, with consequences for failure, and teachers rely on more formal approaches to classroom interaction.

Equally of concern, at the time of Australia’s adoption of OBE during the early 1990s, as noted by the 1995 NSW Eltis Report, is that there appeared little, if any research evidence that OBE had been successfully implemented anywhere else in the world or that it had led to improved standards. As a consequence of OBE being forced on Australian schools, not only are many teachers floundering as they are overwhelmed with an intrusive and cumbersome curriculum approach, but thousands of students leave school under-educated, culturally illiterate and morally adrift. The previous Commonwealth education minister, Brendan Nelson, once described OBE, in

particular, the Western Australian version, “as a cancer” – strong words from somebody who, in his previous life, was a doctor.

Evidence that OBE has failed is easy to find. As measured by the international maths and science tests, Australia is consistently placed in the second eleven – and, while countries we once out-performed have improved, Australia’s results have remained static. A related concern is that stronger performing overseas systems are able to get greater numbers of students performing at the highest level, whereas, in Australia there is a long tail of under-performing students. The most recent literacy testing in Western Australia showed that 20 per cent of primary students about to enter secondary school are illiterate. Such a result mirrors the 1996 national testing, introduced by the Coalition Government led by John Howard, that showed that 27 per cent of Year 3 children and 30 per cent of Year 5 primary school children were below the minimum benchmark. Further evidence of the adverse impact of OBE includes a Commonwealth Government commissioned survey of tertiary academics that concluded that almost half of the academics interviewed agreed that standards of first year students had fallen over time. It is now common for universities to have remedial programs in essay writing and basic algebra.

Over the last 12 months, such has been the public outcry and fears about falling standards, as a result of OBE being forced on schools, that both the Tasmanian and the West Australian education ministers lost their portfolios as both state governments tried to regain public confidence and the support of teachers. That educational standards have suffered as a result of OBE is beyond doubt. Of greater concern, as a result of OBE’s emphasis on making learning immediately relevant and its denigration of Australia’s Western Tradition and our Judeo-Christian heritage, is the fact that thousands of students are leaving schools culturally illiterate and morally adrift.

Cultural literacy refers to the body of knowledge, including events, dates, concepts and significant facts, that is considered essential to public debate and informed citizenry. Knowledge of concepts like “*popular sovereignty*” or “*separation of powers*”, expressions like “*he met his Waterloo*” or “*it’s his Achilles heel*” and events like the “*Eureka stockade*”, the “*Lambing Flat Riots*” and, more recently, the “*Dismissal*” does not happen intuitively or by accident. It’s all very well for the previous Western Australian minister of education, Ms Ravlich, to argue that such matters do not have to be taught, as students can go on the internet and *Google* for answers, the reality is, though, that learning requires structure and discipline. It is also important not to confuse information with knowledge and understanding with wisdom. Such structure and knowledge are best provided by enthusiastic teachers, deeply versed in their subject and capable of instilling in

children the sense of excitement, challenge and fulfillment that comes from mastering something difficult and rewarding.

Much of our youth culture can be summed up by the expression: "if it feels good do it". As outlined in Shelley Gare's excellent book *The Triumph of the Airheads*, contemporary society is awash with the kind of vacuous, celebrity-driven culture associated with *Big Brother*, Paris Hilton and Posh Spice and David Beckham. Instead of providing young people with a moral compass and the ability to decide right from wrong and what constitutes "the good life", OBE is based on the assumption that there is no "truth" and that all cultural and ethical values are of equal worth. Ignored is that Australia's development as a nation and its legal, political institutions and language are Anglo-Celtic in origin and deeply influenced by our Judeo-Christian heritage. Not only do Australia's curriculum documents fail to mention or properly deal with this heritage, but in privileging difference and diversity, the emphasis is on cultural relativism.

Ignored is that the very values of tolerance, compassion and civility that ensure Australia's continued peace and stability are based on our Western heritage and cultural tradition. Also ignored, notwithstanding the value of diversity and accepting those who are different, is that there are some cultural practices that are un-Australian. The Italian philosopher, Marcello Pera, describes the argument put forward by the "cultural left" as follows:

Various names have been given to this school today: post-enlightenment thinking, post-modernism, "weak thought", deconstructionism. The labels have changed, but the target is always the same: to proclaim that there are no grounds for our values and no solid proof or argument establishing that any one thing is better or more valid than another.

In literature, everything is defined as a "text" – placing David Malouf's *Fly Away Peter* on the same stage as SMS messages, *Australian Idol* and movie posters. In history, students are given a fragmented and superficial knowledge of the past where the fate of Princess Di is of equal significance to the life of Mother Theresa.

The second issue, I address in *Dumbing Down*, is the impact of the culture wars on education, in particular, the decision made by the 'cultural-left' to re-make society in its image by taking the long march through the institutions. The 1960s and 1970s were not only the time of the May 1968 Riots in Paris, Woodstock, Vietnam moratoriums, counter-culture films like *If* and *Easy Rider* and books like *The Female Eunuch* and Mao's *Little Red Book*, it was also the time when the "left" decided that the long march through the institutions was the best way to win the class war. As argued by Michael Gove, in *Celsius 7/7*, given the success of Western-style capitalism and the oppressive nature of communism, represented by the USSR's invasion of Hungary and the

destruction of the Prague Spring, this was a time when Marxism was revived: “as primarily a cultural rather than an economic movement”. Taking from the Italian Marxist, Antonio Gramsci and European intellectuals like Louis Althusser, the argument was that the education system is an essential part of the ideological state apparatus employed by the capitalist class to exploit so-called victim groups.

The one time Victorian Premier and Minister for Education, Joan Kirner, argued in a speech to the Victorian Fabian Society that the work of schools had to be redefined as: “part of the socialist struggle for equality, participation and social change, rather than an instrument of the capitalist system”. Bill Hannan, a Marxist educationalist and largely responsible for the Keating Government’s national curriculum statements and profiles, argued that competitive year 12 examinations were unjust and that: “We don’t have to wait for society to change before education can change. Education is part of society. By changing it, we help to change society”.

In teacher training courses around Australia the more academic approach to curriculum was condemned as elitist and bourgeois. The works of overseas radicals like Paulo Freire, Michael Apple, Herbert Gintis and Samuel Bowles were widely circulated and in *Making the Difference*, a popular Australian textbook, the argument was put:

In the most basic sense, the process of education and the process of liberation are the same... At the beginning of the 1980s it is plain that the forces opposed to that growth, here and on a world scale, are not only powerful but have become increasingly militant. In such circumstances education becomes a risky enterprise. Teachers too have to decide whose side they are on.

The Australian Education Union and professional associations like the Australian Curriculum Studies Association, the Australian Association for the Teaching of English and the Australian Council of Deans of Education have also been strong advocates of a “cultural left” agenda. The AEU’s curriculum policy developed during the 1980s and 1990s argues that Australian society is riven with injustice and inequality and that the traditional 3 R’s – reading, writing and arithmetic – must be re-badged as reconciliation, refugees and the republic. In her 2005 speech to the AEU national conference, the union president, Pat Byrne, bemoaned the success of a conservative cultural agenda, evidenced by the re-election of the Bush, Blair and Howard governments, and she argued, “This is not a good time to be a progressive in Australia; or for that matter anywhere else in the world.” Both the Australian Curriculum Studies Association and the Australian Council of Deans of Education – in publications like *Going Public: Education policy and public education in Australia and New Learning: A Charter for Australian Education* – also argue that education, instead of providing a ladder of opportunity, reinforces

inequality and social injustice and that teachers must work to overthrow the status quo.

So concerned is ACSA about the Howard Government's education agenda that *Going Public*, when released in 1998, was described as "unashamedly partisan" and a "call to arms". While Commonwealth initiatives like national literacy and numeracy tests and supporting parents in their right to choose non-government schools are worthwhile, ACSA believes otherwise. The concluding chapter of the ACSA book argues that the years of Coalition government represent a destructive period where: "Derisive comments about the 'black armband' view of history and the 'politically correct' thought police have provided a cover for a wave of reactionary policy development which has fanned deep-seated prejudices, hatreds and fears that obviously lurk beneath the cosmopolitan veneer of Australian society." The authors of the ACSA book go on to state:

Phillip Adams has aptly called it "The Retreat from Tolerance". Such attitudes touch every aspect of Australian society, infecting its key institutions and the values that sustain them. Public education has not escaped.

Within the pages of *The Australian*, over the last year or two, a good deal of evidence has been presented demonstrating the stranglehold the "cultural left" now has over the curriculum. Such is the influence of new-age cultural-warriors, that the AEU President, Pat Byrne, is happy to assert:

We have succeeded in influencing curriculum development in schools, education departments and universities. The conservatives have a lot of work to do to undo the progressive curriculum.

Whether black armband history, where students are taught to feel guilty about the sins of the past, critical literacy, where students are made to deconstruct classic literature in terms of power relationships or the fact that knowledge is defined as "socio-cultural construct", the reality is that much of what should be valued in education has been lost. As a result, education is now confused with indoctrination, on the basis that learning cannot be disinterested or objective as everything is ideological, and thousands of students leave school culturally impoverished and morally adrift. There is an alternative to OBE. Education should not be confused with indoctrination and teachers should be given clear, concise year-level specific road maps of what to teach; free of jargon and based on the established subjects. A liberal/humanist view of education is impartial and disinterested and, as argued by Matthew Arnold, is concerned with:

...the pursuit of our total perfection by means of getting to know, on all matters which most concern us, the best which has been thought and

said in the world; and through this knowledge, turning a stream of fresh and free thought upon our stock notions and habits.

Compare this to the type of educational jargon much loved by advocates of OBE. A view of education where:

...to meet the challenges of life in a complex, information-rich and constantly changing world, teacher-facilitators need to empower knowledge navigators to deconstruct multi-modal texts. Autonomous learners need to experience rich, “real-world” collaborative projects based on the principles of equity and social justice. Schools must develop autonomous and connected life-long learners based on essential learnings that contribute to the catalyst principles of flexibility and inclusivity.

Endnote

- 1 Of interest is that according to the 1996 national census, 70.28 per cent of those who answered the question about religious affiliation described themselves as Christian.

ANNUAL DINNER 2007



Photographer: David Karonidis



Photo – David Karonidis

Sally Neighbour

Sally Neighbour is the author of *In the Shadow of the Swords* (HarperCollins) and also a journalist with *The Australian*. As a prominent ABC *Four Corners* journalist and in the wake of the Bali bombings, she travelled to the mosques and rural villages of Indonesia to discover how events in ancient, colonial and modern history have fed their discontent – and how Australia's role in world events has helped make it a target. To discuss all this and her book's findings, Sally Neighbour addressed The Sydney Institute on Tuesday 20 February, 2007.

RESPONSES TO

TERRORISM: WHAT WORKS AND WHAT DOESN'T?

Sally Neighbour

I thought I would talk to you tonight about a seminar I attended at Harvard University in December 2006. It was held by the Radcliffe Institute for Advanced Study, and the purpose of it was to examine how different countries have dealt with terrorism or, to be more precise, to compare the “political and legislative responses to terrorism” in seven countries. Australia, by the way, was not one of them. Apparently we are *not* seen as being at the forefront of the so-called Global War on Terror, despite the extent to which it occupies our political debate.

The countries we looked at were the US, the UK, Egypt, Israel, Indonesia, Germany and Peru. I was invited to talk about Indonesia, having written a book about Abu Bakar Bashir’s terrorist group, JI. The hosts of the seminar were Louise Richardson and Philip Heymann, who are both professors at the Harvard Law School. The subject of terrorism law is quite a talking point among American legal brains - as you would imagine - given the current very intense debates on issues like the rules for the US Military Commissions; the role of the President as Commander-in-Chief versus the role of Congress; and whether America should abide by international conventions on the treatment of prisoners. All highly contentious topics.

Another law professor at Harvard - the famous criminal defence attorney Alan Dershowitz - has recently been arguing that if the US is going to use torture on terrorism suspects, then it should be legalised, and subject to limitations and guidelines - a rather provocative argument from a renowned civil libertarian. That’s another subject. Suffice to say there was a lot to talk about.

The co-host of the seminar, Louise Richardson, has been teaching terrorism studies since the 1990s, well before it was fashionable. I think you could say that terrorism is in Louise Richardson’s blood. She grew up in Northern Ireland during “the troubles”, and at Dublin University was recruited into the student branch of the IRA, before deciding that killing people was not the way to achieve a

united Ireland. She has spent much of her life since then studying terrorists, to try to understand what motivates them. She's written a fascinating book called *What Terrorists Want*, in which she argues that the best way to deal with terrorism is to identify just what it is that the terrorists want and then to implement policies to deprive them of it, in order to render their campaigns futile. Incidentally she argues that the current war on terror is having the reverse effect. Her argument, in a nutshell, is that what terrorists want are what she calls "the three Rs – revenge, renown and reaction". And she says the US and its allies have played right into the terrorists' hands with their overblown Global War, by giving them exactly what they wanted – namely, new opportunities for revenge; a massive over-reaction – which delivers angry new recruits into the terrorists' arms; and worldwide renown, by elevating them to the status of combatants in what they now see as a war between the West and Islam.

The starting point of both Louise Richardson's book and her seminar at Harvard was, in essence, that terrorism is not new. It's been around for centuries. And in order to contain it – because destroying it is impossible – we have to study it closely, understand how it functions, analyse its weaknesses, and identify what works against it, and what doesn't. The statement that terrorism is not new seems self evident, but the rhetoric of some of our leaders would have us believe otherwise. President George Bush, for example: "September 11 changed our world". Vice-President Dick Cheney: "9/11 changed everything". And Tony Blair: "The rules of the game have changed". But everything did not change on 11 September 2001. What changed was that a particular terrorist group carried out an extraordinarily successful and horrendous attack, aimed at civilians, on US soil. What also changed was that the US - instead of pursuing a carefully targeted counter-terrorism strategy - embarked on a global war. It was an extraordinarily ambitious endeavor. President Bush declared: "Our war on terror begins with al Qaeda, but it does not end there. It will not end until every terrorist group of global reach has been found, stopped and defeated."

There is by now a very large body of expert opinion that says this is not a war the US can ever win – and I'm talking not about the war in Iraq, but about the so-called global war on terror, though the phrase itself has fallen out of vogue. I won't go on at length about this. But Louise Richardson makes the point that "terrorism" as such is not a defined enemy, it's not an army, or a state. Terrorism is an idea, it's a strategy, and you can't fight a "war" – at least not in conventional military terms - against an idea or a strategy. She also points out that in three decades, 30,000 British troops in Northern Ireland were unable to defeat the few hundred fighters of the IRA. A conventional military response is simply too blunt an instrument

against what is essentially a form of psychological warfare, in that the fear that terrorism engenders is far greater than the actual damage it can inflict. Effective counter-terrorism has to be much more scientific and precisely targeted than conventional warfare.

Another problem with the military model of counter-terrorism is that terrorists like to see themselves as soldiers, as fighters, “holy warriors” in the case of the Islamists, rather than as criminals. So declaring “war” on them rewards them with a kind of legitimacy and elevates their cause, giving it the status of an officially sanctioned conflict. The British authorities eventually recognised this in Northern Ireland, replacing the military response with a policing response to the IRA. Having said all that, the purpose of the seminar was not to analyse or critique the US response to al Qaeda, and nor is that my purpose here. Rather, the seminar’s aim was to carefully examine the different responses to terrorism, to try to establish which ones work and which don’t.

It was a fascinating three days. We heard presentations on the IRA, the Shining Path in Peru, JI, the Egyptian Islamic Jihad, Hezbollah, and of course al Qaeda. The problem was it’s a huge subject to try to grapple with in such a short time. And the unofficial consensus at the end of it – was that the experience of terrorism has been so broad and so varied that it’s difficult to come to any overarching conclusions – except for the following.

Terrorism is *not* new. And it’s here to stay, in one form or another. The current wave of Islamist terrorism is going to be with us for at least a decade, probably a generation. So we have to learn to deal with it, and preferably without sacrificing the very freedoms and liberties that we’re defending.

There’s another conclusion that I reached from the seminar – based on the case-studies we heard from those seven countries. And that is that draconian counter-terrorism measures appear to have had limited success, and have the potential to severely backfire, by alienating the populations whose support is crucial to their outcome. And that’s the point I would like to focus on tonight.

One country whose experience illustrates this most starkly is Peru. We heard about Peru at Harvard from a very interesting man named Oscar Schiappa-Pietra. He is a former senior advisor to the Peruvian Cabinet and to the Minister of Foreign Affairs. He’s a human rights activist who taught international humanitarian law to the police and military in Peru at the height of its civil war – a rather hair-raising occupation from what I’ve heard. He’s now Professor of International Law at Lima University, and he gave a chilling account of Peru’s struggle against the Shining Path, one of the most vicious terrorist movements we’ve seen.

Peru was at war against the Shining Path for 20 years, through the 1980s and 1990s. The toll from that conflict dwarfs the death count achieved by al Qaeda. Sixty-two thousand people were killed, and hundreds of thousands injured, disabled, widowed, orphaned or forced out of their homes. About half the deaths were caused by the terrorists, and half by the security forces pitted against them.

I use the term “terrorist” here, because it seems obvious now, but interestingly they weren’t called terrorists in Peru at the time. The country’s Truth and Reconciliation Commission, for example, refers to it as an “internal armed conflict” or an “insurgency”. We’ve seen this in other countries as well; another example is Egypt. The first wave of the Islamist insurgency there - which began after the assassination of Anwar Sadat in 1981 - was generally referred to as “political violence”. Sadat’s assassins were branded “traitors”, not terrorists. It’s only relatively recently that it seems we have begun to label all politically-motivated violence as “terrorism”. Part of the problem is the lack of a clear definition of terrorism. Another part of it is that it’s become politically convenient for many governments to brand their opponents as terrorists.

The Shining Path was a very different phenomenon from the al Qaeda of today. It was a fanatical Maoist group whose aim was to destroy the state. But there are similarities worth noting. One is that the Shining Path’s strategy was to deliberately provoke disproportionate responses by the state, in order to fuel support for their cause. A similar approach has been enunciated by Osama bin Laden, and in both cases it’s been successful.

Another similarity was that the Peruvian authorities – like the US - adopted a “war model” in response to the threat, giving their armed forces carriage of counter-terrorism strategy. What followed was that the vicious, verging on genocidal (a term they used themselves), tactics of the guerillas were met with equal savagery by the government. Massive and systematic human rights violations were carried out in the name of Peru’s “war on terror”. Torture during interrogation, extra-judicial executions, disappearances, routine sexual violence against women. It was a policy of “indiscriminate repression” in the words of the Truth and Reconciliation Commission.

It’s important to note that Peru was a democracy at the time, and all this was done within the framework of anti-terrorist legislation passed by a democratically elected Congress. Extensive new powers were given to the police, such as the right to detain people incommunicado and to interrogate suspects while bound and blindfolded. A compliant judiciary provided a “strict and uncritical application” of the legislation. To protect the judiciary, special military tribunals were set up to try terrorist crimes in secret, featuring “faceless courts” in which the identities of judges and other

officials were kept hidden. We should also note that all this was also done - at least initially - with a high degree of popular support. The public was "willing to exchange democracy for security, and tolerate human rights violations as the necessary cost" to end the insurgency. We see the same trend reflected in opinion surveys in many countries today. I'll come back to that later.

Over time in Peru, the conflict was manipulated to keep the increasingly dictatorial government of Alberto Fujimori in power, and to crush his political opposition. Hundreds of innocent people were jailed. Detainees were frequently tortured to confess. Government sanctioned death squads carried out assassinations, disappearances and massacres. Eventually the Shining Path was defeated - but not because of effectiveness of these measures. There were two reasons for its defeat, according to Oscar Schiappa-Pietra. One was the capture of its leader Abimael Guzman and his top associates. The other was that because the terrorists were so vicious, they lost public support. The authorities saw this happening and changed their own tactics in response. They supported and armed civilian groups known as public defense committees to resist the Shining Path. So the peasants whom the guerillas had sought to win over saw that in fact it was the government authorities who were on their side, and increasingly they turned against the terrorists. The strategy was described as "taking the water out of the fishbowl" - meaning leaving the insurgency without popular support. And it worked.

The experience and legacy of Peru's war on terror has been as traumatic for the country as the guerilla insurgency itself, as the Truth and Reconciliation Commission attests. The "faceless courts" were eventually declared illegal and some 700 terrorism cases had to be retried. Peru is still trying to extradite Fujimori from Chile to try him for human rights crimes. The lesson from all this, according to Oscar Schiappa-Pietra, is that "the extra-legal approach (to counter-terrorism) is unsustainable". He wonders if the US will one day need a Truth & Reconciliation Commission of its own, in the aftermath of *its* war on terror.

Since 9/11, of course, the nature of the terrorist threat has changed, and the number of countries having to confront terrorism has grown exponentially. Public support for extreme counter-terrorism measures remains high. This is particularly so with the recent emergence of the phenomenon of "home-grown" terrorism - that is second and third generation residents - in the US, the UK, Canada, Australia and elsewhere.

Another country we talked about at the Harvard seminar was Germany. Despite the fact that Germany has not had a terrorist attack on its own soil, attitudes there have hardened considerably. Keep in mind that Germany is a country with 3-and-a-half million Muslims.

Sixty-five per cent of people recently surveyed said they don't believe that the Western and Islamic worlds can coexist peacefully. Sixty-one per cent said they value "security more than freedom"; 62 per cent were ready to give up individual rights in order to fight terrorism. Nearly half – 46 per cent - support taking terror suspects into custody without proof. A similar percentage support the use of racial or religious profiling, that is targeting people for investigation, purely on the basis of their ethnic or religious background.

This issue of profiling is a thorny one that has been much debated. It gets civil libertarians very hot under the collar - the idea of targeting people simply because of their color or creed or demographic profile. In the case of Islamist terrorism, it certainly seems logical enough to do so – after all the terrorists are male, Muslim and of Middle Eastern background. So why not pick on the obvious suspects? Well the German authorities tried it - and it was spectacularly unsuccessful. You'll remember that after 9/11 it was learned that three of the hijackers came from a Hamburg cell led by the ringleader Mohammed Atta. So the German police embarked on a massive *Rasterfahndung*, meaning "drag-net investigation", to find out whether there were any more of them out there.

First they drew up a "profile" based on the known perpetrators of 9/11 – male, aged 18 to 40, current or former student, Muslim, legal resident, originating from one of 26 Muslim countries. They combed through data on eight million individuals, and then compiled a "Sleepers Database" with 32,000 entries. After closer examination the number of potential sleepers was whittled down to 1,689. But after a full year's investigation, not a single sleeper had been identified. The dragnet investigations were ultimately declared illegal by Germany's Constitutional Court, which found that there had to be a "concrete danger" in order to justify such an investigation. The data from this enormously laborious and costly exercise was eventually destroyed.

Racial and religious profiling has also been used in the United States – where it's been equally unsuccessful. Interestingly, there is much lower support for profiling in America. In a recent survey by Cornell University, only 22 per cent of people agreed that citizens should be profiled for being Muslim or Middle Eastern in heritage. I wonder if this is because memories of the targeting of black Americans in the United States are fresher than memories of the Nazis targeting Jews in Germany.

After 9/11, the US Attorney General ordered a similar "dragnet" style investigation. He had his department draw up a list of all men aged 18 to 33, from countries in which "intelligence indicated an al Qaeda presence or activity", who had entered the US since 2000 and who currently held student visas. They ended up with a list of just over 5,000 names and 2,261 of them were interviewed. It was a massive

operation. At the end of it, fewer than 20 individuals were taken into custody, according to Philip Heymann from the Harvard Law School. Most of those were picked up for minor immigration violations, three on criminal charges, but none on terrorism-related offences.

In a similar dragnet, cast by the FBI, more than 1,200 Arab-Americans were picked up for questioning. Under the FBI's "hold until cleared" policy, they were detained for an average of 80 days, and up to 244 days. They were denied access to lawyers and other normal legal protections. A later inquiry by the Justice Department's Office of Inspector General found that they were subject to a "pattern of physical and verbal abuse". I gather that none of them were terrorists. These operations caused enormous ill-will in the American Muslim community, whose support could be crucial for the US's counter-terrorism effort.

The US Justice Department has since declared that "Racial profiling in law enforcement is not merely wrong, but also ineffective", as it is premised on an "erroneous assumption", that an individual from one background is more likely to commit a crime than someone from another. As well as being ineffective, it states that profiling "clearly has a terrible cost, both to the individuals who suffer invidious discrimination and to the nation, whose goal of 'liberty and justice for all' recedes with every act of such discrimination". The experience of terrorism around the world has shown that the greater the perceived threat to a society, the higher the popular support will be for draconian measures to counter it.

We also looked at Israel, a country which regards itself as being in a perpetual state of war with terrorists. Fifty-three per cent of Israelis questioned in a worldwide BBC survey in 2006 supported the use of torture on terrorist suspects, the highest of 25 countries surveyed. Three-quarters of them supported the targeted killing of suspected terrorist leaders. There is little evidence that the existential threat posed to Israel by terrorism has diminished as a result of the extreme measures the state has taken to counter it, though it is likely these measures have helped to ward off more catastrophic attacks. In general the point to be taken is that politicians should be wary of giving the public what they want. Just because people support something - doesn't mean it works or is good policy.

Now the unfortunate corollary of opining on what does not work in counter-terrorism, is that one is invariably asked what does work. What should we be doing? This is one of the questions I'm always asked at the end of talks like these. And I always fumble about for an answer. So I thought I'd pre-empt it by coming up with a few points - and I should add that none of them are original. They are drawn from the research and studies of numerous people more expert than

I, including some of the participants at the Harvard seminar, notably Louise Richardson.

First, and more than anything else, we need good intelligence and policing. Thankfully we now seem to be on track with those, as a result of the huge investments in funding and manpower since the attacks of 9/11 and Bali. We need to abandon glib slogans and clichés that portray the terrorists as evil and immoral fanatics. They are not. They are, for the most part, thoughtful, educated idealists, who believe in the justness of their cause, to the point that they are willing to die for it. We must understand their cause and exactly what motivates them, if we are to have any hope of defeating them. We must listen to their grievances. Some are pure propaganda, others are simply rhetorical justification for their murderous acts. But some of them need to be addressed – such as the demands for a Palestinian state and for an end to hostilities in Iraq. Discussing these issues doesn't mean negotiating with terrorists. It simply means addressing the grievances that continue to spawn new recruits to their cause.

We need to engage in the war of ideas, through public diplomacy and development projects that promote economic growth, employment, education and hope in desperate countries. This is not because poverty and deprivation *cause* terrorism. They don't. But poor, deprived communities are more likely to provide a pool of willing new recruits. And finally we need to hold fast to the values that we are defending – democracy, civil society, the rule of law and human rights. I'm not the first to say this: if we abandon these in our efforts to defeat terrorism, then the terrorists will have won.

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As the NSW Shadow Minister for Finance and Energy, Peta Seaton was a contributor to *The Worldly Art of Politics: Responsible Government in NSW*. She cut her political teeth working a policy adviser to former NSW Premier Nick Greiner. Troy Bramston worked in both public and private sectors before becoming an adviser to federal opposition leader Kevin Rudd. He is a former President of Young Labor, co-editor of *The Hawke Government: A Critical Retrospective* (2003) and editor of *The Wran Era* (Federation Press). To discuss the Wran and Greiner years in New South Wales, Troy Bramston and Peta Seaton addressed The Sydney Institute on Wednesday 12 February 2007.

GOVERNING NSW: THE

WRAN YEARS

Troy Bramston

As a member of The Sydney Institute for about ten years now, it is great to be given an opportunity to speak to fellow members tonight. Shortly before *The Wran Era* was released, I sent the chapters to Neville Wran. I had made it clear to him that while I welcomed his input, it would be no hagiography. It would include frank and fearless accounts – from friends and foes – and that I would have the final say on who was in and out, and whether or not they were fair or unfair in their analysis.

That is the role of the editor. He agreed. But nevertheless, he took strong objection to one particular author and their chapter. He said that he had given this person “pretty much everything they had ever wanted and had done more in this area than any other premier, and now in your book,” he said, “they’ve kicked me in the balls.” There was silence; I was stunned. I was immediately worried that he would trash the book and its editor. But then with his characteristic style, Wran said, “But don’t worry Troy, because I’ve got balls of steel.”

In many ways, this is what attracted me to Neville Wran. He was larger than life. Until Peter Beattie, no premier after him had won as many elections. And still no politician has achieved the same margins of victory, and no politician has ever been as popular. And I believe no political figure in the past half century has contributed more to their party or achieved as much for their people. Tonight, I want to discuss Neville Wran’s legacy, why I decided to put together a book about him and his government, how I did it, and what I learnt about governing in the great state of New South Wales.

Wran’s legacy

In May 1976, Neville Wran led NSW Labor to victory. It heralded not only the beginning of one of the most successful, popular and reformist governments in this state, it also provided the model for subsequent Labor governments. Coming only months after the electoral drubbing of the Whitlam government, Wran showed Labor how to win, and later, how to govern for the modern era.

In perhaps Labor's darkest days, Wran gave the party a future. He promised "sound, stable, responsible" government and moderate reform. It was the antithesis of Whitlam's approach. Although Whitlam had campaigned with Wran's predecessor Pat Hills in 1973, he was black-banned from the 1976 election. "The welcome mat (for Whitlam) is not out," Wran said. Labor won the 1976 election with a one seat majority. But it took more than a week before the result was clear. All up Wran won four elections including two landslides.

The 1978 election win was achieved with a primary vote – 58 per cent – that remains the highest vote for any party, anywhere, in at least a century. The 1981 election win captured for Labor its largest proportion of seats in Parliament, and the second highest in NSW history. Even his final victory in 1984 produced a larger majority than any of the conservative victories under Robert Askin in the 1960s and 1970s. And he remains one of the most popular political leaders. Wran had an approval rating at one time of over 80 per cent and national polls often rated him Australia's most popular political leader. Party polling on the eve of the Earlwood by-election in 1978 had him with a 92 per cent approval rating. John Howard, for all the talk of his electoral success, has never even rated 70 per cent approval, let alone 80 per cent.¹

Wran was popular because of his empathy with the concerns of average people and a trust which he engendered. He was at ease at the opera or at the football. And when combined with his talents as a communicator – able to speak in plain language, with passion, intellect, and with a mastery of the television sound-bite – he had wide political appeal. Moreover, Wran had national leadership appeal and transcended Labor's traditional constituency, building an electoral alliance deep into conservative territory, since unmatched.

With slogans "Wran's Our Man" and "It's Got To Be Wran", it was almost as if Wran was the government. This stemmed from party research as early as 1975 – held in the party's archives in the Mitchell Library – which identified that the key edge Wran had over his opponents was his empathy with average people. Labor's pollster "strongly" advised that Wran "be heavily promoted as the central aspect" of the party's 1976 campaign. And he was.

In office, the authority he received after the 1976 victory, and cemented by subsequent victories, meant that he possessed significant influence in the government. He centralised policy and politics into his orbit with a dedicated personal staff and also reshaped the bureaucracy with his department and him at the core of government decision-making. Instrumental in these changes was this state's most influential mandarin – Gerry Gleeson – described during these years as "the second most powerful person in NSW". Wran was an early pioneer of "continuous campaigning" and he exploited the benefits

of incumbency, travelling to key electorates for announcements and country cabinet meetings, showcasing Labor candidates. But it was not a one man show. First and foremost was Wran's trusted deputy, Jack Ferguson from the party's Left wing. It was a talented cabinet of diverse backgrounds.

The first cabinet included a former premier, a former party leader, past Lord Mayors of Sydney, railway workers, teachers, lawyers, a car dealership proprietor, a pharmacist and trotting stud owner, a fitter and turner, and a former professional boxer. Although there were few shrinking violets in cabinet, Wran usually got his way. Accordingly, he didn't seek to overly influence caucus selection of ministers as it had little impact on his ability to win the day in cabinet. Wran led a government which was fiscally responsible and pursued moderate progressive reform.

The key focus was on bread and butter issues such as jobs, health, education and transport, but it was also a creative government in areas like protecting the environment, the arts and heritage protection, consumer affairs, anti-discrimination and equal opportunity law reform, and electoral and institutional reform. New spending on capital works increased or was equal to the rise in inflation in all years bar one. And despite inheriting a budget deficit, governing during a recession, a reduction in payments from the federal government and keeping taxes low, the budget was in surplus during his final years in office.

There were no state financial scandals, economic calamities or bank collapses on Wran's watch. His model – in executive style, policy reform and campaigning – was that of former Premier William McKell, who had led a strong and stable government implementing progressive, yet moderate, reform in the 1940s. McKell told Wran: "You've got to win first. Sure, you can expand the reach of the policies when you're in government, but don't be too quick to want to do too much too soon." Wran dominated NSW politics for over a decade. He made it seem too easy. Even *The Daily Telegraph* once dubbed the premier "SuperWran", likening him to a "political phenomenon" and the "king" of NSW. Such praise for a political leader nowadays seems impossible.

To be fair, and as Wran has acknowledged, a feeble and divided opposition made this easy. Wran was unafraid to tackle his opponents head on in the media or in the parliament, where he had a particular flair for political combat. A succession of hapless Liberal Party leaders – Tom Lewis, Eric Willis, Peter Coleman, John Mason, Bruce McDonald and John Dowd – was no match for Wran. In fact, five seats in a row held by Liberal leaders were lost.² It was only Nick Greiner, after deposing Dowd as Liberal leader on the Ides of March (15th) 1983, who posed any real threat to Wran's dominance. Like

any government, there were mistakes, missed opportunities, errors of judgement.

The government could have been more adventurous in social policy and opening up government to greater scrutiny. It should have been more proactive in fighting corruption and improving the management of police, prisons and lower courts. But this is easy to say with hindsight. And while the corruption allegations against Wran were proven to be completely false and without basis, one of his ministers did later go to gaol. Yet Wran remains a cleanskin; no evidence has surfaced to sully his record or his integrity, in or out of office, unlike Bob Askin.

Editing *The Wran Era*

As the thirtieth anniversary of the election of the Wran Government approached, I felt that this legacy should be remembered and commemorated in a book of lasting value. It had been 20 years since any book was written about Wran. With the passage of time comes greater perspective, judgment and the ability to make a fuller assessment, considering what came before and after the years in power. The model was my previous book edited with Susan Ryan – *The Hawke Government: A Critical Retrospective*, published in 2003. Gerard Henderson even wrote a piece.

In preparing this book, Wran was generous with his time. He gave me access to his private papers and allowed me to interview him. I also had access to the party's archives in the Mitchell Library. I spoke to many former ministers, advisers and public servants – and some wrote pieces in the book.

Lessons in governing NSW

We have been asked to consider lessons in governing NSW. So my first lesson is that although it is often said that state politics doesn't matter much, Wran showed that it did matter and that he made a difference. But despite all his achievements, Wran himself felt unfulfilled at the end. He told me that he didn't think he achieved all that much. Sure, at the end of the decade our hospitals, schools, transport and community services were in better shape. The budget and the economy were sound. But there was much more:

- the upper house was reformed to become a truly democratic body for the first time in its history;
- free and fair elections were introduced with one vote one value and the end of the country gerrymander;
- the land conserved in national parks was doubled and the north-east rainforests were saved;
- outdoor dining was facilitated and Sunday trading permitted;

- smoking was banned on public transport, lead free petrol was introduced and so was random breath testing;
- landmark consumer affairs reforms were legislated, including the date stamping of perishable foods;
- the built environment – the Darling Harbour precinct, the Sydney Entertainment Centre, Parramatta Stadium, the Wharf Theatre and the Powerhouse Museum;
- heritage protection and refurbishments took place on Macquarie Street, at Circular Quay, The Rocks and Haymarket areas, The Mint and Hyde Park Barracks, and the Opera House forecourt.

I make these points to illustrate the fact that the Wran Government changed everyday life in NSW. And in almost every area of government, nothing got done without his approval. In cabinet, he could ruthlessly cut down a minister whose argument he didn't agree with. In the media and on the campaign trail he was the emblem of the government and his party. Wran mattered. He was essential in his party's success – and the breadth of that success – by any measure and he led a government of lasting achievement.

My second lesson comes from evaluating the two models of leadership offered by Wran and Greiner, and finds that Wran's approach was more effective. Wran led in the traditional Labor style, modernised for the era. Greiner took a corporatist approach and tried to run NSW like a company. Whereas Wran looked to McKell and the Labor tradition, Greiner, it seemed, was nothing like Askin, Willis or Lewis. In a recent interview on ABC Radio National, Greiner said "I wasn't that interested in politics. I was interested in policy. I was interested in changing things. I wasn't interested in media management." I think this is most revealing because to not be interested in these things is to retreat from politics itself. You can't ignore the media – it is the primary way in which you communicate with the electorate. And policy making does not live in isolation of politics – they are inexorably linked.

Greiner also said, "I wanted to run NSW as a business." But it is not a business. It is a state, made up of an economy and a society, complex and with many elements, without clear processes or outcomes, and influenced not by the bottom line, but shaped by public opinion and the needs and wants of the electorate, not by shareholders. Although Greiner's record is mixed, his focus on reforming government and also state financial and microeconomic reform was continued by subsequent governments. While Greiner's years as premier were not without merit, slashing public service jobs; increasing taxes on regos, smokes and beer; and cutting public holidays would have been an anathema to Wran. Greiner tried to turn a century of governing on its head and his approach was rejected by

many, being reduced to minority government within one term. Yet he remains the only Liberal leader to win an election resulting in majority government in NSW in 34 years.

And my final lesson is that not only is it the Wran model which endures in NSW to this day, it is a model which endures around the nation. Not only are Wran's achievements more significant and enduring than those of his successors and predecessors in the past half-century, he had pioneered a model of leadership which will outlive him. Wran showed modern Labor how to win and how to govern. In doing so, he defined the template which is followed today. Scratch the surface and generations of Labor leaders have drawn on the Wran model – from John Cain and John Bannon, to Bob Carr and Geoff Gallop, to Peter Beattie, Steve Bracks and Mike Rann. Even Bob Hawke has acknowledged the influence of Wran in his approach.

But here's the thing: scores of leaders, past and present, have tried to emulate the Wran approach but none have been as successful. Wran's legacy also lived on in NSW under the Coalition government – so much so, that legend has it that Greiner removed the logo "the premier state" from number plates to stop them reminding him of Wran.

Conclusion

In 1986, Wran retired undefeated and as the longest continuously serving premier of NSW. But there is no doubt he had lost some of his gloss. Longevity in government made this inevitable. So did a resurgent Opposition (under Greiner) and the impact of the allegations of corruption against his government. Nothing lasts forever.

When he left the stage, Wran had decided not to nominate a successor. While ultimately Barrie Unsworth won the prize, Wran had wanted Brereton to succeed him. Wran revealed this publicly to me for the first time. When I told Brereton before the book's launch, he was astounded. Brereton said, "He never discussed the leadership with me before, during or after his resignation." I told him that Wran's endorsement probably wasn't much good to him now anyway, and he laughed loudly.

And despite all his achievements, Wran himself felt unfulfilled at the end. Despite beating back the allegations of corruption against his government and being exonerated by a royal commission, his potential lay unrealised. He had wanted to be prime minister – something he confirmed to me recently. With limited opportunities in state politics, he had wanted to perform on a larger stage where the policy levers were greater. The book reveals Wran's hunger for a federal political career and his attempts to move to Canberra. The federal members for Prospect and Chifley were asked to make way. They wouldn't.

The limited window of opportunity passed. As Wran said, the planets needed to be in alignment to make the shift, and they weren't.

Yet, while not realising his ambition to be prime minister, his legacy has been greater. He blazed the path for future Labor governments and he remains the clear stand out NSW Premier of the past half century.

Endnotes

- 1 Howard's highest ratings according to Newspoll, include: 10-12 May 1996 (67%), 21-23 Sept. 2001 (61%); 5-7 Oct. 2001 (61%); 8-10 Feb 2002 (62%); 18-20 Oct. 2002 (62%); 1-3 Nov. 2002 (65%); 15-17 Nov. 2002 (60); 16-18 May 2003 (61%); 20-22 June 2003 (61%); 4-6 February 2005 (63%).
- 2 The seat of Earlwood held by Willis was lost at a by-election in 1978, Coleman lost his seat of Fuller contesting the 1978 election, Lewis' seat of Wollondilly was lost on his retirement at the 1978 election, Mason's seat of Dubbo was lost when he retired in 1981, and McDonald lost contesting North Shore at the 1981 election.

DECISION MAKING IN

THE GREINER ADMINISTRATION

Peta Seaton

What I'll present tonight follows from a chapter I wrote for the sesquicentenary book *The Worldly Art of Politics*, on decision making in the Greiner Government. As an archaeologist and historian in another life, I am conscious that cheerleaders probably shouldn't be taken as the last word on things of this nature, but monopolies should enjoy their advantage while it lasts! – but I'm happy to have the debate. In writing the chapter I consulted with Nick Greiner, Gary Sturgess, and other key administration appointees, and I'm sure they'll speak for themselves if they disagree with my conclusions.

Tonight we are comparing two different government administrations, and I'll attempt to include some assessment of the value of Opposition years well spent, a Harvard MBA, a unique personality and intellect in Gary Sturgess, a recession, and Nick Greiner's personal motivation in politics to focus state government back onto good management, for people.

Nick Greiner had (and still has) a genuine desire to improve the choices and quality of life of NSW citizens, and the fortunes of Australia. He radically changed the face of federal/state relations and in my view is to be credited for kick starting long overdue (and unfinished) efforts to ensure being a coherent competitive nation comes before state tribalism. Tonight I'll make observations about the nature, objectives and achievements of the Greiner administration and how decisions were made, with the following claims. For the Greiner Government, it was as Gary Sturgess says, "conviction" politics - not "survival" politics. And I'll return to this later

We've just heard how Neville Wran did it. Opposition has absolutely nothing to recommend it except the chance to prepare – and the Greiner model was fully formed in Opposition. Intellectual relationships and practicalities established before 1988 laid the basis for how decisions were to be made in government. It was a tight team, and an established policy framework, through structural and performance reform.

Greiner's agenda for a better NSW was documented in the 1988 policy manifesto¹ which summarised initiatives under themes "Restoration of our Public Institutions", "Power to the People", and "Managing NSW Better". But it encoded a detailed work-plan that rolled out the day after the election.

The so-called Bowral group had convened through the Opposition years to brainstorm policy concepts. Greiner and Sturgess had written the architecture, and articulated the thinking in speeches on themes such as "Warm and Dry", "Liberalism and Regulation", and "NSW Inc", to outline an approach to better public sector management. NSW was a company, Cabinet was the board, and the people of NSW were the shareholders who should expect value and results. In an environment of collapsing state banks, rampant strikes and interest rates, late trains, impending recession and the banana republic, this was electorally appealing. The manual was written and ready in the bottom drawer, for Sunday morning. We staff (few as we were) were summoned by Ian Kortlang to our posts, and Greinerism began amongst the packing crates in the "Black Stump"

The Cabinet Office – a personal relationship

The legendary Gerry Gleeson sat immediately outside the Premier's personal side door and he attempted to continue his practice of automatically attending every meeting of the (new) Premier. There was some tension when Greiner quickly stopped this and Gleeson's office was moved down a floor to the Premier's Department, and changed to an advise-if-requested role. Greiner and Sturgess then rewrote the book on the Cabinet Office/Premier relationship and the success of the Cabinet Office was largely dependent on the relationship between Nick and Gary. You'll find more on this in Sturgess' 1990 paper on "The Cabinet Process"² It was new and unorthodox – but it was about results, not tradition.

Greiner wanted a separate Cabinet Office to centralise and integrate policy making. It also revolutionised the way public sector staff were motivated and rewarded. Cabinet Office was commissioned to produce advice to meet Greiner's mandated policy objectives, with Sturgess playing the role at the interface into the political sphere². He converted independent public sector policy advice into strategic political product, in this direct relationship with Greiner. This is not to suggest the Cabinet Office was politicised. In fact, Bob Carr later retained not only the Cabinet Office institution, but all the senior staff - so clearly they were not considered tainted by an incoming ALP in 1995. In fact, several ex-TCO people and former heads of departments, have said to me since, that the Greiner years were the most personally and professionally rewarding for them.

Each day began with an early phone hook-up of Greiner and Hooper, for early radio – followed by an 8.00am meeting of about eight of us around the Premier’s desk on daily and forward program content and tactics. Sturgess was a key player in these essentially political meetings – along with Ken Hooper and others. Then Sturgess would go back down a floor and run the policy with impartial public servants. Sturgess has described the new Cabinet Office as a “management revolution” that questioned traditional protocols and procedures³. If the head of Cabinet Office had been anyone but Sturgess, that person would not have been part of the political inner-sanctum. With due respect to Roger Wilkins and Dick Humphry, it is impossible to even imagine them contemplating that situation.

I’ve said that Cabinet did not play a dominant role in decision making or initiating agendas. There’s a bit of an urban myth that Greiner’s proposals were endorsed 1-19 by Cabinet. This is really more about the strength of the intellectual framework applied by Sturgess whose Cabinet Office actively liberated good public policy thinkers, with proposals that had a willing audience in the Premier, or responded directly to his conceptual intention. Sturgess attended Cabinet meetings as Cabinet Secretary (whereas Gerry Gleeson had only attended inner cabinet, or budget subcommittees and the like), with complete management of the Cabinet process. Many Ministers grumbled privately about Sturgess’s apparent control, and some people still haven’t gotten over it!

It is hard for me to recall a single instance where Greiner deferred a decision for Cabinet direction. However, he will say that some policies such as the 3x3 fuel levy, and swimming pool fences, was improved by Cabinet review, and he says that the threshold question on the Olympic Bid was a genuine Cabinet decision which he would have happily walked away from if Cabinet had not been fully committed⁴. Thus, Cabinet did not play a dominant role in agenda or decision-making. The relative Cabinet “freeway” was more a sign of Sturgess’s management of ministerial negotiations before submissions got to the table and Cabinet was more the place for political evaluation rather than policy content debate.

Conviction politics

I’ve said this was the difference between conviction politics, and survival politics (which we are getting a good lesson in from Sussex Street right now). So what were these convictions? And what is the evidence?

Greiner was driven by practicality and outcomes, not any particular political philosophy, and certainly not for the sake of being there. In the famous “Warm and Dry” speech, he says, “In all our policy creation, all our committees, all our electioneering, we must

take care not to forget that the reason for all this activity is people.” It was not about pursuing wholesale privatisation for some ideological purpose, or union or public sector bashing – it was about finding the best way to deliver a desired outcome. And if we are to identify failures in the administration, they probably include attempts to bring pure private sector brains into the public sector – where they were either defeated by bureaucratic inertia, or insufficient understanding of how to actually bolt those cultures together.

Greiner identifies public housing and the property and asset management entities as two examples, although that’s not to say it was the wrong idea in the first place. You have to take some risks and accept that some things will fail, before you get it right. This was a new concept to the NSW public sector. Greiner had a strong respect for the skills of the public sector when relevantly and legitimately deployed, which Labor will never credit him for.

Wal Murray was a great reform partner. Wal Murray was the essential if silent (but hardly invisible) ally in reform, who worked hard to settle his National Party troops on more exciting issues like rail line closures. These were rail lines that were still staffed, despite no trains, for years. The relationship between Greiner and Murray is probably the great untold story of this administration. After the first tranche of difficult rail reform, management consultants Booz Allen offered Murray an option to re-open a rail line for populist acclaim to which Murray said no. Better long term management and results were preferable to short term popularity, he said.

Media came second

The policy agenda was not driven by the daily media cycle, and media outcomes were never a primary objective of decisions in the Greiner office. This is a stark contrast to most political offices today where regardless of the integrity of a policy agenda that may actually exist, strategists more likely sit down with the media calendar and look for, or more accurately, invent announcement content to meet a media imperative.

Here’s an example of Greiner Government no-frills communications. When Greiner released a report card on his government’s progress “The First Two Years”, its 64 pages contained not one photo of a politician, or even of the managing director of NSW Inc. It was workmanlike and densely written. Greiner admits this was probably a failure of emphasis – he will say that he naturally inclined in his first term towards the Sturgess/policy, rather than Ken Hooper/media spectrum of activity⁵. This is probably unique, and critics might say naïve – but it would not have been credible to turn Nick Greiner into a media tart. His instinct reinforced whatever value his brand had as a “sensible manager”.

But – that’s not to say that communications weren’t important. In one sense, his use of media was about accountability and open government. A new innovation was to hold a press conference every Tuesday after Cabinet in the foyer of the “Black Stump”. This was a weekly report to shareholders on Cabinet decisions. Public opinion research had its place but was used to help shape the way in which reform was communicated, rather than to change or generate the actual policy agenda. This goes back to Opposition experience where our election success – for example on the gun issue – was linked to the use of evidence and polling, rather than reaction to media pressure. We didn’t blink on our gun policy, but instead stuck to our agenda of Labor corruption and basic service failure - and won.

Greiner was an innovator, and did adopt new qualitative polling methods emerging out of the US. Andrew Robb was also investing in it, training people like Mark Textor (with Bruce Blakeman) in the Federal Liberal secretariat. Greiner and Sturgess commissioned US research firm Wirthlin to conduct some landmark research on NSW residents’ attitudes and aspirations.

The result was the 1992 publication “NSW Facing the World”. It reflected community sentiment that although we were weathering a punishing recession, and Greiner had taken tough but necessary decisions to avoid a re-run of a Cain/Kirner Victoria, we wanted to be proud of being the nation’s economic powerhouse, manage our own environmental and economic security, and step out on to the world stage.

This research informed the *expression* of the ongoing program, and helped give a context in which to market difficult policy issues such as labour market deregulation, micro-economic reform, mutual recognition, and pricing reforms. The research also put the environment on our map for the first time – it wasn’t mentioned at all in the 1988 manifesto. Where it led to new “environmental” policies (such as negotiating forestry agreements), the conceptual policy architecture was never abandoned.

So polling was generally used to back up *leadership* on the policy agenda, to more accurately express the message. Neither the Liberal Party, nor party apparatchiks, had much of a profile in influencing the administration. To be fair, the State party machine was nothing like the professional organisation it is now. But our equivalent of Stephen Loosley was not at those morning meetings – which I suspect is inconceivable to Labor. Party membership was never even considered in staff recruitment, and I didn’t join the Party until after 1993. It just didn’t occur to me and neither was it relevant. Neither did Liberal political history play any role in decision making - there was no invoking a Menzies or Askin template. Labor mechanisms like annual conventions and policy motions from the floor had no equivalence for

us. Hugely controversial issues like the Metherall school reforms were equally strongly put by the community, as by Liberal members and MPs.

I haven't had time to explore important public sector management reforms, the contribution of significant players like Percy Allan in Treasury, Dick Humphry and Ken Baxter in Premiers/OPM, efficiency dividends, Charles Curran's 1988 audit, debt reduction, the first PPPs (Rouse Hill, M4), micro-economic reform, the revolution in government business enterprises, and the sale of banks and abattoirs. Or the Fahey Government.

We haven't had time to consider the failures, either, which I know he doesn't avoid. Perhaps that can be another day. Two quick last comments. I identified federal state relations reforms early on. This media photo, Tasmania's, Robin Gray, Liberal, Queensland, Michael Ahern, National, Northern Territory, Stephen Hatton, CLP is the magnificent four attending Nick's first Premier's Conference. Federal state reform is arguably Greiner's most important achievement, and the area that promises the greatest performance yield if we remain serious about it.

Fixing NSW also required modernising the federal state relationship. From the first Premiers Conference, Greiner led a reform push that changed the supplicant role of states, and established a reform agenda on competition, mutual recognition, and national markets such as electricity and water. We know this now as COAG, the National competition agenda. And without Bob Hawke's cooperation, it wouldn't have happened.

In conclusion, back to conviction politics, better management, and accountability. In addition to annual reviews for CEOs and Ministers, and a strong direct relationship with CEOs and DGs that Kennett successfully took to a new level, Greiner measured his own performance.

Greiner was his own toughest judge – not on his grab of the day, or the theatre of the bear pit - but on his progress against his policy agenda and results for people.

The Carr/Iemma years and the failure to reform or make use of twelve years of federally driven prosperity is now bringing Greiner's achievements into focus. Greiner's personal philosophy of social liberalism was entirely consistent with economic reforms that delivered choice, open markets, transparent government and good management. Decision making on all these economic and managerial issues ultimately strengthened the ability of individuals, families and businesses to make their own choices, courtesy of smaller and more responsive government. People in NSW now better understand the cost of reform aversion.

While NSW has coasted on the remnants of Greiner reforms, one of its best reform thinkers, Gary Sturgess, is now a leading influence in public sector policy reform overseas. Other countries and other states are taking the next steps that NSW has avoided – preferring a quick fix of short term survival.

Twelve years after the Greiner/Fahey Government, and 20 years after Wran and Unsworth, any comparison puts Greiner's courage to put conviction before populism into better perspective, and I think we will see the history books judge his achievements very well not just on a state, but more significantly, at national level.

Endnotes

- 1 "The First Four Years of Government" State Election 1988. NSW Liberals, 6 March, 1988.
- 2 In contrast to the 1988 campaign, consistent with his new civil servant status Sturgess played no role in the day to day, seat-by-seat, political election strategy for the 1991 election. He notes (pers.comm. April 2006) that his absence from this sphere generated some internal criticism.
- 3 Sturgess, G. "The Cabinet process in NSW" 1990
- 4 Pers. comm. February 2006.
- 5 Pers. comm.. February 2006

ANNUAL DINNER 2007



Photographer: David Karonidis



Nada Roude



Tanveer Ahmed

Photo – David Karonidis

Dr Tanveer Ahmed is a psychiatry registrar and writer. He has previously worked as an SBS television journalist and is a contributor to the major broadsheets. Nada Roude is the founder of the Muslim Women's Association and works with women's refuges in the Muslim community. She came to Australia in 1972 at the age of eight. Since 9/11, both have become increasingly involved in expressing views of the Muslim community in New South Wales. To bring together a broad overview of issues affecting Muslims in Australia, Tanveer Ahmed and Nada Roude addressed The Sydney Institute on Tuesday 27 February 2007.

SOCIAL PROTEST AND

ISLAM

Tanveer Ahmed

I have become something of an accidental academic on this issue, ever since Islamic terrorism was one of the world's hot topics. To be honest, I fell into it because I was interested in ideas and this particular topic was closely tied to my experience as a Bangladeshi-Muslim in Australia, albeit in very much a secular household. Furthermore, my professional life both as a doctor working in psychiatry and a stint in foreign affairs journalism provided a close fit to the topic. All of it was probably brought to a climax when my wife and I were a few minutes from boarding one of the trains exploded by the London bombings.

Before I go further I would like to make some clarifications. I am not a practising Muslim. It's not that I've had some kind of falling out with the religion. I was just brought up in a secular household. Although the term doesn't exist, if it did, I think I would be a cultural Muslim. However, I have very much grown up performing Islamic rituals and been surrounded by Muslims at all levels of piety. I actually think this gives me a unique space to comment, a kind of middle ground between the devout and the wider Australian community. I remain very interested because it is so tied to my ancestry and plays such a huge role in modern politics, let alone the personal lives of over a billion people. I am more interested in politics than theology, and the topic I speak of is about the political expression of religion and identity.

I am not so interested in debating "what is Islam". People get very upset if you head into that territory. I am not trying to bill myself as a self styled expert on the religion of Islam. I am more concerned about people, their acts, their motivations and what this says about our world today.

I remember a trip I undertook in the late 1990s to the United Kingdom. I was fascinated to read about surveys where second generation youth from South Asia - from India, Pakistan and Bangladesh - were showing two to three times the rate of mental illness as compared to the wider British population. Being of

Bangladeshi background myself, I took note of some of the theories related to this anomaly.

The prevailing one was that the children lived compartmentalised lives, growing up in households with almost diametrically opposite value systems to the outside world. They had greater difficulties reconciling their sense of self, a task that we tend to complete through those annoying years of adolescence. At home they were taught collectivism, sexual segregation and religious commitment. The permissiveness they experienced outside was the direct opposite. In lay terms, so the theory went, many such kids could not contain such an inconsistent sense of self through to adulthood. They reported cases of what they called “fundamental change”, where they picked an extreme. This could be manifested in neurotic disorders such as anxiety, depression or drug abuse. It could mean greater instances of criminality. Another was a move towards greater religiosity, finding a place where their sense of difference could be expressed and a collective identity acquired. Surveys in Britain within this population have consistently shown over the past decade a generation of kids more religious than their parents.

At the same time, I was hearing friends and acquaintances of mine saying how they felt neither Australian nor Bangladeshi, but just Muslim. I didn't really connect because I felt very Australian, yet tied to my Bangladeshi ancestry. I want to say here that I was hearing such things primarily from South Asian Muslims and almost never from, say, Lebanese Muslims. I believe it is a reflection of the politics of the countries of derivation, in this case, those of the subcontinent. Pakistan was borne from partition where the divide was very much one of religion. The major political struggle of Bangladesh is that of secular nationalism versus a religious extremism. I think this struggle is imported among the expatriate communities in the West, even in the first and second generation. Then, especially when the cultural ties feel distant, religion often fills the void.

This is a key difference among Australian Muslims, whose dominant ethnic group is Lebanese, and British Muslims who are primarily South Asian. The other key differences are that the proportion here is much less at two per cent and the economic exclusion is not as great either. There is no equivalent to the Parisian boroughs with nearly 50 per cent youth unemployment, even in south western Sydney.

Now, back to some of the people that were finding solace in religion. They were usually from stricter households. Their parents often stopped them from attending social events such as dances and parties, even school excursions. They couldn't have girlfriends, didn't drink alcohol and were genuinely distant from the dominant social life.

Second generation youth, particularly from Asia or the Middle East, are often encouraged by their parents to distance themselves from the dominant culture of the West, which the parents often perceive as immoral and hedonistic. At the same time, adolescents who return to their country of origin usually find they feel more alien there. They are confronted with inadequacies in language competency, historical knowledge and awareness of cultural and social assumptions of the idealised place of origin.

My observations in this regard started becoming really interesting after the 9/11 attacks. I remember reading about one of the perpetrators, Moussaoui, a young Frenchman of Moroccan descent. His brother recounted Moussaoui's journey towards religiosity beginning after he was repeatedly denied jobs and culminating when he was rejected from a Parisian nightclub, allegedly for being an Arab. He turned to Islam, it seemed, when he felt he could no longer be French. Around the same time, Omar Sheikh, a young British man of Pakistani descent, educated at the London School of Economics, was arrested for killing Daniel Pearl. In his testimony he described himself as neither British nor Pakistani, just Muslim. He also said he could never be accepted by the 'racist' British.

A year later, a young medical student here in Sydney, Ihsan Al-Haque, was arrested and later acquitted for training with a banned group, Lashkar-e-Toiba. He failed a year of medical school and told his parents that he was "sick of Westerners". Instead of travelling Europe or spending some time in Byron Bay like many other university students, he joined a group dedicated to Kashmiri liberation. This was odd behaviour for a man who had spent almost his entire life in Australia.

This is where my initial examples overlap with the theme of social protest. These people turned to a radical, very political version of their religion when they felt they could no longer be part of the society they lived in. For people with their own sense of victimhood and alienation, Islamism offers a potent identity to express their sense of alienation and connect their personal story to a larger, global struggle, fuelled by television images of conflicts such as those in Palestine, Chechnya or Iraq. Through such a combination, some of them start feeling like they are part of an international Muslim community, known in Arabic was the ummah. I think this is very much imaginary. Most of these people know little about the Israel-Palestine conflict, but the connection is emotional. It feels very real to them.

This has a link with the growing force of religion throughout the world in general, particularly in politics - from the Christian Right in the US to the Hindu nationalists in India. This trait of yearning for collective identities is a key feature of globalisation and related to the decline in more traditional identities such as nationalism or other

structures such as political parties or unions. The many smaller tribal battles varying from Southern Thailand to many parts of Africa owe themselves, at least in part, to this trend. It is only likely to grow as a force, considering the very rapid urbanisation around the world. The move from collective, agrarian based communities to the more atomised, individualist cities is one that can cause considerable psychic disturbance, especially at the rate that it's occurring today.

Now, just an aside about the most important conflict of our times, that of Iraq. The trillion dollar geopolitical bet that was made in Iraq, by the Americans, was that the Iraqi people would choose secular nationalism over religious theocracy. So far, they have been completely wrong. Saddam and his army was the only thing secular around and that's the bit that's been destroyed.

But let's get back to the so called sense of global struggle experienced by some Muslims. This idea of the global ummah, or international Muslim community, sounds a lot like the communist idea of the international working class that might rise up against their capitalist oppressors. Of course, this was the dominant form of social protest decades ago and still occurs to a lesser extent through what is often described as the anti-globalisation movement. This link is not entirely coincidental and I want to refer to two of the most influential forms of Islamism today - the Muslim Brotherhood of Egypt and the Jamaat-Islam group, a derivation of which co-ordinated the Bali bombings.

One stream of influence can be traced to the founder of the Muslim Brotherhood in Egypt in 1928. The man was a school teacher called Hassan Al-Banna. He modelled the slogan of his paramilitary organization - "action, obedience, silence" - on Mussolini's injunction to "believe, obey, fight." Taking a cue from the Nazis, he placed great emphasis on the Muslim Brotherhood's youth wing and on the marriage of the physical and the spiritual, of Islam with activism. A second source of Islamism can be traced to the founder of the Jamaat movement in Pakistan in the early 1940s. Mawdudi was a journalist well-versed in Marxist thought and advocated struggle by an Islamic "revolutionary vanguard" against both the West and traditional Islam. He was perhaps the first to attach the adjective "Islamic" to such distinctively Western terms as "revolution", "state", and "ideology".

This was brought together by Sayyid Qutb, one of the major intellectual inspirations for Al-Qaeda, who called for a monolithic state led by an Islamic party, advocating the use of any violent means necessary to achieve that end. He did so after a stint studying in the United States, where he was impressed by the technological advances but horrified by the social freedoms and inequality. The society he envisioned would be classless, one in which the "selfish individual" of liberal societies would be abolished and the "exploitation of man

by man" would end. This, as many commentators have pointed out, was "Leninism in an Islamist dress," and this is the form embraced by most present-day Islamists.

This gives some insight into Hilaly's responses during last year's "women as red meat controversy". There you had a besieged Hilaly, who publicly expressed admiration for Qutb, responding in effect "why the hell are you coming after me, when America is the great oppressor". Just as amusing was when last month there was the radical group Hizb-ut-Tahrir having their conference here in Sydney. This is a group, banned in the UK, which calls for the non-violent but global uptake of Islamic law. In between talking about the Great Satan and the moral corruption of the West, their keynote speaker suddenly launched into why a country's utilities and telecommunications sectors should be nationalised.

Considering this historical overlap with left wing groups and modern Islamism, it is not such a surprise, as occurred during protests last year surrounding the war in Lebanon, of union leaders wearing Yasser Arafat's headgear or environmental groups chanting "Allah Akbar" or God is great, in alliance with the Lebanese community. In fact, shouting "God is great" in Arabic has become something of an anti-establishment "Screw you" in some circles. For example, during the separate rape trials of Pakistani brothers and Lebanese youth led by Skaf, there were multiple chants of "Allah Akbar" to drown out the judge and when the sentence was read, despite the accused having little interest in their religion prior to the crimes. There was a similar response by some Lebanese youth during the reprisal attacks after the race riots in Cronulla. Some of them were seen shouting "Allah Akbar" right after calling someone a "white slut". The revenge attacks were also held aloft by some as a kind of jihad, despite never having much interest in religion prior.

So right around the world, we are seeing a growing number of cases where people who may have previously joined a radical left wing group are now converting to Islam. It is almost their revenge on the society they feel has wronged them, perceiving that Islam is fundamentally opposed to it.

This is given even greater weight when you consider that not only are a great proportion of the world's poor of the Muslim faith, increasingly, the places of social exclusion in the West also have a strong ethno-religious flavour, from North Africans in Paris, South Asians in the UK and, to a lesser extent, Lebanese in south-western Sydney. Their disadvantage has a lot more to do with socio-economics than religion, but that doesn't dampen the symbolic attraction. These spaces will increasingly be occupied by those from sub-Saharan Africa, who are also majority Muslim.

The theme of protest is clearly illustrated in the jail systems, an arena where my work brings me into contact, where groups as diverse as African American negroes, British-Jamaicans and Australian-Aborigines are showing growing numbers of conversions to Islam. While it didn't occur in jail, Anthony "The Man" Mundine is the clearest example of this in Australia. Day by day, his pronouncements become more political. Don't be surprised if he soon starts making references to jihad or the moral degradation of Australian society.

I find converts particularly interesting, because they have any ethnic flavour to the religion stripped away and the modern symbolic appeal is clearer. There are a host of reasons why people convert, but there is certainly a group that does so because they see becoming Muslim as a kind of uniform to generally wreak havoc. David Hicks is such an example, having sought out a number of religions before converting to Islam and then training in Afghanistan. One of my favourites is a French guy called Lionel Dumont who was found fighting on the side of the Bosnians in the late 1990s. When quizzed about what the hell he was doing there, he said, a little inexplicably, that "Muslims are the only ones to fight the system". There are many similar cases, from the shoe bomber, Richard Reid, to Jihad Jack, the Abu Sayyaf group in the Phillipines to Don Stewart Whyte, the relative of the member of the British Conservative Party who was arrested in the UK last year for plotting a terrorist act.

I spotted what I think is a particularly interesting version of a similar trend recently. In Bangladesh, there are growing numbers of university graduates who end up in dead end jobs or are unemployed later joining the party of Islamic extremism. This is akin to the accusation made against the Labor Party that rather than get the best of the working class, they now get the rejects of the middle class. Furthermore, in countries like Bangladesh, it's leading to the worrying situation where, along with banks and multinationals, religious extremists are visiting MBA schools handing out pamphlets, hoping to recruit from the drop outs.

Where to from here?

I just want to say that Islamism holds a considerable prestige around many sections of the developing world and among those who feel marginalised in the West. The fact is the ideology, through Al-Qaeda, was able to hurt the US in a way the anti-globalisation movement could not. They will retain this prestige for some time yet, especially if conflicts like Iraq remain the disaster they are.

The challenge for countries like Australia is to provide a sense of collective identity beyond a bland sense of tolerance and metaphorical group hugs. The danger is, of course, as we saw a little during the Big

Day Out controversy, that it doesn't turn into something that will be perceived by many as a "white pride" version of nationalism.

The modern world, for many of us, holds limitless choice and boundless opportunity. Our identities in such an environment are possibly more fluid than they've ever been. This suits many of us, even if it results in looser ties with nation, work or even family and community. But the yearning for a collective identity is undiminished and for those feeling disaffected by the modern system, movements that offer a moral and ideological clarity, such as Islamism, will retain a potent appeal.

ISLAM AND SOCIAL

PROTEST

Nada Roude

My fellow presenter Dr Tanveer Ahmed, my friends and hosts Gerard and Anne Henderson, members and associates of The Sydney Institute, ladies and gentlemen, friends one and all. *Assalamu Alaikum Warahmatullahi Wabarakatuh*. I acknowledge the indigenous peoples of the Eora Nation and all custodians of this place where we gather. In the spirit of reconciliation, I affirm our equal partnership with Aboriginal People and Torres Strait Islanders for the maintenance of country throughout this state.

A personal context

It is good to be here to speak with you today on the topic of “Islam and social protest”. I am here because I live out both parts of the topic. Firstly, I am a “baby boomer” which means, like many in this room, I should be a past expert at social protest. Secondly, I am a Muslim, an Australian-raised daughter of a working class immigrant family. The little Aussie immigrant girl who still loves steak and mashed potato, meat pie with sauce, lamingtons and pavlova; who adored *Gilligan’s Island* and *Young Talent Time*; and who made a conscious choice to don the veil in 1981, to make a statement about my identity and my integrity. It was my statement. I am secure in myself, my self image, my capacity to achieve my Islamic identity and my dinkum Aussie-ness as well. Yet, if anyone here thinks that voluntarily and intentionally wearing a hijab in the centre of Sydney today is not an active form of social protest as well as an expression of faith, then I am failing in my work.

For my own positive social protest, I have supported interfaith dialogue; held briefings for the Australian Federal Police senior management, the Anglican and Catholic Churches, child welfare workers and Rotarians; stood on a Cronulla beach beside a temporarily clothed Daniel Macpherson; argued on radio with John Laws and our own presenters at Sydney Islamic Radio; supported street marches by “Jews for Peace” and Dungog Peace Picnics; sung

the *Play School* theme in Arabic for a full auditorium; camped in the Canberra bush; and even walked the streets of Jerusalem.

The wider context

Okay, so we all know Nada Roude supports social protest. An unkind brother might even call it her *raison d'être*. What about the other one billion Muslims around the globe? Are they radical social activists? Are they frothing, bug-eyed “walking bombs in waiting”? Are they leading Thoreauian “lives of quiet desperation”? Or, are they ordinary folk trying to keep their work, home, family and future safe and stable by their daily actions? Or, are there a few of the first couple and many, many more in the latter two categories?

Is “social protest” a big deal for anyone these days? London held the largest rally in 2000 years and Tony Blair still sent troops to Iraq. Thousands of Australians protested mandatory detention and Guantanamo Bay and the SIEV X and nothing seems to have changed. Major Michael Mori’s retirement is fast approaching with no result in sight. It’s not like it was a hundred years ago. The Americans had lost three Presidents, shot dead in under 40 years, and the Russian Tsar and the Austrian Archduke would both fall to assassin’s bullets within a generation.

Today, the anarchist attack *du jour* is “pie-ing” or “cake-ing” which, as the name suggests, owes more to Abbott and Costello and the Three Stooges than to Karl Marx or Friedrich Nietzsche. Recent cream pie in the face victims have included: politicians such as German Chancellor Helmut Kohl, both current French Presidential candidates Segolene Royal and Nicolas Sarkozy; business icons James Wolfensohn and Bill Gates; and, just for fun, Kenny Rogers, Sylvester Stallone and William Shatner. Here, in Australia, Sydney loses out to Melbourne once again: with our two most infamous “pie-ings” being Opposition Leader Kim Beazley at an APEC briefing in 1999 and Premier Steve Bracks at the World Economic Forum in 2000. Sydney; it’s time to strike back!

In every single case, the victim survived, albeit embarrassed and shocked and newly-flavoured. A strong political statement without damage to persons or property. A great lesson for us all to learn. So, to all those ASIO agents out there, if you see me standing around at APEC in September clad in a Drizabone, with a cappuccino in one hand and a baklava in the other, you have been warned!

The historical context

Did you know that every other Muslim majority nation (except Jordan, Oman and Saudi Arabia) either received its political independence from a colonial power - often Britain or France - during my lifetime or has undergone a radical change of government from

monarchy, empire or democratic republic to communist republic or military dictatorship or back. This second list of traumatised states includes Afghanistan, Albania, Egypt, Ethiopia, Indonesia, Iran, Iraq, Lebanon, Libya, Pakistan, Syria and Turkey. Democracy has come late to many Islamic nations precisely because it did not suit the West to deliver it any earlier. Arbitrary national borders drafted by departing powers at independence forced many nations to accept cultural, ethnic and religious configurations utterly foreign to their history, geography and traditions.

Conquer, divide and leave - the British strategy in Ireland, India, Cyprus - was also applied to many Muslim lands across the globe. War, poverty, disease and malnutrition are rampant in many Muslim nations. The majority of the world's refugees today are Muslims. The majority of the world's refugees today are also women and children. These two groups overlap with horrific regularity and consistency. On the other hand, Oman now enjoys a thriving democratic parliament; it collaborates directly with international organs such as the United Nations; it supports many global Islamic charities. Similarly, Jordan is moving towards greater engagement with its neighbours and the West. There can be successes.

When the European and American forces leave behind despotic regimes more concerned about keeping oil pipelines open than protecting civil rights, the people lose any nascent hope they might have in democracy and accountable government. For these reasons, it is no wonder that organised social protest has not developed in the same expressions or directions as were experienced by many in the Western world during my adolescence. The civic disaffection - and the just causes thereof - is still there. What's missing are the media and tools to demonstrate that disaffection. Or maybe it's just bad journalism that gives us this view of the world. Although I hold many media people among my friends and associates, I am still joyfully reminded that Mahatma Gandhi once said: "I believe in equality for everyone, except reporters and photographers."

The Most Excellent Jihad

In the past five and half years, many Australians have started to learn the occasional Arab word or phrase, or thought they have. How many people here know the word "harb"? It means "war" in Arabic. How about "qital"? That means "fighting". Neither can be construed to be holy or religiously mandated. There goes another myth. What about the phrase "jihad"? That one we know. It means "struggle", not "war" or "fighting". The Prophet Mohammed (PBUH) spoke of this internal struggle. The Hadith, quotes Mohammad speaking to his followers: "I have returned from the smaller jihad (Jihad Asghar) to the greater jihad (Jihad Akbar)". The Sahaba enquired of him, "O

Prophet of God, what is the greater jihad?" He replied to them: "The Jihad of my very soul against inner trouble (Jihad ul-Nafs)."

So what would negate the idea of global conflict, of a "clash of cultures", in favour of personal and communal striving towards greater moral perfection and self-discipline? What is the relationship between "Islam" and "social protest", the topic of this evening? Are you ready for this one? Again, from the Hadith: "The most excellent jihad is the uttering of truth in the presence of an unjust ruler" (*Sunan of Abu-Dawood, Hadith* 2040). So I guess that means more letter writing and petitioning and street marching and radio interviews; and less rioting and self-detonation and warfare - guerrilla or open - and not just for Nada or for Tanveer, but for every real Muslim worthy of the name anywhere in the world? The answer is a resounding and unequivocal yes. Although I still reserve the right to be holding baklava at APEC. In fact, it is now more urgent than ever.

Islam and government

Let me tell you the trouble with Muslims. We're just too darned conservative. It's as simple as that. We want to protect our children from drugs and alcohol and violence and disease and profanity. We want freedoms of religion and expression and movement and assembly and association and industry. We want to protect our homes and our mosques from putting anyone or anything - including ourselves - ahead of Allah Ta'ala, the God who created us and everything in the universe. Jews and Christians would recognise it for themselves in the first two of the Ten Commandments. Nonetheless, we also believe that Allah puts governments and rulers in place and they should be respected and obeyed when they act justly as it is written: "He who dislikes an order of his amir should withhold himself from opposition, for he who rebels against the king by a span, dies the death of a heathen".

Citizens have the responsibility of obeying just government orders and laws, being faithful to the nation's leaders, maintaining the instruments of state, an adequate supply to the public treasury, political assistance in times of need and national defence. The counter-balance is that there are strict injunctions against rulers who oppress their people: "And we desired to show favour unto those who were oppressed in the earth, and to make them examples and to make them inheritors". And again, the Prophet Muhammad (peace be upon him) said: "For every day on which the sun rises there is a (reward from God) for someone who establishes justice among people." (*Sahih Al-Bukhari, Volume 3, Hadith* 870) In case you are thinking that democracy is a poor or lagging choice of government for Muslims, The Prophet also said: "God has created nothing on the face of the earth dearer to Him than emancipation." (*Al-Tirmidhi, Hadith* 969)

And again: "Everyone is shepherd and everyone is responsible for his herd".

Social reform and its associated protest activities are the duty of every Muslim. Failure to address or contribute to change or social reforms for the betterment of society is nothing short of condoning evil. In Australia, our Citizenship Pledge was almost perfectly written for us Muslims: "From this time forward, under God, I pledge my loyalty to Australia and its people, whose democratic beliefs I share, whose rights and liberties I respect, and whose laws I will uphold and obey." It must be a practical, daily active commitment to a shared community, not just some words to gain a piece of paper and some legal protections. That is central for Islam's understanding of the world: "Allah changes not the condition of a people until they (first) change that which is in their heart." And again: "O you who believe! Stand out firmly for God, as witnesses to Justice, and let not the hatred of others to you make you swerve to wrong and depart from Justice. Be just: that is next to piety.

(*Quran*: Surah 5 - Ayah 8)

And again, the Prophet Muhammad (PBUH) said: "He who sees something evil should change it with the help of his hand (through action); and if he does not have enough strength (to do that), then he should (change it) with his (speech); and if he does not have strength enough to do that, (even) then he should (abhor the evil) in his heart; and that is the least of faith." (*Sahih Muslim, Hadith 16*)

Muslims and social protest

That's the theory locked away. What about the practice? Five Muslims have been associated with the Nobel Peace Prize in the past 20 years – mostly in partnership with other world leaders:

- 1979 - Egyptian President Mohamed Anwar Al-Sadat;
- 1994 - Palestinian Chairman Yasser Arafat;
- 2003 - Iranian women's and children's rights activist Shirin Ebadi;
- 2005 - Atomic inspector Mohamed El-Baradei;
- 2006 - Bangladeshi micro-financier Muhammad Yunus.

The world's largest Muslim nation, our near neighbour Indonesia, has democratically elected civic leaders in Abdurrahman Wahid and Megawati Sukarnoputri. The Million Man March to Washington DC empowered black men to take leadership and responsibility in their own communities. I remember the young athlete who proclaimed: "War is against the teachings of the Holy Quran. I'm not trying to dodge the draft. We are not supposed to take part in no wars unless declared by Allah or The Messenger." It was the boxing World Champion Muhammed Ali who lit the Olympic cauldron in Atlanta, Georgia, in 1996 and who stood up proudly as a Muslim in the weeks

after 11 September 2001 to plead for peace and help raise telecast funds for the families of the fallen.

Minnesotan Representative Keith Ellison from the 5th Congressional District was sworn in on Capitol Hill, Washington, a few weeks ago as the first Muslim Federal legislator in American history. In one of the ceremonies on 4 January 2007, he repeated the Oath of Office with his hand resting on the Holy Quran. It was a copy of the Quran printed in London in 1764 and purchased the following year by a bright, young open-minded and generous-spirited law student studying for the Bar Exam by the name of Thomas Jefferson. How profoundly the circle of freedom expands.

From Ibrahim (our common father Abraham), through Musa (the great liberator Moses), to Yeyha (John the Baptist) and Issa (Jesus) right up to Mohammed himself, every prophet appointed by God was rejected at their first approach. In this, the prophets share the fate of women and children, the marginalised and the voiceless, the invisible ones. In Islam, it was strong figures such as the Ladies Khadija and Aisha who influenced the Prophet Mohammad and reminded him of the justice and compassion of Allah Ta'ala. Education for women, inheritance rights, equality in marriage and divorce, prohibitions against female infanticide and the killing of civilians during war, each of these was a social revolution instituted through Islam. Finally:

According to sayings of the Prophet Muhammad (PBUH) where he spoke of an angel who was sent by God to destroy an iniquitous city. The angel was about to cause a natural disaster when he noticed something strange and rushed back to God. "Why haven't you carried out my order?" God asked. The angel reported, "I found one good man there who prays and fasts and praises you, though he keeps to himself and does nothing more'. God said, "Then start with that one (destroy him)."

If we pray and fast and praise Allah and do nothing more, then we deserve the same fate as well. This is the ongoing nexus between Islam and social protest or, as Christians might phrase it for themselves from the New Testament Letter of James: "Faith without actions is dead". Recall once again: "The most excellent jihad is the uttering of truth in the presence of an unjust ruler". We must all keep speaking together with one voice. Thank you very much. Now I have to find my baklava.



Photo – David Karonidis

Patrick Morgan

Patrick Morgan is a Victorian writer and academic at Monash University, and author of a recently released collection of letters, *Your Most Obedient Servant* (Miegunyah Press), written by political activist of the Labor Split in the 1950s BA (Bob) Santamaria. Patrick Morgan has written: “Bob Santamaria was the most reviled figure in Australian politics in the wake of the Split, but was idolised by his supporters. He polarised opinion.” To discuss BA Santamaria’s place in Australian history, Patrick Morgan addressed The Sydney Institute on Wednesday 28 February 2007.

BOB SANTAMARIA

TALKS TO THE WORLD

Patrick Morgan

I must be one of the very few speakers at The Sydney Institute whose knows less about his topic than your Director, Gerard Henderson, who wrote a Ph.D. and published a book on this subject, and was familiar with many of the relevant documents 30 years before I saw them.

I'm going to speak on the new light Bob Santamaria's recently published letters throw on his activities and career. After the great Labor split, he became one of the most controversial figures in Australian political life. There was a rush to judgment on him in those years, but this was premature, as we didn't know the full extent of his operations. People who had dealings with him usually saw one facet only, but there were many more parallel and intersecting universes you didn't see. Now, with the publication of these letters, many of his manifold activities are at last coming into focus, and we can get some sense of the full picture. His opponents' view of him as a sinister Labor manipulator was frozen in the past. It was their fixation, not his, and gave him more freedom to manoeuvre in the decades after the Split than he might have hoped for.

International interests

The letters reveal new areas of activity, such as his extensive international connections. From the 1940s he was simultaneously an active member of two world-wide fraternities: the agents of the Catholic Church, centred on Rome, and the agents of the post-war Western alliance, centred on Washington, known by their opponents as Cold Warriors. These two international operations intersected from the 1940s onwards in their resistance to Communism. For decades, Santamaria was an influential member of both groups, a key point man in both operations in Australia. Communism itself had a world-wide fraternity of opposing operatives.

Whole books have been written on the famous Movement in Australia without the authors realising that for over three decades Santamaria ran a widespread anti-Communist Movement in Asia,

as well as in Australia. Santamaria first saw Australia's "manifest destiny" as being the headquarters of the mission to Christianise Asia. So the Movement in Asia in the post-war decades was under church auspices. It was anti-colonial, anti-Communist, and devoted to improving Asian living conditions, and joined together existing church outfits from Ceylon to Taiwan, but mainly in Indonesia, South Vietnam and the Philippines.

But after the Split, the Asian Catholic hierarchy came to see him as "the stormy petrel of Australian Catholicism", so in the mid 1960s he secularised the Movement in Asia as the "Pacific Institute", a body whose mission it was to oppose Asian Communism. He even helped found a church-based DLP-type party in South Vietnam to help President Thieu. Fr Beek, a Jesuit in Jakarta running a similar operation to Santamaria's, got wind of the coming Communist coup in Indonesia in 1965, gave the information to Bob, who passed it on to Australian security. That coup was averted by a hair's breadth, and helped ensure that most of the dominoes did not fall, and kept us secure till Communism imploded of its own internal contradictions by 1990.

Non-political

Most people think of Santamaria as quintessentially political, but he spent a great deal of time on non-political matters. For decades he ran a one-man agency to help those in need, a bit like Alan Jones does here in Sydney. He coped with a wide range of problems which people brought to him. This activity became a social welfare agency, influence network and patronage circuit all rolled into one. In those days the church and the state didn't run extensive welfare agencies. Examples of those he assisted included people troubled with rental agreements, the unemployed, people with their own hobbyhorses, unmarried men looking for partners, Catholics looking to devote their lives to his cause or to the church, people who needed money, people wanting to meet Mannix or the Pope, job-seekers requesting references, travellers wanting introductions on overseas trips, immigrants trying to get a start here, and so on. Where did he get the time and energy for all this? He arranged housekeepers for Lady Casey, and wrote drafts of speeches for Richard Casey to give to the United Nations General Assembly. People wrote in on all sorts of issues whether he asked them to or not. Santamaria was a consummate networker before the term became popular. There are about 30,000 incoming letters. Many of those who wrote in became grateful supporters.

The Third Party Plan

One of Santamaria's main aims was to create a third party in Australia which was suited to our needs, anti-Communist and alert

to defence needs, but with fair social policies, involving wealth distribution. This he tried through the ALP and the DLP, as we all know. The letters reveal his attempts to change the Country Party and Liberal Party in this direction. Amazingly Menzies said he voted DLP, and was inveigled by Santamaria during the Whitlam years to consider a plan to subsume the Liberal Party itself into a broader "National Coalition". Later he tried to form a new amalgam based on the "Reaganite coalition". Near the end of his life Santamaria thought himself something of a failure, because he has not succeeded in this venture, which was perhaps his main political goal.

A new view of the Split

The letters lend an additional perspective on the Split, which is usually seen as an intra-ALP squabble. But the other side of politics, the conservative forces, knew what was going on from early days. Richard Casey was in touch with Santamaria before the Split. Casey and Santamaria were active with Richard Krygier in the early 1950s with the Australian Association for Cultural Freedom (AACF) and its preparations for *Quadrant* magazine. Paul McGuire, formerly of Naval Intelligence and Menzies' special assistant, was the link-up man. He had earlier helped Santamaria set up Catholic Action. The Sydney Movement under Fr Paddy Ryan co-operated with ASIO and its predecessor, the Commonwealth Investigation Service, in the 1940s and the early 1950s. US Labor attachés watched, and the ALF-CIO intervened in Rome on Santamaria's behalf.

The McGuire-Casey-intelligence-Krygier-AACF-Santamaria links and the *Quadrant* files reveal these wily older operators were aware of Santamaria's potentially explosive activities in the Labor movement, and encouraged him by their own actions. On 14 December 1950, McGuire wrote to Santamaria: "Be careful that Bert does not jump for a band wagon and consolidate his position as No. 1. He *must* be stopped, if we are to keep friends and influence people across the water". After Menzies' victory in 1949, they were all very worried about Dr Burton's role in putting suspect people into the External Affairs Department, the beginning of the "nest of traitors" investigation. But this perspective can never be the dominant interpretation of the Split.

Sydney-Melbourne differences

The Split of the 1950s can be explained by the internal dynamics of the ALP. But the divisions in the Catholic Church, which the Split precipitated, have sometimes been explained as an outcome of Sydney-Melbourne rivalries. Prime Minister Ben Chifley, shortly before his death in 1951, said of the Melbourne Catholic Activists: "Those new Melbourne fellows have a bug, that's what's wrong with

them”, adding that the religious fanatic is always worse than the political one. At the height of the Labor split of the 1950s, Sydney’s Bishop James Carroll said of the Melbourne’s politically active Catholics: “They’re all mad down there.” The culture of the two cities had developed differently, Melbourne people being allegedly more politically involved, ideologically intense and inclined to hunt in packs, whereas Sydneysiders were more relaxed and less inclined to extremes. In Melbourne, the ALP had a strong left-secular strain, and had been long out of power, so that Catholics found themselves not fully at home in it. In contrast, relations in Sydney between the Catholic Church and the ALP, a successful right wing branch, were always close. The Catholic Movement forces in Melbourne were accused of trying to take over the local ALP. In Sydney, why would you need to?

Political, religious and intellectual groups overlapped in Melbourne more than in Sydney. The religious traditions also differed. Melbourne Catholics were more likely to take up lay initiatives, to set up organisations in the public realm, such as the earlier Catholic Federation, and to focus on the social and communal dimension of religion. This tradition existed before Mannix, but was immeasurably strengthened by him. Sydney Catholics inclined more to individual piety as an expression of their faith, and tended to wait for their bishops and clergy to give the lead. The long reign of Archbishop Kelly reinforced these habits, which Cardinal Gilroy did not change.

Catholic Action, set up in 1938 was nation-wide, but this caused a problem of clashing authority systems, as the Catholic Church did not operate on a similar basis, as Gerard Henderson has pointed out in his book *Mr Santamaria and the Bishops*. In the Catholic Church, dioceses are independent fiefdoms beholden only to the Vatican. Melbourne and Sydney archdioceses were equals but without power over each other – Sydney had pre-eminence by virtue of its seniority, Melbourne by virtue of its numerically stronger religious participation rates. By the 1940s, Mannix and Gilroy were not so much rivals as distinguished by their different individual styles, Mannix, a tribal chieftain, aristocratic, tolerant within limits, and worshipped by his flock because of his ability to mix it in the public realm, Gilroy more retiring, plain, bureaucratic, strict and managerial. These Melbourne-Sydney differences can be seen in retrospect as providing combustible materials should anyone be so foolish as to provide a spark. In addition, the Catholic Church in Australia had no leader or primate, a vacuum which could be filled by the Apostolic Delegate, who though formally an outsider representing the Vatican here, could discreetly act as leader, or at least ringmaster, of the Australian church, as Archbishop Romolo Carboni was apt to do in the decade of

the Split. Generalisations about supposed Melbourne-Sydney rivalries can be exaggerated, and have degenerated into clichés; like all such generalisations they have a certain value in aiding understanding, and also certain weaknesses, such as a tendency to encourage mono-causal explanations.

Precocious talent

The first thing we notice in the letters is that the extraordinary combination of talents Santamaria possessed are on display right from the start. Like the Greek hero who leaps full armed from the womb, he seems to have had no period of apprenticeship. You get the full bottle from age 22. Listen to the second letter in the book to Arthur Calwell in 1944: “I warn you Arthur [this is a 28 year old relatively unknown taking to a senior wartime Cabinet minister] - remember the fate of the Girondins in the French Revolution; they were the first to go to the guillotine, and so on.” Santamaria had, for better or worse, an astonishing self-belief. He formed the Movement when he was 26 – this involved organising most Catholic parishes and most unions across Australia, a large task. Reflect on what you and I were doing when we were 26 – it doesn’t bear thinking about - but he did it, and on a shoestring and successfully. He was *sui generis* as a political tactician. He didn’t follow overseas models or mentors or ideas. He devised his strategies as he went along. Though religious himself, he saw the Australian Catholic parish structure in secular terms as a ready-made skeletal basis for a national operation. This was his first stroke of political genius.

Self-denying prophecy

Santamaria’s great early success was in rolling back Communist dominance in the unions, a precondition of Australia’s prosperity in the post-war decades. But because of this achievement, his warning about the dangers of Communism became a self-denying prophecy - his success in blocking it led to the view that the Communist danger was exaggerated or even untrue, and that his actions were a form of McCarthyism endangering the freedoms of Australians.

A similar argument is going on today about terrorism. The terrorists started the problem by bombing us, (just as the Communists started the problems in the unions), both are totalitarian pests, but we in the West have taken strong, successful counter-measures, so there have been no terrorist outbreaks recently, and now our civil liberties lobby says we, not the terrorists, are the problem, we are threatening freedoms, the terrorist threat is exaggerated and blown up by Western governments to win votes, the same dubious role-reversal arguments.

Consistency

The letters surprisingly reveal Santamaria was permeating bodies of the right from the early 1950s. How can we explain this? Our view of him is skewed because we have concentrated on his negative activities (for example, combating Communism), and on his Labor connections, but these were accidental to some extent. His original positive aim was to permeate all bodies in society, political and non-political, left and right, with Christian social principles. His negative aim was to stymie those forces which represented militant atheism, because this was a pre-condition as he saw it, of getting up his positive program. In the 1940s, this was organised Communism in the Labour movement. Once this was beaten, he moved on to his positive agenda of widespread permeation, and to new enemies of the religious disposition in life: permissiveness, liberation movements, bio-technologies, economic liberalism, and so on. So the historical focus on the left, the unions, the Labor Party and on the negative part of his agenda, gives a distorted view of him and makes it harder to understand the consistency of purpose which marks his overall career.

Political tactics

Santamaria is seen as a master of political tactics, but this is, I suspect, a later judgment projected back on to the past. Pre-split, he despised political tactics, seeing himself as above the political fray, and superior to the opportunism, as he saw it, of party political figures. He went ahead full bore with his full-blown, youthful utopian idealism, ignoring warnings about secrecy, about sectarianism, about the culture of the ALP and of Sydney. He was not interested in tactical compromises. He moved (unwisely) against anti-communist Catholics like Calwell, Keneally, Ormonde and Mulvihill. He believed NSW would go along with him. He later admitted to tactical mistakes, for example, in concentrating on his political opponents, he neglected to cover his back, and had a Cardinal against him. He was outmanoeuvred by wily operators, like Trades Hall Council leaders and the AWU, who changed sides, but always kept themselves in the majority and staved off potential majority challenges. Santamaria thought they were in the fight like him for principled reasons, but they were in it to survive, and to keep their jobs as well. They called him in to help them when they were threatened by the pro-Communist left. Then, when that threat passed and Santamaria's boys seemed to be taking over, they moved to the left to get rid of the new Movement threat. Santamaria didn't comprehend their self-interest.

But he was a good learner, and absorbed this lesson well afterwards. He says his finest hour was to keep going in the tough years after the Split. He became thereafter a sophisticated political operator, formidable in action and was hardly ever outmanoeuvred in

later decades. He devised constitutions to make his own organisations impervious to takeover, and was skilled in controlling associated bodies.

Was he political or anti-political or super-political? He never joined a party, he often had a low opinion of politicians, he regarded himself as above party politics, with higher interests, (national, religious) than the petty, self-interested squabbling of ordinary politicians. Yet he was quintessentially political in his very fibre, he thought politically and strategically; he believed politics, in influencing legislation and administration, to be the place where crucial decisions are made. The bodies he founded, like the NCC, operated outside the parties – they were a unique mixture to think tank, research institute, intelligence gathering, lobby groups, and also active in political and public bodies.

But by the end he came, I think, to an unstated position that politics was only one player in the power game, that ideas were crucial, and that other forces were equally powerful. International money traders, for example, could greatly affect medium-sized economies like Australia, whatever our politicians tried to do.

Legacy

One legacy was his unfashionable resistance to permissiveness and to the liberation movements from the 1960s onwards. At that stage people began to embrace modernity totally, to let everything hang out, with no limits, anything goes, and so on. Some lost their power of discrimination. Now Santamaria's views on this subject are more accepted. Many people have come to see that permissive views don't work on pragmatic, if not on moral, grounds.

The reception of his letters shows that people, even past opponents, now regard him as a mainstream figure of enormous breadth and importance, who has to be taken seriously; he is no longer seen as a marginalised outsider. Bob Santamaria's legacy is now moving to the forefront of the "politics and religion" debate. In the last US Presidential election, polls showed the great vote determinant was religion - those of a religious disposition voted for the Republicans, the secular humanists voted for the Democrats. In Australia, John Howard has captured the votes of those who believe duties and responsibilities transcend rights, who believe life has larger goals than hedonism and immediate gratification, and that there are boundaries and limits which should not be crossed. Howard's code word for this disposition is "values". Kevin Rudd realises he must shift this vote back to Labor and so emphasises his Christian convictions. Because Bob Santamaria stuck it out and promoted these traditionalist values, people and parties are scrambling for his legacy, which now seems important again.



Photo – David Karonidis

Robert D. McCallum Jr.

Robert D. McCallum Jr. was sworn in as Ambassador of the United States of America to Australia on 21 July 2006. Ambassador McCallum previously was the Associate Attorney General, the third-ranking official at the United States Department of Justice, from 1 July 2003 and had earlier served, from September 2001, as the Assistant Attorney General for the Civil Division, the Department's largest litigating component. In one of his first speeches since coming to Canberra, Robert D. McCallum Jr addressed The Sydney Institute on Wednesday 7 March 2007 to discuss the focus of US-Australian relations.

CURRENT ISSUES IN

THE UNITED STATES/AUSTRALIA RELATIONSHIP

Robert D McCallum Jr.

Let me begin by expressing my appreciation to Gerard and the members of the board of The Sydney Institute and to everyone joining us tonight for this discussion. Since its inception in 1989, The Sydney Institute has been at the forefront of public debate in Australia. Through *The Sydney Papers*, the Institute greatly contributes to the understanding of history, art, literature and the complex political issues of the day, both in Australia and beyond. I am honored to be with you tonight.

As you may know, I have been travelling across your remarkable country listening to what Australians have to say about America and learning about the breadth and depth of our relationship with Australia on so many different levels. For instance, I have learned that the contacts and interaction of our citizens are even more extensive than I thought. Roughly 90,000 Australians live in America, more than live in the Middle East, Central & South America, and Africa combined, and more than 400,000 Americans visited Australia this past year, hopefully, from an Australian point of view, spending money every chance they get and contributing to the robust Australian economy. Export natural resources and import Yank tourists. Not a bad economic strategy.

Everywhere I go, I discover American expats. I can always tell how long they have been in Australia. Those who can explain the rules of footy have been here a long time. Those who can explain the rules of cricket have been here a *really* long time. Not to bring up a sore subject, but I didn't understand the recent headline about Australia being beaten by 10 wickets by a side I won't name, but whose initials are KIWI. I had been assured that only runs counted in determining the winner of a one day 50-over match, and then it seemed that the Kiwi's changed the rules and started counting the darn wickets. No wonder the Aussies lost. Then it was explained to me (and now I understand) that the 10 wickets headline was just adding insult to injury in an unhappy loss. As one of my Australian friends

commented, at least, it wasn't against the Bloody Poms. Things will go better at the World Cup I am assured.

You won't be surprised to learn that, besides cricket, the Aussie/US trade relationship is of great interest to me. That's because the Free Trade Agreement, now in its third year, presents enormous opportunities for both our countries. The FTA is creating unparalleled prospects for increased commercial activity for businesses and higher quality/lower priced goods and services for consumers in both our countries. Americans and Australians can travel and work more easily in both countries. That increased flow of human capital will lead to innovations and breakthrough concepts as well as expanded interchanges and cooperative activities in multiple areas.

In the multilateral context, the US and Australia share similar and mutually supportive interests. We work side-by-side in APEC and the WTO to open international markets and level the playing field for commercial activities. Our two countries are leading efforts in APEC to create a regional economic community spanning the public and private sphere. In the Doha round to the WTO negotiations, both are pursuing a bold and aggressive agreement that would benefit not only to our two nations but also the world's developing nations. President Bush very much looks forward to visiting Australia for the APEC summit later this year, and I applaud Australia's successful launch of APEC activities this past January.

Put simply, Australia and America have found that globally connected economic, communication, financial and energy systems have brought increased prosperity and a higher standard of living to our two countries and to millions of others around the world.

Both Australia and the United States have committed to assist emerging democracies and developing countries. Like the United States, Australia is focusing that aid to accelerate economic growth, assist functioning and effective governments, invest in people and promote regional stability and cooperation.

Most importantly, I hear a lot about a similar commitment by our two nations to an open, free and diverse society based upon effective, representative and accountable government institutions and adherence to the rule of law. Americans and Australians are linked through language, culture, sports, music, free enterprise and a shared faith in a democratic society and individual freedom.

Because of those connections, we also understand that defending our values and our way of life requires courage and self-sacrifice. We have cooperated in every feasible way in confronting the threat of terrorism. Our intelligence agencies and law enforcement communities assist each other. We work together to develop and share military technologies. Regionally and globally, we strive to prevent the

proliferation of dangerous weapons and to promote stable, democratic governments.

I recently attended the sixty-fifth anniversary of the bombing of Darwin, and I was both inspired and humbled by encounters with members of what Tom Brokaw termed the Greatest Generation – Australians and Americans who fought and sacrificed during World War II to defeat fascism and preserve liberty. Then they went out and won the peace as well by providing aid and support which, ultimately, transformed Germany and Japan into the close friends and allies of both our nations that they are today.

Australians and Americans stood shoulder to shoulder through the darkest hours of the twentieth century. When terrorists attacked my homeland at the beginning of a new century, Australia was there for the United States. I hope all of you, and your friends and families, know that my countrymen understand America has a true ally in Australia.

We Americans don't say it often enough or clearly enough, but courageous young diggers are out there day and night with US troops to protect both nations from a determined and violent enemy bent on the murder of innocents and the destruction of our way of life. We Americans not only owe the men and women of our US armed forces a profound debt of gratitude; we owe the same debt of gratitude to the men and women of the Australian Defence Force. Vice-President Cheney took the opportunity to express that gratitude to members of the Australian Defence Force last week at the Victoria Barracks.

Military and political leaders have a fundamental obligation to protect their citizens, and today we confront a continuing battle against a violent, hateful, and ruthless ideology that is determined to sow chaos and destruction in virtually all civilised countries. I fear that we tend to ignore the indisputable fact that the al-Qaida terrorists and associated forces have expressly declared war and are continuing to wage war against those who value diversity, freedom, gender equality, individual liberty and the rule of law. Perhaps we do so because it is incomprehensible to most Australians and Americans that anyone could subscribe to such a distorted and perverse version of one of the world's great religions. Australians, Americans and the innocent citizens of many other nations have lost their lives in horrific terrorist attacks. The United Nations, NATO, OAS and ANZUS all recognised the attacks on the United States as acts of war.

Under both established international law and US domestic law, the United States is entitled to detain captured enemy combatants for the duration of those hostilities, just as Australia detained for the duration of hostilities irregular partisans fighting on behalf of the Japanese during World War II. In *Hamdi v. Rumsfeld*, the US Supreme Court, through an opinion written by Justice Sandra Day O'Connor,

confirmed that the detention of enemy combatants for the duration of a particular conflict is a fundamental and accepted principle of the law of war and consistent with US law.

Yet the right to hold terrorist enemy combatants has been poorly understood. People in both Australia and the United States have expressed concern that, since the enemy is not a nation state and since the enemy is both global, untraditional and “asymmetrical”, hostilities may not end for the foreseeable future, and those detained could effectively serve life sentences without any reasonable proceeding validating such detention. We all share this concern, and so I would like to spend the rest of my time discussing wartime detention and the future US military commissions, hopefully to identify some aspects of these controversial issues that might contribute to an informed debate.

We all recognise that every war in history was of uncertain duration while it was being fought, and we all recognise that hostilities have not ended in this one. However, I suggest to you that, if the established right to detain enemy combatants during the duration of the hostilities should not apply in this war because there is no end in sight today, then logic has been turned on its head. It is in effect arguing that fanatics should not be detained because their very uncompromising extremism makes a quick victory unlikely. It is their very fanaticism that makes these terrorists even more dangerous to civilized society than a traditional uniformed enemy and thus makes their detention even more important to the safety of innocent civilians of all nations.

That having been said, we must balance that need for security and safety against certain core principles, our belief in the dignity and worth of every human being and our commitment to the rule of law. We cannot allow these terrorists to intimidate us into compromising the very democratic ideals for which we are fighting. In order to address these concerns, the United States established appropriate administrative proceedings to ensure first, that the individuals detained are indeed enemy combatants and second, that any detainee not accused of a war crime is released if he no longer poses a danger to the United States or the other members of the international community of civilised nations.

Each detainee at GTMO is evaluated by a Combatant Status Review Tribunal (CSRT) to determine whether the designation as an enemy combatant is correct. The detainee can present information to contest the designation, and every decision of the CSRT is reviewed by a higher administrative authority. The detainee can then appeal the designation to a civilian federal court if he contends the designation is erroneous.

If a detainee is determined to be an enemy combatant and is not charged with a war crime, the detainee then receives an annual review

by an Administrative Review Board (ARB) to determine whether there is a need for continued detention such as intelligence value or a continuing serious risk to the United States. If not, the detainee will be released or transferred. The factors establishing the risk posed by each detainee are obviously unique in each case, but it would be reasonable to consider statements of intention to harm America and its allies made before and after capture; attendance at multiple terrorist training camps; expertise in explosives and sophisticated weaponry; participation at multiple venues in activities of different terrorist entities; acts indicating an intention to engage in combat such as traveling from a non-combatant nation into a theater of conflict; the circumstances of capture; and the lack of cooperation and compliance once detained.

These CSRT and ARB procedures meet or exceed any process required under international law, US domestic law, or existing treaties. These procedures are intended to ensure that no person is detained unless he is in fact an enemy combatant, and that no enemy combatant is held longer than necessary. Over 300 Guantanamo detainees have been released or transferred under these procedures. Given al-Qaida training in deception and denial once captured, it is not surprising that over a dozen of those released have returned to the conflict and been identified after being recaptured or killed in combat.

The President has said he would like to close Guantanamo, but the international community has suggested no realistic alternative for the protection not just of the US but also of the international community itself from those appropriately determined to be dangerous terrorists. So the United States has created a state-of-the-art facility at Guantanamo equal to if not better than other high security US prisons. It is no gulag. Detainees live in Spartan but adequate and functional quarters. They have access to a growing 5000 volume library, exercise and recreation facilities, excellent health care, meals consistent with dietary, religious and cultural requirements, timely opportunities for religious worship, monitored correspondence with the outside world, and access to pro bono attorneys to represent them.

The International Committee of the Red Cross regularly inspects the facility and meets privately with detainees. Foreign government officials from more than 30 countries and numerous international delegations have visited the facility. On one such inspection by the Organisation for Security Cooperation in Europe, Madame Lizin, the speaker of the Belgian Parliament, concluded that GTMO was a "model prison" in which inmates were treated better than in Belgium jails.

American military personnel provide a stable, controlled environment under challenging circumstances. In a recent one-year period, the guards endured 432 assaults with bodily fluids such as

a frequently used, noxious combination of semen, feces, and urine. There were also 227 physical assaults and 99 efforts to incite a riot or disturbance. It is a testament to the training and good discipline of these young soldiers and sailors that they treat detainees appropriately. Torture or abuse of detainees is not tolerated. All credible allegations of abuse of detainees are investigated, and the US has not hesitated to prosecute criminally or discipline administratively any guards who violate those standards, regardless of provocation.

In Australia, attention has been focused on the case of David Hicks who was determined by a CSRT to be an enemy combatant and who is also accused of war crimes. Last week, the Convening Authority referred the charge of providing material support for terrorism to a military commission for trial. Rather than talk about the specifics of the Hicks case (which I will be more than willing to do in the question and answer period), let me address concerns about the propriety and fairness of the military commission process in general.

The debate about military commissions has, in my view, suffered from a failure to recognise the existence of two different legal structures. All of us are familiar with a civilian, domestic criminal law system, which deals with conventional crimes such as assault, fraud and robbery, generally within the geographic boundaries of the nation. When a domestic crime is committed, police have the time and resources to investigate, collect and maintain a chain of custody on evidence, and interview witnesses. Witnesses can then be compelled to appear in a domestic criminal court to provide evidence for the prosecution or defence.

A different legal structure has existed in international law for decades in order to deal with the very different circumstances of war and armed conflict. War involves hostile acts usually by non-citizens, most often outside the geographic boundaries of the nation. Domestic courts frequently lack jurisdiction over non-citizens outside its geographic territory. There is a “fog of war”, a confusion and chaos on the ground. There is an immediate necessity to devote available resources to achieve military goals and objectives rather than to investigate, identify witnesses, and preserve evidence. All of these factors have long been recognised to mandate a different legal architecture for war crimes, one suited to the circumstances of armed conflict.

International law and domestic US law define the appropriate legal system for war crimes to be a military system within established parameters. In the US, military commissions have existed since George Washington’s time when they were used to prosecute British spies. After World War II, in addition to the Nuremberg trials, the allied powers, including Australia, conducted hundreds of war crimes

trials through military tribunals. Military commissions are not new. Nor have they been kangaroo courts.

In 2001, President Bush ordered the establishment of military commissions to try enemy combatants for violations of the laws of war. The President proceeded under our Constitution and Congress's prior Authorization for the Use of Military Force. He did not seek further legislative approval for the procedures he adopted. In *Hamdan v. Rumsfeld*, the Supreme Court, on a very close question of law, reversed a unanimous Circuit Court of Appeals decision upholding the President's actions. The Supreme Court ruled that Congress needed to authorise explicitly the use of military commissions. If just one justice in the majority had ruled otherwise, the decision of the Court of Appeals upholding the President's actions would have been affirmed on a 4-4 vote. Congress then addressed the Court's concerns by passing the Military Commissions Act (MCA), which President Bush signed into law in October 2006.

Australians are understandably angry at the delay. Demands by the Australian government that the commissions proceed as expeditiously as possible have been made over a long period of time at the highest levels of the US government and, frankly, many Americans, including officials working on detainee matters, share this frustration. We all wish the legal process had moved faster, but the Executive Branch cannot, under our checks and balances of the Constitution, dictate the schedules or actions of the Legislative or Judicial Branches.

I have previously stated that the delay was in fact caused by America's devotion to the rule of law in that the detainees were afforded the opportunity to challenge in our civilian courts the very process of adjudication before it even started. It was interpreted by some as my saying that the delay was Mr Hicks' fault. It is not Mr Hicks' fault. It is not anybody's "fault". It is simply a consequence of our legal system, a consequence that we in America accept because of the benefits provided to our democracy and the rule of law.

Consider for a moment what is an old joke, poking fun at the legal profession. It is called the lawyer's prayer supposedly offered up regularly by private practice attorneys who earn legal fees in court proceedings. The prayer goes: "God bless the lawyer that sues my client." Think about it. Private practitioners have a financial incentive for that prayer, but let me suggest that US government lawyers, who reap no financial gain when their client (the US government) gets sued, have an even better reason to embrace that prayer.

In my life as a government lawyer, I always remembered that our democratic republic benefited when government action or inaction was challenged in our courts. Litigation tests the government, and it is good for our society. It is part of our political process. It

attracts attention and provokes debate. It reflects our suspicion of governmental power. Our legal culture and history encourages, one might even say requires, the resolution of novel and important legal issues before a series of appellate courts.

Americans believe that the time involved is well invested in clarifying the law and making sure that we find the appropriate, delicate balance between government power and individual rights. Australians want us to get that balance right as well; you just want us to do it more quickly than we were able to accomplish it under our system.

I submit to you that we have now gotten it right even though the current statute and Manual for Military Commissions will no doubt be challenged on as many grounds as lawyers for detainees can conceive. I ask you to consider these facts. Consistent with Common Article 3 of the Geneva Conventions, military commissions are regularly constituted courts, affording all the necessary “judicial guarantees which are recognised as indispensable by civilised peoples.” In structure, the commissions share core commonalities with the military courts-martial system. All military prosecutors, commission members, and judges take an oath to fulfill their respective roles objectively and independently and to adhere to the rule of law. The courts-martial structure enjoys a history of fairness and objectivity, and it includes safeguards to prevent any interference or influence by the chain of command.

Fair trial guarantees include the presumption of innocence, the right of an accused to remain silent, the requirement for proof beyond a reasonable doubt, the exclusion of evidence obtained through torture or in violation of the prohibition against cruel, inhumane, or degrading treatment, the right to call and cross-examine witnesses, and the right to counsel. The US provides counsel at government expense for every person tried before military commissions, and private counsel may also participate in the trials and appeals. No one in Australia can claim that Mr Hicks has not been represented by zealous advocates paid for by the US government.

Where the procedures of the commissions differ from those of civilian courts, there are sound and understandable reasons, and the differences are carefully calibrated to preserve the fundamental fairness of the process. For instance, the potential for the admission of hearsay evidence has been criticised as a crucial deficiency in the commission process. However, the general rule against hearsay evidence in civilian domestic courts is far from absolute. It is riddled with exception after exception from the common law and from statutes.

All of these exceptions are based upon what we lawyers call “a circumstantial guaranty of reliability” and a practical necessity in

using hearsay to determine the true facts. For instance, there are practical difficulties in locating witnesses in the international context and compelling their attendance at the trial, and so international war crimes tribunals (such as The Hague) have for decades permitted hearsay statements. Britain allows the admission of hearsay evidence under its Criminal Justice Act of 2003 whenever it is deemed in the interests of justice. Hearsay evidence in the MCA is only admitted if the judge finds it to be both probative and reliable. The admission of hearsay evidence under such circumstances is not new. Nor does it compromise the integrity of the process since a circumstantial guaranty of reliability must be found to be present.

Another major criticism is the potential admission of allegedly “coerced” statements. Statements obtained by torture are, as I previously indicated, flatly excluded. The regulations actually ban coerced statements unless there are several affirmative findings by the judge. Because “coercion” is a difficult concept to measure, the judge must determine, by the totality of the circumstances, whether the statement is both probative and reliable and whether the interests of justice would be best served by its admission. This burden of proof is significant because it creates a presumption for the exclusion of such evidence and requires the prosecution to overcome that presumption.

The third most frequent criticism involves the potential use of classified evidence. The defendant’s need to confront and rebut evidence must be balanced against the national security implications of disclosing vital information on sources and methods which might place lives in jeopardy or compromise the continuing collection of valuable intelligence that can save lives. Let me make one point loudly and clearly: the Military Commissions Act provides that the defendant must see all evidence presented against him in the military commission proceedings. He will not be convicted on evidence he has not seen.

The Manual enables the judge to determine whether certain classified matters should be redacted, summarised, or released in substitute form, but the accused will be presented with all the evidence that the commission considers in determining guilt or innocence. If the judge determines that any alternative to full disclosure is inadequate, and the evidence is otherwise exculpatory or necessary for the defense to prepare for trial, the judge may issue orders in the interest of justice excluding all or part of the classified testimony, finding against the prosecution on any issue as to which the evidence is probative, or dismissing the charges. Bottom line, the accused gets to see everything that the commission panel, the “jury” if you will, sees.

If a detainee is convicted, he has extensive post-trial appeal rights. The MCA provides for an initial appeal to a military review court.

Beyond that, detainees may appeal to the US Court of Appeals for the DC Circuit and ultimately to the US Supreme Court.

Australians and Americans share a common belief in the rule of law and “a fair go” for every individual accused of a crime, including war crimes. The military commission structure has been created not only to hold accountable those who may have committed war crimes but also to protect the interests of each accused by giving each a fair go. No other nation engaged in armed conflict has ever done as much.

Gerard, I again give you my thanks for allowing me to participate in The Sydney Institute’s program this evening so that I could discuss with you a variety of issues that are important to Australia and the United States. As the US Ambassador, I am constantly thinking about all that binds our two nations together, and my participation this evening not only allows me to give you my thoughts and perspective but also to listen and learn from you and your members. I will be happy to receive comments on the subjects covered or questions on any other issues of interest to this distinguished group.

ANNUAL DINNER 2007



Photographer: David Karonidis



Judith Brett



Andrew West

Photo – David Karonidis

The elites, like journalists, we are told, have lost touch with ordinary Australians. Dr Judith Brett is an award-winning author and a leading Australian political historian and media commentator. In *Ordinary People's Politics*, she has asked ordinary Australians what they think, in an attempt to get behind the public opinion polls. Journalist and author Andrew West, in *Inside the Lifestyles of the Rich and Tasteful*, has gone inside the upper middle class to observe the customs, the privileges, the spending and preoccupations of Australia's well-to-do. On Thursday 22 March 2007, Judith Brett and Andrew West addressed The Sydney Institute to share their impressions of what Australians really think.

LIFE IN THE SUBURBS -

AND THE INNER CITY

Judith Brett

Last year, with Anthony Moran, I published a book called *Ordinary People's Politics* – and as we all know – the suburbs are where the ordinary people are supposed to live – there and in the country towns.

Writing about ordinary suburban people in today's political climate is a fraught enterprise. Since John Howard's election and the rise and fall of Pauline Hanson, being ordinary has become a contested political commodity. Howard's success is regularly attributed to his understanding of "ordinary people". Paul Kelly claimed after his 2004 election victory that Howard "doesn't have to imagine what ordinary Australians think - he has just to decide what he thinks because they are virtually the same." (*Australian* 11/12/2004) And the failings of Howard's opponents are regularly explained by their being out of touch with ordinary Australians. The Howard haters are accused not of hating Howard's policies, but of hating all those ordinary Australians who voted for him. When David Williamson reflected in the *Bulletin* on the narrow materialism of his companions on a cruise ship, *The Australian* took up the cudgels to defend ordinary Australians from his sneering attacks. In my view, *The Australian's* energy came less from empathy for ordinary Australians than the chance, yet again, to attack the left art establishment as arrogant and self-interested. And Williamson's piece was less contemporary sociological observation than an expression of the Australian intelligentsia's longstanding ambivalence about suburbia. It illustrates though the topic for today's discussion – a contrast between ordinary mainstream Australia identified with the suburbs and an inner city identified with left liberal intelligentsia.

Ambivalence about suburbia has a long history amongst Australian intellectuals. And it has had a renewed run since John Howard won government in 1996 and moved to cement an identification between himself and the Liberal Party and the suburban family-centred lives most Australians live. As Howard thrives on opposition, he did this in part by constructing an opposite to the people and values he wanted to

represent. This opposite was an inner city, left-leaning elite who drank chardonnay or cafe lattes, and who were supposed to have no time for the way most Australians lived. Keating was their representative, and Howard used this sociological theory to sharpen up the differences between himself and Labor, and to represent the Labor Party as captured by the middle class left, leaving the working class to him.

As always in politics, this was part truth and part construction. One breathtaking success was the restriction of the term “elite” to a cultural group – many members of which had very little money or power. One showed oneself to be a member of the inner city elite by one’s attitudes, postcode and beverage preferences, rather than by one’s wealth and power. The elites of money and power faded into the background, and when one of Australia’s wealthiest men, Kerry Packer, died he was praised for his ordinariness.

But there was part truth too: not so much in the influence and power these cultural elites were supposed to hold but in their distance from the lives of the suburbs. There were those among the inner suburban, left liberals who viewed the suburbs as a foreign country. And one can find plenty of evidence for this. To cite just one – an essay the journalist Margaret Simons published in 2005 in the *Griffith Review*. In one of the smuggest pieces of anti-suburban writing I have read for a long time, Simons writes about people living in the outer suburban Melbourne electorate of Holt as if they are from another planet. Or rather she knows they aren’t but cannot find much point of connection and after walking round Fountain Gate shopping centre and driving through the new housing estates she hurries back to the inner city. Back in familiar territory she imagines that she would be as inscrutable to the people of Holt as they were to her. She ponders what the meaning of Australia’s narrative is, of who us and we are, when there is such a gulf. As a self-identified member of the cultural elite, she concludes that the story is not mainly about us (the cultural elite – and the projected readers of her essay) – but it is nevertheless ours to tell. Really I thought? How do you know that people living in Holt can’t tell their own story? Mark Peel, a very good historian by any one’s standards, lives here, for one thing. And I’m sure most of the people of Holt would not find you anywhere near as strange as you seem to find them.

My main objection to Margaret Simons’ piece is that she talks about majority opinion and the gulf between ordinary people and members of the cultural elite like herself, without ever talking to any of these ordinary people as fellow Australians, without listening respectfully to what they may have to say, without trying to see the world from a different point of view, without entertaining the idea that on some things many of them may even agree with her. She

stays trapped within the very sociological categories she purports to investigate.

What do ordinary people living in the suburbs actually think about politics? To find out you have to ask them, not just write about them from the outside. This is what we did for *Ordinary People's Politics*. The research was done in long repeated interviews with about 70 people. All were living in Victoria when they were interviewed, and they were spread amongst regional, rural, urban and suburban locations. Some interviews were done in the 1980s and some in the early 2000s. Some people were interviewed in both periods, and some in only one, but all were talked to more than once in long open-ended interviews which gave them plenty of time to explain themselves. And we found that if you gave people space and a willing ear, they had not only plenty to say, but much of it was thoughtful and considered and a good deal more complex than the sorts of responses that are captured by opinion polls or ascribed to them by commentators. In an interview, people have a chance to express doubts and contradictions and to explain the reasoning behind the views they hold. We were as interested in this reasoning as in the views themselves, in the reasons people gave and the sorts of experiences they appealed to, which led them to think as they did.

In these interviews we took a broad view of politics as being about more than the parties, political leaders and what goes on in parliament. When people said they weren't interested in politics, they generally meant that they didn't follow the ins and outs of party and parliamentary politics. But these people had plenty to say about political issues like relations between men and women, multiculturalism, unemployment, management of the economy, the state of education and health and the future of Australia.

Did people we talked to have anything much to say about the people of the inner city? Did they feel oppressed or condescended to by them? Did they mention them at all? On the whole they did not.

Now we did not ask people directly about the so-called elite versus ordinary Australian divide. We did however ask them about whether they thought Australia was divided into particular groups, and we did ask them if there were any groups of Australians whom they particularly didn't like. We also asked a follow up question about class, and we asked them a good deal about multiculturalism.

Only one of our respondents had a vivid sense of spatial political differences but the inner city did not really figure in it. She was a 20 year old girl from a struggling Anglo working class family. Although she had finished school she had taken a long time to find a job and was only in rather unsatisfactory part-time work. She did not mention class when explaining her difficulties. Rather, she saw geographical location as the main source of her disadvantage. She identified

with the western suburbs where she lived with her family, and which she saw as long overlooked by government. Many worthy but disadvantaged people like herself lived in the west, battling to make their way but finding obstacles at every turn: “The western suburbs always miss out.” She saw neglect of the physical infrastructure reflected in social decay, pointing to vandalism, crime and drug-use making these suburbs increasingly unsafe. This young woman’s awareness of the disadvantage of the west had been heightened by her regular train trips across to the outer eastern suburbs to visit an aunt. She noticed many differences between east and west and had a vivid sense of spatial polarisation. The east had better public transport and better roads, houses were more valuable, there were more private schools and more doctors, and sometimes people were snobby: “If the eastern suburbs ask for something they’ll get it.” When the western suburbs ask:

They [politicians] sometimes say they’re going to do something, but we’re still waiting. We’ve asked and we’re still waiting. Mitcham is going to get a new freeway, but St Albans has been waiting to get a bypass for thirty-five years.

This is more of an old style class divide than a cultural one, and the main culprit is the government. The inner city cultural elites don’t figure at all.

We did have one respondent who thought of himself more as an inner suburban sort of person. He was a young casual worker whose limited income meant he had to live with his mother in a suburb he found unutterably boring. His life centred on night clubs, and he did not hold any of the left liberal views generally ascribed to the inner city. He was very satisfied with John Howard and a strong supporter of his position on border protection. For him the inner suburbs were about life style and leisure possibilities and carried almost no political meaning, while he himself had no cultural power.

We also had one respondent who expressed the sort of resentment that is captured by the term political correctness: Mick, a Vietnam veteran who was in many ways quintessentially old Australia. Freedom of thought and expression were important to Mick, and he thought he was losing them. He complained that he couldn’t say he didn’t like Italians, or Germans, or any other culturally identified group.

Int: Who’s stopping you?

Mick: The government, they got a law. I mean you’re not even allowed to whistle at women. My wife when she was younger, she used to love all that. But it’s changed.... You can have me up for discrimination if I call you something about your race, or your colour or religion. I’m hamstrung. I can’t say how I feel. I shouldn’t be allowed to hit anyone, but I should be allowed to say my own opinions.

Notice that Mick does not blame the cultural elites for any of this. He blames the government, the law. And what he resents is its underlying unfairness:

You can have your show called *Wog Boys* as long as you're a wog. But I'm not allowed to call him a wog. He can call me skippy in the show, but if I say, "Hey, listen here you wog," bang, I can be in court. But he can do it. I say the Anglo Saxon is the poorer race.

One of the main markers of difference between the inner suburban elites and the ordinary Australians in the mainstream suburbs is supposed to be their attitude to multiculturalism and immigration. Mick may well have ticked boxes in an opinion poll that would show him up as hostile to multiculturalism – but in fact as we talked with him over many hours it was clear that this was not the case. He was deeply involved with the Vietnamese community in Australia and a man of enormous emotional generosity. In fact, we found very little deep unease amongst the people we talked to – Australian and foreign born alike – about multiculturalism. Perhaps this is because we interviewed Victorians – where multiculturalism has been more successful in many ways. And I should add that our interviews took place before 11 September 2001 and the rise in consciousness of Islamic fundamentalism – so we might find something different now. In the 1980s though, and the early 2000s, our respondents generally thought Australia was a richer more interesting place because of post war migration. People were proud of Australia's diversity. And they were generally cautious about stereotypes. When questions came up about difficulties with particular groups, time and again people would say, "There's good and bad in all groups", or something to that effect.

What was interesting to us though was that multiculturalism was conceptualised not as a mixing of groups and cultures but as a mixing of diverse individuals. When people talked about Australian diversity it was a diversity of individuals they imagined, not a diversity of groups or communities. In so far as people had reservations about multiculturalism they were about the barriers to mixing and the way some groups stuck together. How can we be enriched by people who are different from us if we don't know them, people asked. Such a question is not an expression of fear of difference or of diversity as such – but of interest in it. Pre 9/11 this was the context in which some people were critical of Muslims – that they separated themselves off and so were not open to a reciprocal exchange of interest and ideas.

There were differences amongst our respondents of course. To generalise, I think that tertiary education was the major distinguisher – and this came through in tertiary educated people's recourse to more abstract categories to explain aspects of contemporary Australia – categories like class, or cultural background which see a person

partly in terms of the social conditions that produced them rather than as a freely choosing and acting individual agent. Those without tertiary education grounded their politics in a commonsense moral individualism in which they saw people as basically responsible for themselves and their fates – as they felt themselves to be. Their response to multiculturalism then was not expressed in terms of interest in different cultures but in different peoples.

So, in conclusion, I would say the use of the inner and outer suburbs to characterise different political styles is less about what these places are really like, and more a new version of the tradition of anti-suburbanism amongst many Australian intellectuals. Similarly the championing of the suburbs by the right is mostly about bashing left intellectual opponents. Hence neither side is very interested in listening to the diverse voices and experiences of the very many different sorts of people who live in Australia's suburbs – inner, outer and middle.

LIFE IN THE SUBURBS -

AND THE INNER CITY

Andrew West

The most despised and derided group in John Howard's Australia is not asylum-seekers or Muslims or even trade unionists. It is not dreadlocked and nose-ringed anti-war demonstrators or unemployed, welfare-dependent single-parent families. It is not even Kevin Rudd and Julia Gillard. It is the "elites", that supposed group of well-educated, professional voters who live within ten kilometres of the central business districts of our major cities and allow social issues such as global warming, Aboriginal reconciliation – whatever that means – the Iraq war and refugee rights to determine their votes.

Peter Saunders of the free market Centre for Independent Studies calls this group the "opinionators" and estimates they are a surprisingly high ten per cent of the workforce. They work in higher education, the creative industries, the policy oriented, as opposed to service-delivery, arms of government and – knock me down with a feather – the ABC!

These people are the "soft left" whom the prime minister identified in his *Quadrant* dinner speech last year, who are on the "long march" through the cultural institutions of Australia. Their values are said to be so alien to decent, mainstream middle Australia that any association with them is more toxic than a chance encounter with Brian Burke. But the cultural elite is, in my view, little more than a convenient political straw man.

There is an elite in Australia and the Prime Minister is part of it. This elite comprises John Howard and the people with whom he often shares his dinner table – the business leaders, the media proprietors, the senior members of his cabinet, perhaps the occasional judge. These people constitute the true definition of an elite because they possess the power, both political and – more importantly – economic, to shape lives and livelihoods of most Australians. They decide when factories, or even entire industries, open and close; they decide the tax we pay, the laws we must obey, even whether we go to war. There is simply no denying that this group – far, far smaller than the estimated ten per cent of opinionators – wields real, tangible power.

This group, usually referred to as elites, I prefer to think of as a benign and not very powerful establishment. Whatever influence they are alleged to possess is largely symbolic. After all, more National Party and Liberal Party voters than Labor voters watch and listen to the ABC. Australian Research Council grants to humanities professors and social scientists rarely influence the lives of most Australians.

This establishment is exclusive, in that it prefers people with a left-liberal worldview. But it is also remarkably democratic. The only price of admission to this cultural establishment is a curiosity about the world that goes beyond the economic and the financial; an interest in reading; access to the ABC, which is essentially free; and good conversational skills. You do not even need a formal university education, as evidenced by the fact that neither Philip Adams nor the late Donald Horne – avatars of this class – have university degrees.

The essentially democratic element of this establishment is that it is constantly forced to replenish ranks from wherever it can find new adherents. This means people of diverse socio-economic and ethnic backgrounds can join the cultural elite, if they are willing to subscribe to its worldview.

It cannot be a hereditary class, given that it is much harder to bequeath a set of social or political values than it is to bequeath a fortune. The reality is that anyone can join this establishment – this cultural elite – merely by doing a bit of judicious reading, listening and viewing, and by signing up to a canon of beliefs. As I point out in my book, *Inside the Lifestyles of the Rich and Tasteful*, a library card will buy you a lot more street cred with this establishment than a platinum Amex card.

In my book *Inside the Lifestyles of the Rich and Tasteful*, I call this establishment the Culturists. They are one part – the smaller part – of the upper middle class in Australia. The majority of the upper middle class I call Materialists.

I define upper middle class as lettered, moneyed and occupying high status jobs. That is, its members are tertiary educated, earn more than, say, \$80,000 a year and hold professional or managerial jobs. It is not the financial elite of corporate CEOs and the independently wealthy but that stratum of society that sits just below.

I argue that, although ultimate power rests with the senior cabinet ministers and the names on the BRW annual rich list, the upper middle class runs the country on a day to day basis. They grease the wheels of government, commerce and culture as middle-ranking executives, senior public servants, partners and associates in law firms, judges and magistrates, management consultants, university administrators and professors, political advisers, media, publishing and arts executives and other professionals such as doctors, dentists,

psychologists, engineers, architects and economists. Work – especially the status that their work confers – is the common characteristic of this class.

Where this upper middle class diverges into two camps – culturists and materialists – is in their choice of lifestyle. One group seeks to build cultural capital, the other simply capital. Culturists value experience; materialists value possessions. Culturists crave authenticity, in everything from a free range egg to a Mayan antiquity; materialists seek exclusivity.

There's no doubt that materialists and culturists have very different visions of Australia that, not surprisingly, cut along the traditional left-right axis, but at the same time, there are some fascinating nuances.

Materialists tend to be highly individualistic in their support for a free market, an unregulated economy, and libertarian in their social values. Their rallying cry is “freedom” – freedom to earn, freedom to shop, freedom to shag. They have voted for John Howard most of the time because they believe that, despite his social conservatism, he has liberated them – and if family assistance payments to households on \$250,000 a year are any indication, also subsidised them – to spend, spend, spend.

Culturists, on the other hand, tend to adopt a more communitarian view of the economy, especially if their work is funded through the public purse: education, health (including allied services such as therapy and counselling that are funded indirectly), or consultancies with public sector contracts. (These are Peter Saunders' “opinionators”.)

I don't believe they are old-fashioned socialist regulators. Indeed, they're probably the ones who roll their eyeballs and tell you we live in a globalised world where intellectual creativity, not artisan creativity, matters (except when it comes to tasteful, authentic home furnishings). They'll probably advise you to drop the antique, albeit romantic, attachment to class warfare.

But deep down their rallying cry is still “community”. They're the ones who run the Parents and Citizens committee at the inner-city public schools or sit on the boards of foundations or non-government organisations.

Interestingly, whereas their baby-boomer predecessors (or themselves in their youth) were once not merely social liberals but outright libertines – sexually promiscuous and ready to experiment with most drugs – mature Generation X culturists are noticeably more moralistic in certain social values.

They may still preach and practise tolerance of same-sex relationships, acceptance of other races and faiths, compassion for the underclass trapped in a welfare culture, and propose a rational

response to crime in the face of shrill “get tough” rhetoric. But they are also the first to install anti-porn firewall software on the home computer or politely but firmly pluck the violent DVD from their children's hands and replace it with some sort of children's classic they might themselves have watched in the early 1970s. When they see the wayward Generation Y teenage girls strutting around like Britney Spears in tank tops emblazoned with “Porn Star”, they are among the first to lament the sexualisation of youth.

Indeed, many culturist parents are a bit of a throwback to the nineteenth century, when the middle class nuclear family evolved and children were protected and educated, not sent out to work. Generation X parents are obsessed with their children's developmental needs and reflect this not only in their hyperactive commitment to schooling and extracurricular activities but in their broader concern for a kinder, more inclusive society.

The big problem for the culturists is that for a long time they have had no one to represent them politically. The Labor Party, their natural home, has resembled a pale shadow of the Coalition; if you like, a “*petite materialist*” party. Its parliamentary ranks have been filled with functionaries and journeymen who see politics as a profession – much like computer software design or structural engineering – rather than as a vocation and passion. The Liberal Party has long since purged itself of cosmopolitan “wets”, such as Ian MacPhee and Chris Puplick. Petro Georgiou's survival is merely the exception that proves the rule.

With the Greens winning up to 10 per cent of the vote, most of their supporters are probably culturists. But mostly, the Greens are encroaching on Labor's Whitlamite culturist base, not expanding the base, achieving a strong vote in inner Sydney, Melbourne and Hobart. The Greens' policies range well beyond the environment, hitting culturist hot buttons such as human rights, civil liberties and an independent foreign policy.

I doubt the Greens could ever replace Labor as the major party of the centre-left; the culturist vote is simply too small for that. Anyway, for many culturists, Green policies may seem too libertine and their economic prescriptions a little naïve. Culturists want to be seen as nostalgic but realistic, idealistic but not ideological. What they really yearn for is a Labor leader who combines the erudition and elegance of Gough Whitlam with the competence and charisma of Bob Hawke. They thought they had it in Paul Keating who, in the latter years of his prime ministership, became a culturist icon. They might have it again in Kevin Rudd – who despite a technocratic style is a Mandarin-speaking diplomat.

I have been more interested in the culturist rather than the materialist sub-group because their lives, as the playwright David

Williamson explained to me, are more complex and nuanced. Unlike the materialists, they are on a quest for both comfort and conscience. (There is also greater room for hypocrisy among the culturists, of not living up to their own rhetoric.)

They lament that Australia has, to date, turned away from their concerns. Until recently, the materialists have been triumphant in the battle for the political support of the broad Australian middle class, largely because they seem more accessible and easier to fathom.

For materialists, life is about having better possessions: a bigger house with panoramic views, a bigger car, the latest technology. For the culturists, what matters is worldliness and sophistication: a broader vocabulary, a more refined palate, the latest literary fad.

In adhering to the dictum of Imelda Marcos, who said, "Nouveau riche is better than no riche at all", the materialist lifestyle seems within grasp of those just below them on the social ladder: these crucial middle class aspirationalists. The materialists and their political representatives in the Liberal Party continue to hold up to the aspirationalists the illusion that, with a little more hard work and some wise investments, they too can live the dream – the caramel-coloured, concrete-rendered house, the four-wheel-drive in the garage, the power-boat moored at the dock, the ski pass to Aspen in the pocket. (Of course, materialists don't actually want the aspirationalists to catch up, because such mobility would cost them their upper middle class cache.)

The culturists, by contrast, seem too remote, and too snobbish. Money won't buy you entry into that class, although, paradoxically, the culturist class is more democratic.

Public opinion polls repeatedly show that the generally communitarian outlook of the culturists is attractive to the broad Australian middle class. Most Australians share their support for public services and institutions, such as Medicare and public education, and their opposition to the Liberals' industrial relations policies. In 2005, *Business Review Weekly* reporting on the findings of Eye on Australia survey, found that 55 per cent of Australians do not trust big companies and 64 per cent believed corporations had neither morals nor ethics. An even broader study of 1700 people by the Australian National University found that 71 per cent of Australians thought that corporations had too much power, while less than 40 per cent believed the same of unions.

In May 2004, *The Age* reported that 75 per cent of Australians preferred higher spending on public health and education to tax cuts. This was even higher than in August 2001, when, according to the ABC's PM program, 70 per cent preferred higher spending on services to tax cuts. A May 2004 research paper by the Commonwealth Parliamentary Library also confirmed this trend.

But the culturist social agenda, and particularly policies such as the republic and state-supported multiculturalism, looks like an elitist preoccupation of the Keating era. The message that culturists have sent, especially when they mocked Pauline Hanson for not knowing the meaning of “xenophobia”, or for her references to “Strayans”, was that the unlettered, or the uncouth, have no place in their vision of a sophisticated nation.

The Australian public is not becoming more culturally liberal. The Prime Minister is right when he says much of middle Australia does not like that “trendy stuff”. But, and this has surprised me, the public is overwhelmingly opposed to the Iraq War, even more surprising, is sympathetic to one of the culturists’ principal rallying cries – the plight of David Hicks.

If the culturists can overcome their snobbery, and reach out to enough blue collar cultural conservatives – Howard battlers – with a progressive populist economic agenda – just the Democrats did in the 2006 mid-term congressional elections – they may once again be in the ascendency.

ANNUAL DINNER 2007



Photographer: David Karonidis



Photo - David Karonidis

Maria Prendergast

In her new book, *Understanding Depression*, health writer Maria Prendergast has written of the journey through the world of depression - the definition, diagnosis, types and effects of depression, as well as exploring the many treatment and recovery options. Maria Prendergast is a freelance writer and broadcaster and the author of a number of books. She is also on the board of DepressioNet, and has a strong interest in social and environmental issues. Maria Prendergast addressed The Sydney Institute on Tuesday 27 March 2007.

UNDERSTANDING

DEPRESSION

Maria Prendergast

It can be confusing for the non-medical person to wade through the masses of information relating to depression. It is important to remember that medicine is not an exact science – while much is known about depression there is much more to be discovered and understood. My latest book, *Understanding Depression*, was written for the non-medical person who wants to know more about this pervasive and destructive illness. Though depression seems to be constantly in the news media, be it high profile celebrities talking about their depression or reports of new drugs or other breakthroughs, our society as a whole is not well educated or particularly understanding when it comes to any form of mental illness.

One in five Australians will experience clinical depression at least once in their life, and as I learnt through my research and interviews, depression is not only devastating for patients but for their family, friends and work associates. It is a major health issue in Australia where it is currently estimated that over six million working days are lost to depression. People of all ages can experience depression, and children as young as five have been diagnosed. It is also one of the most common mental health disorders in older people.

The more we know about an illness the better equipped we are to deal with it, either as a patient, family member, friend or work mate. Depression is not, as a few people still seem to believe, a character flaw or a sign of weakness. Depression is a genuine illness and should be recognised as such. It is an illness that is not easy to define and so can be hard to diagnose. People's experiences and symptoms can be extremely diverse. Untreated long-term depression can be a fatal disease and any form of depression can make life very difficult. It is not only severe depression that can make life a miserable experience and disrupt a person's normal existence.

Individuals suffering from any type of depression need the help and support of an enlightened society rather than have their suffering increased by misunderstanding, stigma and ignorance. It is really sad that in the twenty-first century the subject of mental illness still

attracts prejudice and ignorance. Unfortunately many people only superficially accept depression as a genuine illness and even more unfortunately an underlying stigma is still attached to depression.

While some people will forever deny their depressive state others readily acknowledge their condition. Generally, though, it seems that accepting mental imperfections is harder than accepting physical illness. Most depression sufferers I spoke with were angered and upset at the initial responses of people when depression was mentioned. Some of the depression sufferers I spoke with reported losing their jobs and incurring hostility from family and friends after being diagnosed with their illness. It seems that there are still members of the community who find mental illness in another person very hard to deal with. They save their compassion and support for the physically afflicted person.

The word depression is often used inaccurately. People say they are depressed when what they mean is that they are upset, angry, frustrated or just experiencing a normal lowering of mood. Mild, short lasting mood swings are a completely healthy part of the human condition. Feelings of sadness, ranging from “a bit flat” to “extreme grief” is not to be confused with severe depression. It is when a mood outlasts its context that it can become a serious threat to emotional health and functioning.

For my book I interviewed many depression sufferers and others who either live or work with a person suffering from depression. I am in awe of the courage and bravery shown by many of these individuals who spoke openly and in great detail about depression and how it affects their lives. Most human beings have times when they have a depressed mood. This is quite normal and does not generally interfere with everyday life in a significant way. These normal depressed moods can last from a few minutes to a few weeks and can be accompanied by feelings of irritability, negativity, pessimism, fatigue and lack of self-worth. A normal depressed mood is not usually all consuming, though it can be very unpleasant, but it does not cause the problems and disruption associated with clinical depression.

Clinical depression is a form of mental illness characterised by longer than normal and excessive disturbances of mood. These mood disturbances are frequently accompanied by a range of other symptoms and can impact directly on a person’s life and their ability to cope with life events. Clinical depression can cause significant distress and impairment in social, occupational and other important areas of human functioning. Regardless of what type of depression a person has, their suffering is very real and can cause them and their families great stress and anxiety.

Anthony Storr writes about “normal people” as opposed to “depressed people” in his book *Churchill’s Black Dog*. I think that

this sort of comment is unhelpful because it infers that people with depression are different from the rest of the human race. No one really wants to be labelled because they suffer from a certain type of physical illness. We are all a lot more than our illness, be it “an asthmatic”, “a diabetic” or “a depressive”. People with depression have the misfortune to be suffering from an illness that is still surrounded by misconceptions and myths. Life is made harder for a depressed person if they feel they will never be “normal” again.

It can be particularly galling for a person suffering from depression to observe another person surviving a really hard time without becoming depressed or over-stressed. This reinforces the view that depression is some sort of character flaw. Many people suffering depression develop feelings of shame and guilt. The following is a quote from a Sydney GP whom I interviewed. This doctor is bemused at the number of patients coming into his surgery whom he believes are suffering from depression.

Is it the result of a terrible malaise in our society? So many people seem unhappy and discontented in their life. You read about people working longer and longer hours and not having time to nurture personal relationships or engage in any leisure activities. Humans are not machines. We need to have a balanced life if we are to be mentally and physically well. I am really freaked by the increasing number of people coming into my surgery suffering from some degree of depression. And let me add that I work in an affluent suburb in Sydney. Money worries are not the cause of what is making so many of my patients depressed. Sometimes I really don't know how to respond, particularly when so many obviously need help but are not prepared to admit the problem. I know a lot of my patients lie to me, even though they know they need help. It's a very, very difficult situation.

Diagnosing depression

Depression often runs in families and some people are genetically predisposed towards depression. Then again, an individual can suffer depression and have no other relatives with the illness. Statistics available indicate that more women than men suffer from depression and anxiety. However, some doctors I spoke with believe that what can be seen as a gender imbalance may be attributable to the fact that more women than men seek help for their illness.

There is a big difference between sadness, despair and depression – an accurate diagnosis of what is really going on allows the right decisions to be made regarding the most appropriate treatment. Unfortunately, only about 20 per cent of cases of clinical depression are correctly diagnosed, one reason being that depression can masquerade as a variety of physical ailments such as aches and pains, lack of energy or bad sleep patterns. When a patient complains about

a physical condition the doctor generally treats it as such, and the underlying depression remains undetected.

Some people simply refuse to acknowledge they are depressed, others don't know they are depressed. Many people realise that they feel awful emotionally and that life is increasingly hard but accept this state as an inevitable part of their existence. This very passivity can in itself be a sign of depression.

The line between normal and clinical depression is crossed when the feelings associated with a low mood increase in intensity, when they last for a longer period than normal and when a person's ability to function is impaired.

These disturbed mood feelings and the accompanying symptoms have usually been present in most people for at least two weeks before clinical depression is diagnosed. It may be a transient mood fluctuation if it is present for less than this time and the person could well return to normal without any medical intervention.

One common characteristic of people with depression is an accompanying lack of self-esteem. Those with depression find that maintaining a sense of self-worth is just about impossible. Feelings of guilt and shame are also common. Other common symptoms of depression are:

- Reduced interest and enjoyment in activities and events, and a lack of any ability to experience pleasure.
- Insomnia or disturbed sleep patterns, or hypersomnia (sleeping too much).
- Persistent pessimistic and negative thoughts.
- Marked changes in mood control such as increased levels of irritability, anger or anxiety
- Lack of motivation.
- Lack of energy and feelings of fatigue.
- Impaired concentration and memory
- Reduced sex drive.
- Changes in appetite and weight fluctuations; some people may gain weight
- Recurrent thoughts of death or suicide.

Before a diagnosis of depression is confirmed it should be established that the symptoms are not being caused by another illness or are not a reaction to a major life crisis such as the death of a spouse. Even people suffering deep grief do not automatically become depressed, though some of the symptoms can be the same. Other factors such as drug and alcohol consumption, and even personality traits, can affect such things as mood changes, anxiety levels and sleep patterns. If you are experiencing some of these symptoms it does not necessarily mean that you have depression, but you should consult your doctor and explain how you are feeling.

Types of depression.

Most health professionals now accept that depression is not a single, distinct medical condition. There are a number depressive disorder sub-types and they can vary from severe to less severe to moderate or mild. They also differ in the length of time over which they affect a person. Until comparatively recently depression was seen as a disorder that was differentiated only in its degree of severity. Quite large numbers of mental health experts still hold this view and consequently treat their patients for a single disorder rather than trying to be more specific in their diagnosis.

There continues to be considerable debate amongst the medical and scientific community as to how clinical depression and its various forms are best classified. Even within the broad classification of “major depression” and “minor depression” there is a bewildering array of classifications, categories and sub-types. Trying to understand all the sub-types is further complicated by the fact that many symptoms are similar; they overlap and merge and some people may be suffering concurrently from more than one type of depressive disorder.

It is beyond the scope of this talk go into the clinical descriptions of all the varying sub-types of depression and it is not necessary to know them all to have a good understanding of depression overall. However, if you are experiencing depression it is worthwhile to bring up the question of what sub-type type of depression you may be suffering from with your doctor.

I must stress that all depressive states have the ability to impact on a person's life and the lives of the people around them. Depression of any sort is something that should never be accepted as a state of being that need be born with stoicism and acceptance. Depression in any of its various forms is not an illness that the person affected can afford to be sanguine about, for even cases of mild depression can last for long periods of time if left untreated and can have very devastating effects on the person.

The long held belief that depression is either “reactive” or “endogenous” in origin is losing support. It is now more widely accepted that both environment and an individual's genetic history play a part.

Sometimes a person suffering from bereavement or recovering from a major crisis can plummet from normal grief or anxiety into depression. Some people can have trouble emotionally adjusting to distressing life events and their low moods can continue unabated. They are simply unable to shake off the deep blues and regain normal function. Those who develop depression following an initial normal response to difficult or emotionally upsetting circumstances are

described as suffering from an adjustment disorder with a depressed mood.

Treatments for depression

It is very hard for some people suffering from depression to acknowledge they are ill and need help. As one country GP told me, men in particular are reluctant to seek medical help for anything, and are particularly reluctant to discuss emotional problems:

It is vitally important that people do not let their depression go undiagnosed and untreated. I want to stress that most depression can be successfully treated. I despair when I hear patients confess they feel ashamed about having depression. This misconception about depression being a sign of failure makes me very upset. The sooner depression is treated in an individual the better the response. If you think you have depression, please seek help.

It is important that everyone with depression be assessed and treated on an individual basis. There is however, a vigorous and ongoing debate among medical and allied health professionals about the preferred modes of treatments. Some doctors and scientists will argue that there is not enough empirical evidence to recommend any form of treatment as the optimal treatment. However, the broad consensus is that a combination of antidepressants and some form of psychotherapy is the most effective for the largest number of people. Then there are people who will not require a combination of treatments, responding well to one or the other.

Antidepressants change the chemical balance in the brain by targeting very specific areas. The various forms of psychotherapy also change brain activity but in a different manner. There are also a number of complementary or alternative treatments that are used by many people with varying degrees of effectiveness. While not all complementary treatments have been fully evaluated, initial trials are promising for a number of them, particularly St John's Wort and omega 3 in fish oil tablets. Like prescription medication, individual responses to these treatments vary widely but they have certainly helped some people and are worth considering.

Psychotherapy alone is not a sufficient treatment for some people with depression. Individuals need to be treated according to their specific needs. In many instances of depression a range of remedies is required. For many, the use of medication is essential and the only way to alleviate suffering. Some people have a strong resistance to taking medication because they feel it is a sign of weakness. People who have no problems taking medication for illnesses such as asthma or heart disease still feel there is a stigma attached to taking medication for emotional problems. Poor information may increase this stigma, jeopardise the path to recovery for some people and

increase the risk of suicide. Some people require medication for a short time; others may have to remain on medication for life. It is vitally important to find a doctor who has the knowledge and will make the time to carefully and regularly monitor each patient on medication for depression. Often two or three antidepressants have to be tried before there is a positive response and there are instances where some medication has made a person's depression worse. It is important to have a mutually respectful relationship with a doctor or therapist whom you trust. While GP's are usually the first contact for a person with depression, not all are trained to deal with mental illness and a referral to a specialist should be asked for or offered. There are inadequate people in all professions and there are some doctors who are totally unqualified to treat any form of mental illness.

Many of the people I spoke with while writing my book had particularly strong views regarding treatments as a result of their own experiences. A number were very opposed to antidepressants being the first mode of treatment they were offered, arguing that while drugs did help to a degree they did not remove the underlying problem. As one person I interviewed said rather passionately: Drugs for depression have been designed to help alleviate symptoms and not address the cause and that's because in my view the doctors don't seem to have a clue about the real cause of this bloody illness. I'm on drugs and I'm a bit better, but what happens when I stop taking the "frigging" tablets?

Again there were those who expressed eternal thanks that they were given antidepressants, enabling them to regain a life that was not hell on earth. Others were very critical of their therapists whom they believed had their own agendas, were not flexible in their approach, and did not tailor treatment to the individual. Others say their therapist saved their lives.

I stress that it is important to be assessed and treated as an individual, though if you are depressed it can be hard to negotiate and be involved in the management of your own health. If possible it is a good idea to have a family member or friend involved with the doctor or therapist in the management of your illness.

Young people and depression

In a recent study released by the community services organisation Mission Australia, young Australians ranked suicide and depression as the most important issue facing them and their peers.

A recent article in a major Australian newspaper revealed that many school principals are reporting an alarming rise in the numbers of children having mental health issues including depression. About two per cent of primary school children in Australia have diagnosed

depression. This could be caused by body image problems, bullying, family breakdown and drug and alcohol abuse.

Bullying has direct links to depression and youth suicide. Being bullied as a child can leave emotional scars that can last a lifetime. The bullies themselves could be depressed. The bully in fact could be feeling unloved, insecure and use aggressive and hurtful behaviour to gain a sense of control and empowerment.

We miss many opportunities for prevention and intervention with school children. It is hard to feel that you can influence the many social determinants that can affect teenagers. Parents and primary school teachers need to be trained to help identify childhood mental health problems. Preventative intervention in childhood can halt the onset of depression. It is ideal if the school environment can be prepared to teach life skills. Cumulative adverse life events and poor social and coping skill can lead a young person into depression.

The National Health and Medical Research Council have estimated that by the time young Australians have reached the age of eighteen, 24 per cent will experience a major episode of clinical depression. Over the last 50 years the average age of first onset depression has moved from 29 years to 16 years. Factors such as relationship problems with family members and peers, early trauma or abuse and substance abuse are highly correlated with depression in young people.

Australia is losing a battle right in front of our eyes and the results are devastating – we are losing the fight against youth suicide. Australian youth suicide is one of the worst in the world. Only Canada, New Zealand, Armenia and Russia have worse statistics than ours. In Australia the suicide rate for young men has tripled over the past 40 years.

Substance abuse and depression.

It is not uncommon for people to use drugs and alcohol to cope with their depression. There is a definite link between substance abuse and depression. Sadly many people use mind-altering substances to try and avoid or hide depressive symptoms. They will not help you feel better overall and may actually hasten the depressive response. Mood fluctuations and negative feelings can be exacerbated and for example, what might be irritability can accelerate into destructive anger. Alcohol misuse in depression is common, with rates being higher in men. Depression can be exacerbated by alcohol use and can also be secondary to alcohol abuse. Alcohol abuse can also reduce the effectiveness of depression treatment.

My two interests, the arts and mental health have overlapped as I have been interested to read about the connection between creative people and depression and other mental health illnesses. Ernest

Hemingway and Virginia Woolf come to mind immediately when thinking of writers who suffered from depression. I personally know a number of artists and musicians who fight this crippling illness. Some claim to do their best work when emotionally imbalanced.

I suppose I have become a real advocate for improvement in the mental health system and for better understanding of mental illness. This happened over time as I learnt more about depression and other mental illness during the time I researched the material for my book. Since friends and work associates knew I was writing about depression I have been amazed at the number of people who have told me they had or have suffered from depression.

I am on the Board of depressionNet, an Internet help service for depression sufferers and their families. Depression had become a big part of my life and I feel really blessed that I have not suffered from it. Like all human beings I have my low moods and my moods can fluctuate without any perceptible cause, but I have always been able to continue to function even when feeling very ordinary emotionally.

I salute the bravery and the guts of many depression sufferers who continue to fight against the dreaded "black dog".

Depression must be recognised as an illness that is beyond the control of the sufferer. Those suffering from clinical depression do not need or deserve to be told to "pull their socks up" or "snap out of it". It is a tragedy that many people suffer from depression for years before they are diagnosed.

To lose hope is to lose everything in the fight against this terrible illness. And yet hope is often the first emotion to go when depression strikes. The battle to maintain hope is often left to the family and friends of the sufferer. It is a gift to the sufferer if they can help keep hope alive and it will help the outcome if the sufferer believes it is achievable to gain control over the feelings of desperation, powerlessness and hopelessness that are the hallmarks of this illness.

It is important to remember that most people with depression can be helped. With effective help the great majority of people will defeat, or at least learn to manage, their illness.



Photo - David Karonidis

Wayne Swan

Wayne Swan MP is Labor MP for Lilley, the Brisbane seat he held from 1993 to 1996 and regained at the 1998 election. An academic and campaigner for social justice, Wayne Swan was State Secretary of the Queensland Branch of the ALP and Campaign Director for Queensland premier Wayne Goss' victories in 1989 and 1992. Between 1998 and 2004, Mr Swan was the Shadow Minister for Family and Community Services. As Shadow Treasurer, in the Kevin Rudd led Labor Opposition, Wayne Swan addressed The Sydney Institute on Tuesday 3 April 2007.

MEETING THE

CHALLENGE: LABOR'S ECONOMIC VISION FOR THE FUTURE

Wayne Swan

I want to start by thanking Gerard and Anne for extending this invitation to address The Sydney Institute, which has become one of the major forums of political debate in Australia today. Australia needs more organisations like The Sydney Institute because we need more debate about our future.

We have a government whose best years are behind it and whose ideas have suddenly reached their use-by date. Fresh fields of knowledge and debate are opening up across exciting new areas that hold answers to our nation's future. Intelligent and committed Australians are itching for a chance to make a difference. Australians in business, the public service, academia and the community all have big contributions to make but the government isn't listening. Labor on the other hand is keen to listen to the best and brightest. For example, we have already opened up a direct dialogue with business through our Council of Business Advisers, chaired by Sir Rod Eddington, and our recent National Climate Change Summit last weekend in Canberra. There's a mood for change.

It's this fact – of people's hopes for something better, rubbing up against the hard reality of a government living in the past – that is making this such an interesting time in our political cycle.

For Labor the situation is obviously looking better than it has in recent years. Do I think this makes us a shoo-in to win the election, as some believe? No, I don't. But we are determined to win. And we want to win it by getting the policy right and by getting the politics right. We don't want it to be a personalised slanging match, impugning people's reputations, and putting each other through what's euphemistically called a "character test". But we intend to stand up to the government. We're not going to be bullied and pushed around.

We're going to refute the misrepresentations that the government makes about us. Let's take the biggest misrepresentations of all: that we're opposed to reform; that we're too inexperienced to manage the economy; that we're out of touch with the values and aspirations of

mainstream Australia; and that we can't be trusted with the future. When it comes to the future of the economy, far from taking a backward step, Labor will be staring the government down.

When it comes to building our economic future only one party recognises:

- we cannot aspire to the highest living standards without the most skilled and educated workforce;
- we cannot survive in an increasingly competitive global economy without world class infrastructure;
- we cannot enmesh further into the global economy without business having competitive tax and regulatory settings
- we cannot avert the damage that climate change would wreak on the Australian economy without clear, decisive and early action.

Labor is in the future business. As one commentator wrote just this morning, we've become the constructive government; the Coalition have become the carping opposition.

Before I talk in more detail about these issues, I would like to make one thing perfectly clear - Labor stands ready to make the tough decisions necessary to preserve and enhance future prosperity. Arguably the toughest economic decisions that have helped set us up for the current prosperity have been made by Labor. Floating the dollar, bringing down tariffs, deregulating the financial sector, wage restraint through the Accord to rebalance the wage and profit shares in the economy and tackle inflation, retirement income reform, national competition policy, deep cuts in personal and company tax rates, greater autonomy for the Reserve Bank, just to name a few.

Labor crafted those reforms. We took the hard decisions. And people like Kevin Rudd and I lived through and worked on those reforms – giving us far more experience of what it takes to make tough decisions than Peter Costello had when he started as Treasurer in 1996.

The Howard Government is stretching credibility when it claims it supported all of these decisions when it was in opposition. A cursory examination of the parliamentary Hansard reveals the Coalition opposed the introduction of the superannuation guarantee, it opposed the move from centralised wage fixing to business level enterprise bargaining, it opposed the introduction of the assets test on the age pension. More recently Labor has been prepared to support important policy from opposition too. You won't hear John Howard acknowledging Labor's support for business tax reform including capital gains tax relief, the establishment of the medium term fiscal policy framework, and the recent package of superannuation reforms.

Our opponents like to define the economic debate in terms of experience. I agree experience is important, but it means little unless it gives you foresight. It is foresight that enables you to anticipate

and prepare for the challenges ahead. Unless you understand the challenges of the future you can't govern for it. When it comes to the modern currency of skills and education, the need for world class infrastructure, competitive tax and regulatory settings, and finally the implications of climate change, it is clear that the Howard Government just doesn't get it.

It is evident that the Howard Government simply doesn't understand the magnitude of these challenges and the leadership required to prepare the economy to meet them.

Our opponents prefer instead to rest on their laurels and twist the economic debate at every turn to suit their short term political interest rather than the long term national interest. But the fact is, they're content to live off the windfalls created by the mining boom and the growth of developing nations like China and India. They've run out of reforming ideas. They've started substituting ideology for innovative thinking – as shown by their extreme industrial relations agenda, which will do nothing to create additional wealth, but will unravel the gains made through Labor's enterprise bargaining reforms of the 1990s.

We can expect to see a lot more of it in the run up to the election because the Howard Government prefers the comfort zone of the past and is content to live off current prosperity rather than fronting up to the challenges of the future. It is these economic challenges which I want to talk to you about tonight, and I want to explain why Labor is better placed to deal with them than the Coalition. I can think of no better place to start than the second Intergenerational Report released by the Treasurer yesterday.

The Intergenerational Report

Yesterday the Treasurer released the second Intergenerational Report prepared by Treasury – a department I have a great deal of respect for. Treasury has been pivotal in formulating and implementing some of our biggest economic reforms, and it would be a good thing for government to listen more attentively to their advice.

The latest IGR provides a window into the future, but it is fair to say that it is no map. Five years ago the first IGR served to highlight the fiscal pressures emerging from the ageing of the population. To its credit the report helped to raise public awareness about matters such as fertility and retirement decisions. The real shame is that the Howard Government has not been heeding the warnings contained in it. Chief among them, our best response to the ageing of the population is a growth agenda which has at its heart lifting productivity.

The report confirmed almost all our economic growth in the future will come from the productivity gains we are able to achieve. But it also confirmed recent productivity growth has been poor. In

the latest report productivity growth has been revised down from 1.7 per cent this decade to 1.5 per cent. To a great extent this has been camouflaged by the mining boom. It has supercharged our national incomes by something like \$55 billion in the last year alone. And it is now accounting for about half our employment growth.

It's very instructive for example to compare the first six years of this decade with the last six years of the previous decade. Over the six years of this decade, average growth in the volume of our exports fell to under 2 per cent – less than one-third of the growth achieved over the last six years of the previous decade. Average annual growth in GDP fell to $3\frac{1}{4}$ per cent – from 4 per cent in the previous six years. Similarly, growth in GDP per person or average living standards fell to 2 per cent – from over $2\frac{1}{2}$ per cent in the previous six years. The principal reason for the deterioration in our economic performance has been our sliding productivity growth. Labour productivity in the market sector fell to 2 per cent over the first six years of this decade – from over $2\frac{1}{2}$ per cent over the previous six years.

It is disturbing that in just six years we have almost completely lost the relative productivity gains associated with the economic reforms implemented over the last 20 years. It is even more disturbing that this deterioration in our economic performance coincides with the beginning of a transformation of our region with which our economic future is closely bound. Relying on the mining boom to continue to drive our economic prosperity is a risky strategy. When it comes to the future, we need to make our own luck. That is what drove Labor's ambitious reform agenda of previous decades. And it is what's needed now to halt the slide in our productivity performance and the sustained downturn in our rate of economic growth.

A new economic strategy

Labor's approach is to deliver a new direction for economic policy that will set us up to meet the challenges of the future and secure our long term prosperity beyond the mining boom. Our strategy starts by recognising that if we are to build long term prosperity we must turn around the slide in our recent productivity performance. We need to be investing in the skills and know-how of our people to raise productivity and underpin future growth.

We need to build capacity to develop and absorb new technologies so that our businesses can be amongst the most innovative and competitive in the world. We need to be investing in world class communications technology and national infrastructure to provide a platform for future growth and business investment. We need to ensure that our tax and regulatory regimes do not stifle competition. We also need to progress the unfinished business of the National Competition Policy agenda and address the obstacles that are impeding efficient investment in our energy and transport markets.

This policy framework will also promote price stability, meaning the Reserve Bank needs to do less heavy lifting on interest rates. Finally we need to front up to the challenge of climate change and put in place concrete steps to avert the impact it could have on the Australian economy.

Education and skills

Sixteen years of growth should have allowed us to make Australia the most highly educated and skilled nation on earth. Labor recognises that we cannot aspire to the highest living standards in the world or meet the competitive challenge unless we have the highest levels of skills and education. But when it comes to investment in education, Australia is at the back of the pack. Overall we are investing about 5.8 per cent of GDP – that puts us behind 17 other OECD countries.

In the global competitiveness reports on Australia's science and maths education levels we are ranked 29th. The point is this: Australia cannot continue to aspire to be first in prosperity if we are coming 18th and 29th in terms of education and skills. Sixteen years of growth should have provided a fantastic opportunity to invest in future prosperity by investing in our people. But while other developed nations have been ramping up their public investment in education by an average of about 48 per cent – government investment in Australia has declined by about 7 per cent. The Coalition fails to recognise that skills and education are the modern currency of the global economy. Labor on the other hand sees that an education revolution is at the heart of building future prosperity.

While in the current boom the economy is doing well we are being held back by skilled labour shortages. I'm convinced that too much of Australia's human capital is being under-utilised. Too many communities, employees and school children are falling behind, locked out of participation in the mainstream economy. Instead of contributing to even more wealth generation, they're imposing additional costs and causing higher levels of taxation by requiring ameliorative spending measures. This problem can be solved through human capital investment. Already we have announced plans to provide early learning universally to four year olds. Labor has announced plans to improve incentives in the crucial disciplines in maths and science. Labor is also determined to improve educational outcomes through a common national curriculum. And there will be more to come.

World class infrastructure

Sixteen years of growth should have also provided a fantastic opportunity to ensure our businesses have the communications infrastructure they need to compete in the twenty first century. And

we find ourselves lagging behind the rest of the world – we are ranked 17th among developed nations for broadband take up and a damning 25th in the world for available broadband bandwidth.

As global competition intensifies daily, this is simply not good enough. Labor recognises that if we are to build prosperity for the future, we need to direct current policies towards boosting our productivity and competitiveness. That's the idea behind our education revolution. It's the idea behind our plan for a high speed broadband network for Australia. Good broadband infrastructure is absolutely essential if we are going to compete in the cut-throat global economy and increase our productivity. But we've fallen far behind our competitors. We are close to stone cold last when it comes to bandwidth. We simply must improve our broadband speeds.

Now that we know that the Future Fund will be able to comfortably meet public sector superannuation liabilities without the need for additional payments from the surplus after next year, it makes perfect economic sense to invest a small proportion of its funds in excess of those needed to meet the public sector liabilities to boost future productivity and wealth. In Labor's view, the Future Fund represents much more than just a means of meeting public sector super liabilities. We will meet those liabilities and then some. But we see the Fund as the surpluses the nation has set aside to build our economic future, and that's what we will use it for.

It is astounding that Treasurer Costello is so dismissive of the idea. Last week in *The Australian* my opposite number, the Treasurer, likened Labor's broadband plan to friends who keep holding wild parties in your house, won't clean up and never leave. It's the same old arrogant and shrill Peter Costello routine that the voters dislike so much. And not only is he losing his side valuable support, he's wrong. The obstinate refusal of John Howard and Peter Costello to invest in modern infrastructure like broadband – just like their refusal to invest in education and skills and to seriously tackle global warming – reminds us all of another irritating visitor who won't leave. You've all met him: the cranky old uncle forever yelling at the TV news bulletins; telling us how they did things better in the old days; how they spend too much time at school teaching kids how to use computers instead of using the strap; how global warming is just a load of old rubbish dreamt up by loony scientists; and that what we really need is to bring back conscription and give the youngsters a good hair cut.

John Howard and Peter Costello are turning into that cranky uncle. They're becoming the Alf Garnets of Australian politics. They know they're not going to be around to cope with the consequences of their self-political indulgence or to enjoy the benefits of long-term investments. They want the nation to live off its capital until they retire. It's time they turned up their hearing aids to listen to what everyone else is saying – including some of their older and wiser

contemporaries – that it's time to let a new generation deal with the realities of the twenty first century. Nowhere is this more evident than the issue of climate change.

Climate change

I find it completely astonishing that the Treasurer's Intergenerational Report had so little to say on an issue that is arguably the most significant threat to our long-term sustainability – more so even than the ageing of our population. In fact, the Treasurer has had little to say on this issue full stop. In his eleventh budget speeches, the Treasurer has not referred to climate change once. The government's strategy on climate change has been to deny, deflect and delay. They claim to accept the scientific reality of climate change, but refuse to accept that this will have any implications for the Australian economy. They claim that Australia is leading the way, but continue to deflect any responsibility for action to others. They claim to be taking greater steps to adapt to climate change than any other country in the world and yet they have refused to set targets for reducing emissions; to ratify the Kyoto Protocol; to establish a national emissions trading system; and to lift the mandatory renewable energy target.

The new low-carbon emitting industrial revolution is coming. Every service, product and idea we generate and export to the rest of the world in the future will have to achieve new standards of sustainability, or we will steadily lose our market share and with it our wealth. Business understands this. And those who doubt me should read the comments of some of the nation's business figures who attended Labor's highly successful global warming summit last Saturday. The overwhelming consensus from the summit was that the science on climate change was well and truly in and that the time to act was now. In fact I was taken by just how committed the business community was to meeting the climate change challenge. They see the costs of inaction. They also see the massive opportunities for Australian business in renewable energy, in energy efficiency services, and in low-carbon technologies.

The point I want to emphasise today is this: climate change is not simply about science, it's also about economic management and our long-term economic prosperity. This is where the government has most clearly failed in understanding the challenges, and opportunities, presented by climate change.

Last week, I had the privilege of meeting again with Sir Nicholas Stern. His report was seminal in the climate change debate. The report put forward to the international community the serious threat climate change posed to future economic prosperity – that if left unaddressed, climate change could cost the global economy more than both World Wars and the Great Depression. We can debate the magnitude and methodology of the Stern Report. But the

fundamental point remains that the global costs of inaction will be far greater than the costs of action.

Australia's unique environment is closely connected with our economy. We face the bleak prospect of increasing droughts, more extreme weather events, rising sea levels and the collapse of natural wonders like the Great Barrier Reef. Climate change poses a significant challenge for our agricultural and tourism industries in particular. Combined these industries bring in around \$50 billion in export earnings to the Australian economy each year. The tourism industry alone employs more than half a million Australians. Despite these risks, the government has refused to do any analysis on the impact that failing to act on climate change will have on both the Australian economy and jobs. This is irresponsible economic management.

This is why Labor will commission a comprehensive study of the economic impacts of climate change for Australia specifically. Tackling climate change will require new ideas and a new direction. We need to establish a carbon price signal to address existing market failures and we need to encourage innovation and investment in new low-carbon technologies – to ensure Australia is at the forefront of new global markets for energy efficient technology.

Labor has committed to setting up a national emissions trading regime – to establish a carbon price signal, address existing market failure and ensure emission reductions are delivered in the most cost effective way. Establishing a carbon price signal we will also provide an incentive for the private sector to invest in new technologies to reduce carbon emissions; without it, businesses have little incentive to undertake these investments. But there is also a strategic role for government to identify and encourage greater investment and innovation in low carbon technologies. Innovation and investment must be at the heart of Australia's response to climate change. That's the idea behind Labor's National Clean Coal Initiative and Green Car Innovation Fund – to accelerate the development and demonstration of near zero emission coal technology, promote the development of low emission vehicles and boost industry research on fuel efficiency.

This is an area where arguably Australia has a comparative advantage. Into the future we need to be exploiting other sectors where we have a comparative advantage. This brings me to the final point I want to make tonight – Sydney as a financial hub for Asia and the tax and regulatory settings we need to achieve such a goal.

A financial hub in Asia

In looking to the future, one of Labor's goals in office will be to sustain and improve the industry competitiveness and the trade and investment frameworks that have permitted our success in the global economy. Where there are impediments to Australia's integration

into the global economy, Labor will remove them. Financial services is a case in point. Australia is well placed to be a financial services leader. Australia has more than one trillion dollars of funds under management – the fourth largest in the world, and the largest in Asia. Sydney is at the centre of it – the financial services sector in Sydney is around half the size of London's, and a third of New York's. We should aspire to even greater heights, and government policy has its part to play. One example I've recently cited is withholding tax on foreign investors in Australian managed funds.

Australia's headline rate of withholding tax for Australian managed funds of non resident investors is 30 per cent. In order to attract investment and reduce the regulatory burden, managed funds could have a lower headline withholding tax of 10-15 per cent offset by the loss of debt deductibility. This will compare much more favourably to headline rates for Japan of 7 per cent, Singapore of 0 per cent for individuals and 10 per cent for others, and Hong Kong and the US of 15 per cent.

Another example, and of greater significance to domestic superannuation funds, is the tax treatment of foreign source income. An impediment to further growing domestic superannuation and its outreach into the global economy is the lack of foreign source income imputation credits. As superannuation funds continue to diversify their portfolios by investing in international equities and other financial instruments, they are increasingly being exposed to double taxation of earnings. A foreign source income tax credit paid at a lower rate than the domestic imputation credit could help address the bias, allowing funds to further enmesh in the global economy consistent with their long term risk and return objectives, while simultaneously improving real returns to fund members.

But tax is just one part. In the world of financial services, London, Hong Kong and Singapore are our competitors. We should be looking very closely at their regulatory systems to see what works. As in those countries, we must instil in our peak regulators a culture of efficient regulation. It has been a decade since the Wallis inquiry and the introduction of the ASIC-APRA model. We have said that it's time to review the effectiveness of this arrangement. While at the same time holding the Australian financial services market to the highest legal standards, our regulators must facilitate the growth and export expansion of financial services through efficient regulatory behaviour. APRA and ASIC should adopt as an explicit goal the promotion of the Australian financial services sector.

We need quick turnaround times and clearly allocated responsibilities. Regulation is an unavoidable feature of modern markets, and it should be as efficient as possible while at the same time upholding high standards of corporate governance. I haven't reached a final conclusion on either of these issues but I'm willing to

listen to industry views on these and other issues. Of course, any new spending will be subject to our strict Budget Rules.

Macroeconomic stability has been the bulwark of our expansion and we will not compromise those rules as we put forward new spending initiatives. These measures will have to satisfy the rigorous process of our Expenditure Review Committee, but if affordable they are potentially worthwhile initiatives to encourage Australian companies to invest in building their capabilities off shore and help assist in making Australia the financial services hub in Asia.

Conclusion

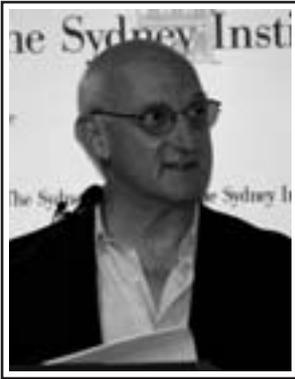
In conclusion let me be very clear about the debate over the economic future of Australia. The Coalition thinks that the economy is their strength. That as soon as the subject is even raised, the voters will come running back to the government, ignoring its myriad failures, its tiredness and its arrogance. They think that experience in office will always trump new ideas in opposition, as if we're living in a perpetual one-party state, in which government can never change hands. Well, they forget that this is a democracy and the people sometimes demand change. And they're wrong if they think we're going to run from a fight on the economy. Because the Australian people are becoming increasingly aware that their prosperity must be secured beyond the mining boom. They understand that our nation's productivity is slipping. That we're falling behind in the education revolution. That our infrastructure is getting run down. That we have to overcome huge challenges posed by global warming.

They want the windfall of today to be invested in the things that will give Australia the economic advantage in the future: education, skills, a decisive climate change strategy, modern infrastructure, and further tax and regulatory reform. It's only Labor that is in tune with the needs of a modern, successful economy. It's a message people are accepting. And it's one we're going to keep arguing strongly – now, during and after the Budget and right up until polling day.

ANNUAL DINNER 2007



Photographer: David Karonidis



David Malouf



Dr. Ihab Hassan

Photo – David Karonidis

Born in Cairo, Egypt, Dr Ihab Hassan trained to become an engineer. He then moved to the US where he went on to study literature, and earned an MA and a PhD in English. Since 1970, Ihab Hassan has been the Vilas Research Professor of English and Comparative Literature at the University of Wisconsin-Milwaukee. David Malouf was born in Queensland, in 1934 to a Lebanese-Christian father and English-Jewish mother. He is now one of Australia's most recognised writers and the winner of many international awards. David Malouf and Ihab Hassan addressed The Sydney Institute on Wednesday 11 April 2006.

FUNDAMENTALISM

AND LITERATURE

Ihab Hassan

Everything I have to say tonight could be subsumed by a wisecrack of Mark Twain: "What gets us into trouble is not what we don't know. It's what we know for sure that just ain't so." But to subsume everything with a wisecrack, however wise, is reductive - a kind of parlor fundamentalism, you might say. So, I'll have to skip from Hannibal (Missouri) to Kyoto (Japan).

At the Zen Temple of Ryoanji, fifteen rocks stand in a raked, undulating bed of sand, evoking an endless sea. They stand artfully so that no viewpoint can reveal all fifteen at one glance. A pragmatist, like Wi

lliam James, might simply remark that we lack the perspective - but not the desire, alas - to grasp the world "as a single fact." The rocks themselves make no remarks. I'd like to take a hint from that garden: I will offer no panoptic view of the subject, I only invite you to stroll among some rocks, without leaving footprints in the sand. Let's walk now toward the second rock.

What is fundamentalism? I can't define it. If you look it up, you'll meet *fundus*, basics and bottoms, first principles and animal posteriors. You'll meet, for sure, not one but many fundamentalisms. At the University of Chicago the theologian Martin Marty has edited five obese volumes titled *The Fundamentalism Project*. As for literature, we all know what an incorrigible shape-shifter that is. Fundamentalism and Literature, the Tyrant and the Trickster, um. Is literature, then, the antithesis of fundamentalism, its sworn enemy, like Shia against Sunni, or the Hatfields and McCoys in the hills of Kentucky? Not quite.

True, I think of fundamentalism as a brazen tower, proud in its violence against life. And true again, I think of literature as a cloud, a kaleidoscope, a pleasure-dome, refracting certainty, scattering power. But dichotomies simplify, antinomies constrict - we are two steps away from fundamentalism again. Though literature may challenge dogmas, commitments also quicken literature. And literature has its

own absolutism, just as fundamentalism has its poetry of beliefs. So, let's keep free and loose...

But who speaks here about keeping loose? The question is relevant, especially for writers, critics, intellectuals.

The late Edward Said thought that the duty of the intellectual is to speak truth to power. Certainly. But more difficult still is speaking truth to oneself. Call it thinking against oneself. And that's what I want to do now, in a thumbnail memoir.

During my adolescence in Egypt, some time between 1940 and 1942, I became suddenly and insufferably devout. I prayed turning my face toward Mecca, I fasted through the month of Ramadan. And I pointed my finger at hypocrisy and corruption everywhere, especially under the nose of my parents, who were Muslim by birth but never practised Islam. In other words, I experienced fundamentalism as a kind of purity, and wore it as a halo of adolescent rebellion. Needless to say, my parents were not amused. But that was precisely the point, wasn't it?

I did not join the Muslim Brotherhood, simply because I'm not a joiner. ("I didn't inhale," as President Clinton said.) But I *could* have joined, as did some friends at the University of Cairo. Of course, the Brotherhood was relatively benign then; its shibboleth - "Islam is the solution" - had not caught fire yet, and laid parts of the earth to waste.

My point is simply this: at a certain stage, fundamentalism - Muslim or Christian or Marxist - appears as a form of idealism, a kind of self-transcendence, as well as a means of rebellion against the perceived depravity of the adult world. More, fundamentalism satisfies the need for self-assertion through self-sacrifice.

That was then, fundamentalism as adolescent panache. And now?

In the non-Western world - that is, in the largest moiety of the earth - fundamentalism still draws on delayed hopes but also on archaic drives: tribalism, nationalism, religious sectarianism, the claims of identity, abhorrence of modernisation, a postcolonial backlash, a need for both redress and revenge among the poor, the scorned, and the infirm, who know only how to die. Thus youthful panache becomes fanatic, even terrorist.

Nietzsche, eyes rolling, offers us here an insight. Idealism, he thought, bends easily to spite, utopianism to tyranny, and nihilism infects the fanatic. The latter lacks "the affect of command" (Nietzsche's phrase); hypnotically, he subjects himself to a larger will. In a blazing trance, the fanatic turned terrorist steps to answer the Call: I am nothing, I give myself to All. Boom! What transcendent pride!

But let's be fair: the fanatic idealist may answer another call, that of "abysmal sympathy" rather than "transcendent pride." Here Kierkegaard, not Nietzsche, is our man. (I sometimes think these two poet-philosophers are funhouse mirror images.) Kierkegaard was drawn to anguish, the extreme anguish of Abraham or Job. Call it the Job Complex, a dread of not suffering. In plain words, "abysmal sympathy" leads us to embrace deeply the pain of others, boils, stench, ashes, and afflictions all. Can the violence of some religious fundamentalists come from acute identification with the pain of a people, a group? Is it due to some exorbitant guilt, or to a sentiment even more shady and complex than guilt?

I cannot answer; I amble toward the fifth stone.

At this point, someone - someone like myself - cries out: hold on, not all Muslims are fundamentalist, let alone terrorist. Indeed, stereotypes forged in extremity should be deep-sixed.

In the mainstream of Islam runs a moderate, reformist current, driven by middle class aspirations. It is moderate yet stubborn, and women are crucial to it. That is why I must avert now to ladies' fashions and lingerie. Not long ago, I happened upon a BBC program about two Istanbul fashion designers, one secular, the other religious. The first designed sexy underwear, the second Islamic scarves and Turkish burkas. Both were successful, the second increasingly so. It was a tale of two cities, two ways of being in the world, of fulfilling legitimate desires, those of the body and those of the spirit. To my surprise, I found myself more drawn to the Islamic designer, his quiet dignity and stolid beliefs, drawn especially to his articulate daughter, who had *chosen* - it was a choice with her, an expression of her freedom - chosen to wear a handsome head scarf. I realised, or rather realised again, that Islam has many shades, and that even fundamentalism casts shadows of different hues.

I put this to you now without proof: a kind of Islam is struggling to wrench itself from the legacies of both foreign colonialism and native extremism, *and in this struggle women will play a crucial, perhaps the decisive, part*. This Islam may reject violence, but it has a will of its own, indifferent to Western approval. So much for Victoria's Secret.

But what about fundamentalism in the West, in America particularly? As in all things concerning my country, the story is outlandish and contradictory, defying generalisation.

In his tract, "A Modell of Christian Charity" (written on the good ship *Arabella* on the high seas), Governor John Winthrop did envisage a City on the Hill - the phrase is in Matthew - and though Winthrop's city excluded Anne Hutchinson and "Red Indians", it

assumed a Christian brotherhood in the savage, new world. Since then, the statistics about believers and church goers in America, and its evangelical rhetoric, have repelled large parts of the world.

But that rhetoric should take its place beside other rhetorics and other idioms. The founding fathers were rational Deists and Freemasons. The great nineteenth century writers - Hawthorne and Melville, Thoreau and Emerson, Twain and James - were skeptics, nihilists, transcendentalists, humanists, and not even God knows what Emily Dickinson was. Still, I think Whitman was right to say: "the core of democracy [in America] is religion" - a sentiment the current President misprisions.

The religious Right may be hijacking classic conservatism, national politics, and foreign policy today, but the reaction to it has already declared itself in recent elections, and in books like Daniel Dennett's *Breaking the Spell*, Sam Harris's *Letter to a Christian Nation*, Christopher Hitchens' *God Is Not Great*. And according to one Harris Poll, the percentage of adult Americans who are "not absolutely certain" about the existence of God has risen from 34 per cent three years ago to 42 per cent today.

We all cite polls without believing them, don't we? So, deep-six that statistic as well. The United States, however, remains a "creedal nation" - no doubt about that - whether the creed is Christianity, the Constitution, the Pursuit of Happiness, or Capitalist Greed. And creeds often whisper some universal truth. But who knows what the creed will be when America becomes a Catholic, Hispanic nation in 50 years?

We're almost at the midpoint. So, let me turn to literature now, turn away from politics and its rough grain. Is literature - that old smoothie - innocent of absolutism, of fundamentalism? Hardly.

In the beginning was the Word, John said, and the Word (the *Logos*) was with God. What could be more basic, definitive? Well, that was then, you demur. Not really. Only two decades ago, in another faith, the word of death went out against Salman Rushdie, the famous *fatwah*. And even the magus of deconstruction, the late Jacques Derrida, recognised the inherent ethnocentrism and imperialism of the word.

It's not just deconstruction, though. We know that in Mesopotamia, Egypt, China, India, agrarian empires devised cuneiforms, hieroglyphs, ideograms, letters, and numbers to centralise power, organise armies, control time, distribute water, weigh grain - *and*, yes, oppress people. Chisel, stylus, quill, reed, pen, abacus were tools of tyranny, no less than the dripping sword.

Of course, there's another side of the matter. The earliest stories, the first myths and founding narratives and sacred texts, were also

ontological statements, affirming our being against death, against the void, against the frailty and contingency of human existence. They were shields against despair. Thus men and women lived by the word and also died by the word, freed and tyrannised by the letter.

Yes, yes, but what about literature itself, you ask? I want to suggest that a strain of fundamentalism, a tendency for spiritual absolutism, runs through Western literature itself - not just through sacred texts or fanatic hearts. Think of Milton's Lucifer, Blake's Tiger, Goethe's Faust, Byron's Manfred, Melville's Ahab, Lautréamont's Maldoror, as well as countless intellectual adventurers and break-neck nihilists who populate the works of Turgenev, Dostoyevsky, Conrad, Mann, Gide, Kafka, Faulkner, Hemingway, Beckett, and so on. I leave it to you to decide if the author of *Voss* belongs in this company.

I mean to say that the shadow of romantic absolutism, of spiritual extremism, falls on modern literature, as the American critic Lionel Trilling famously decried. But I would not want to exorcise that shadow; for it defines a certain kind of energy, a high, distinctive trait of the imagination. Shall we call that trait idealism again? Yes, idealism, however bent or twisted, trailing the dust of dreams.

I said "bent or twisted" casually, but I could have also said "grotesque."

An American literary tradition of the gothic and grotesque goes back to the novelist Charles Brockden Brown (born in 1771), goes back even earlier to the divine, Jonathan Edwards, whose sermons are finally saved from the grotesque by the Puritan habit of self-examination. The tradition includes Poe and Hawthorne, Faulkner and Sherwood Anderson, Carson McCullers and Flannery O'Connor, all the way to the present, to Cormac McCarthy, say, whose bodacious villain in *No Country for Old Men* is a case unto himself. But the key passage comes from "The Book of the Grotesque," in Sherwood Anderson's *Winesburg, Ohio* (1919). I quote:

in the beginning when the world was young there were a great many thoughts but no such thing as a truth... It was the truths that made the people grotesques... the moment one of the people took one of the truths to himself, called it his truth, and tried to live his life by it, he became a grotesque and the truth he embraced became a falsehood.

Doesn't the passage describe uncannily the character of religious fundamentalists of our day, their grotesque obsessions and distortions of spirit, the violence of their alienation from this world?

Actually, great literature “describes” nothing; it doesn’t “mirror” the world as I used to think. What literature does is to give us a feeling, an experience, an interpretation, a model of the world as no concept or system or dogma can. In fact - and that’s the flip side of what I said about imperialism of the letter - in fact, literature, like all the arts, subverts authority. Like David Malouf’s Ovid, the poet ends up in Dacia for his irreverent pains.

It’s an old story, really. Plato banished the poets from his Republic. Understandably, the poets took a different view. Sir Philip Sydney, for instance, understood that the poet “nothing affirms, and therefore never lyeth.” John Keats celebrated “negative capability:” that is, the power to remain “in uncertainties, mysteries, doubts, without irritably reaching after fact and reason,” which Shakespeare peerlessly displayed.

I am not about to drag you into the bogs of literary history and theory. All I want to say is that literature is the banana peel on which all fundamentalisms slip. Still, absolutism always picks itself up again and strides forth in our midst.

And so, I must return to the present, alas, the present and its imminent dangers. A spectre is haunting the world - we meet it every time we board a plane. How can literature, how can any art, assuage those terrible passions wearing the kaffiyeh or turban? Or toting and quoting *The Book*? The media won’t help: they *both* expose absolutism and extend its grasp. They do more: they prescribe terror, write its scenarios ahead of time. Indeed, the media preempt the terrorist himself, who simply acts out—with necessary variations—the theatre of public fantasies and media clichés.

So what can avail? Political and economic solutions may take us part of the way. But imperial America can go up in flames today, vanish into the stratosphere - what humongous pollution that - without pacifying fanatic hearts. The insulted and the injured will have their say, however self-inflicted their wounds. The repressed returns with a violence wholly disproportionate to its cause. What can avail?

Science will not take us very far toward answering this query. As the adage goes: science tells us how the heavens go, religion how to go to heaven. But evolutionary science is currently engaged in an interesting, if inconclusive, debate about gods and religions. From a Darwinian perspective, the right question is: why do human beings believe in gods, not do gods exist? Put another way: are religions a useful adaptation in the evolution of our race or are they an accidental byproduct of evolution, in which case God becomes a spandrel?

Imputing agency seems to be an innate impulse for the clever biped. So is causal reasoning and explanatory narratives, otherwise known as myths. So is projection, attributing our thoughts and feelings to external objects. All these give us - or rather, gave us once - an advantage in survival. But now, what do they do for you and me? Console us when we're disconsolate? Remind us of the glories of Karnack, Angkor Wat, Chartres, and the Great Mosque in Cordoba? Remind us of horrors unending in the name of gods from the Word Go?

Passion and need - especially need - are required to make all those gods speak, all those stones breathe. We seem to be born with the facility to believe, however absurdly, as we are born with the capacity to make sense of the world with arbitrary sounds. But when it comes to *knowing* God, we bang against a cognitive wall. It's not really a wall or spandrel: it's a void, a gap.

So what has all this to do with fundamentalism and literature?

We come now to a small rock. It is a line from Kafka's notebooks: "The spirit becomes free only when it ceases to be a support." I interpret this to mean: the gods come to life only when we cease to need them. Here fundamentalism ends and literature begins.

Of course, none of the arts can bring about a deep change of heart. Nor can friendly persuasion. Nor even intervention by dollar or gun. Will genetic engineering? I shudder.

I return to Ryoanji without despair. Visitors tend to depart from that garden calm of mind. The calm is transient but real as a rock is real. The pattern of fifteen rocks, however, wavers in the inner eye, leaving no distinct impression or form. The form, the visitor soon realizes, is empty, like the spaces between the rocks.

It is this emptiness I want to offer my silent antagonist, the fundamentalist within. Without self-dispossession, without self-emptying - what theologians call *kenosis* - fear and craving persist, and absolutism reigns. Remember: spirit soars only when it ceases to serve human beings as a crutch.

Is this conclusion about fundamentalism too elusive for practical minds? Then I leave you with an earthy line from Don Quixote: "What giants?" said Sancho Panza.

This may suffice.

FUNDAMENTALISM

AND LITERATURE

David Malouf

The long century and a half from the late 1840s to the early 1980s was a period when a fiercely idealistic notion of how society might be reorganised, and the souls of men and women engineered and changed, became a prime subject of argument and of reformist political action. It was an impulse that appealed, at its best, not only to the noblest minds among us but to our noblest instincts: to compassion, altruism, a wish to end the hunger and suffering of the millions; a longing for justice and equality in a plainly unjust and unequal world. We hear the voice of all this in Alyosha Karamazov's determination, in Dostoevski's *The Brothers Karamazov*, "to be a warrior for life", but also, with some not so gentle satire, in the mixture of wistfulness and ineffectual and misguided optimism with which Chekov's characters, in *Uncle Vanya* and *The Three Sisters*, declare their willingness to sacrifice their own lives now for the 'beautiful lives', as they put it, that people will live "a hundred years from now".

The classic case is Alyosha's brother, Ivan Karamazov. What comes up immediately in him is the connection between political action and the loss of faith. Ivan Karamazov is a believer who can no longer accept God's world – specifically the sufferings of innocent children – and has decided, as he puts it, "to return his ticket". In the fable he tells Alyosha, "The Grand Inquisitor", he speaks of what Jesus, under temptation from Satan, rejected, but which we might have pragmatically to accept: that man cares more for bread than for freedom, and following on from that, the implementation of an order, in this case by the Church but looking forward prophetically to the Stalinist, Fascist, and Nazi states of the next century, where the authorities deceive their citizens with mysteries, but for their own good, and imprison or execute all those who oppose their rule: but do at least provide their subjects with bread, and relieve them – the totalitarian state's greatest gift – of the burden of being individual and free. Such regimes replace the need for religion by retaining its form, and take on their own shoulders, but secretly, the guilt of truth and idealism betrayed. Much of what was to be history, written in millions

of lives over the next century, is spelled out in the bitter ironies of Ivan Karamazov's exemplary tale: the use of brutal means to pure and useful ends, the necessary spilling of blood in the present to assure a transcendent future, the call upon Alyosha Karamazov's "warriors for life" to commit great crimes, and bear the eternal ignominy of them (this was the argument put by SS leaders to the more idealistic of their recruits), for the sake of future generations.

Stages along the way might be influence, in the 1840s, of Bakunin, the "mendicant monk" as he has been called "of a non-existent revolutionary church", Nechaev and his Nihilist followers (the real-life contemporary figures behind Dostoevski's *Demons*), in the 1860s and the various anarchist bombings at the end of the century that form the background to Conrad's *The Secret Agent* and *Under Western Eyes*.

Behind these new ideas was a belief that human beings *could* be changed and therefore *must* be changed – if necessary against their own stubborn or misguided will; and they could be changed because in the old argument between Nature and Nurture the balance had tilted decisively to Nurture. There was no such thing now as a fixed human nature. Men were shaped by "conditions". Change the conditions and you could create a new kind of man.

And there was one other new notion abroad: that the primary force behind culture, behind history, was energy, expressing itself in psychological terms as intensity. It was the addition of intensity to this commitment to change, the belief that intensity was a sign that you were tuned into the life force and at one with the onsurge of history, that pushed all these noble warriors for life towards fundamentalism and fanatical extremes.

The late seventeenth and early eighteenth century had put its faith in reason, in reasonableness; rational argument, negotiation, the belief, after a period of violent civil wars, that man's deepest desire was for quietude, for peace. The later eighteenth century turned that on its head. It saw in disorder and change the natural expression of man's aspiring energy, and intensity as the purest and more energetic form of being. So much for the nexus out of which modern fundamentalism, ideological fanaticism arises, and the belief in its own necessity and purity that sustains it.

Essentially all fundamentalisms are religious, even when the form they take is political. "The real religion," Bakunin tells us, lies "in political action and the struggle". Totalitarian ideologies, of both the left and the right, replaced religion in the nineteenth century by taking over its psychological energy, and as Dostoevski predicted, appropriating, in the century that followed, its forms. What then of the role of writers in all this? How useful are writers as ideologues, as carriers themselves of the single message, the one of true belief?

I want to begin by making a distinction between kinds of writing: writing that deals with an issue or idea in the hope of persuading the

reader and changing things, and writing whose interest is in exploring the experiencing mind itself, its various ways of seeing and feeling its way into things.

The first sort of writing knows what it means to say before it begins because the writer already has an opinion. The second sets out to discover what it might have to say, and the further it goes, the more qualifications and contradictions it takes in, the less chance it has of coming to a conclusion.

The first kind of writing is that of the journalist, the moralist, the reformer, the preacher, the propagandist, the polemicist, and of course it can be extremely useful. But even if it is very successful – think of *Uncle Tom's Cabin* – and does real good, it will remain alive only as long as the issue it takes up has a hold on our interest. Sometimes a writer begins with an issue, Dickens for instance, in *Nicholas Nickelby*, then something else takes over: a larger interest seizes him, life itself in all its irrelevant but engaging detail, people and their oddness and affecting singularity. As Henry James tells us, a fiction writer's only duty is to be interesting. So what about this second sort of writer, the one who is engaged, interested – by pretty well everything in fact – but has no convictions, does not know, never does know till the writing itself has said it, what he thinks.

Keats, in writing of Shakespeare, gives as good a description as we are likely to get of this sort of writer and his mode of experiencing. "Negative capability" he calls it; "that is, when a man is capable of being in uncertainties, mysteries, doubts, without any irritable reaching after fact and reason". What Keats is pointing to, and sees as essential in a writer of this sort, is a passive withdrawal of the conscious or judgmental mind, of the ego, in favour of the absolute presence, in all its puzzling otherness, of what is being observed; delight in its complexity, its ironies, its amazing singularities and contradictions. In so far as such a writer is led to try and change the world, he ceases, in Keats' sense, to be a writer at all.

"This dead butcher and his fiendlike queen", is how Malcolm describes Macbeth and Lady Macbeth, in a memorable "sound-bite" at the end of the play. And this view of them might serve very effectively the man who has now to establish his authority and restore order to his world. But for those of us who have actually *seen* these people, and know them from within, it is entirely inadequate. A butcher, yes, but also a man of delicate moral conscience, which he has to fight hard to deny. Not a natural butcher. And a woman who goes against her own natural self, denatures herself, to be as Malcolm puts it, "fiendlike", and pays a terrible price.

Falstaff, in the two parts of *Henry the Fourth*, is from the beginning an impossible character, an irreconcilable element if what we are dedicated to is a state of social order in which the weak are protected and the law is to be kept. But when Prince Hal denies him, "Old Man,

I know thee not”, in the name of good governance and the higher needs of the state, we rebel. A world without Falstaff, without his zest, his wit, his extravagance, his anarchic individuality and childlike delight and folly, is a world we do not want to live in. Shakespeare leaves the dilemma unresolved because, except for politicians who deal with “the negotiable”, and ethical fundamentalists, it is unresolvable; not if we are to remain human. Shakespeare, like any writer, goes where the interest, the energy is; where Iago is, or Richard III, and we go with him. So long as the world he stages is in play, these characters have the stage to themselves and we rejoice in their active energy as they rejoice in it themselves: without restraint or judgment.

We too go where the interest is. In the same way Milton, as Blake puts it, is “of the Devil’s party”. It is Satan whose energy and wit the writer goes with, because it is dynamic, creative, if only negatively. Milton acts as a writer, and goes clean against what he consciously “believes”.

We see the same force at work in Balzac. His great character in the *Human Comedy*, as he calls the body of his fictions, is the ex-convict Vautrin; yet another embodiment, like Balzac himself, of that new force in society, the self-made man of destiny, the pocket Bonaparte. Vautrin – former gallery slave, homosexual, skilled manipulator of other men, avenger of his own and his fellow convicts’ mistreatment by a corrupt and hypocritical society, becomes for Balzac the agent of his own capacity to be everywhere in the world he is creating, to change shape and direction and point of view in a society where to be energetically present is its own form of power, and presence is everything. So Vautrin becomes, as it suits him, entrepreneur, con-man, dandified man-about-town, seducer of attractive but penniless young men who will be his agents in destroying women and the society that has un-manned him, spy, voyeur, cardinal, thug, police informer, and, in a piece of typical Balzacian effrontery, the Chief of Police himself: an amoral force at work, in a society made vulnerable by its own amorality, to expose hypocrisy, injustice, the cynical heartlessness, as the Marxist critic, Georg Lukács sees it, of the early capitalist world. In fact we know what Balzac believed. He was a right-wing Catholic Monarchist. But Balzac the writer is a free radical with no affiliations or commitments.

The book that more than any other work of the nineteenth century charts the rise of political activism in the 1840s, and its explosion in the violent Nihilism of the late 1960s, is Dostoevski’s *The Devils*, or *Demons* as more recent translators call it. Written out of an angry contempt for all liberal reformers and activists, all “future phalansteries”, and “atheistical apostles of freedom” it is in turn comic, satirical, tender, grotesque, grandly tragic, and astonishingly prophetic, within its small-town provincial world, of the times to come, both in Russia and elsewhere, as the “demons” of his title

– ideas, theories, fanatical idealisms – invade the minds of men and turn them, as the epigraph makes clear, into Gaderine swine, all rushing headlong to destruction.

But mere satire or polemic is impossible to the writer in Dostoevski. Each character, as Dostoevski enters him, emerges as a victim: Kirillov, Shatov, most of all the “great sinner”, Stavrogin. Only the contemptible Verkhovensky, venomous gadfly and mischief-maker, cold-blooded theoretician of “universal destruction” – based on the Nihilist Nechaev, and the offspring, in the book, both symbolically and in fact, of the old-style liberal dilettante and “fifty-year-old infant”, Stepan Trofimovich – cannot be included in Dostoevski’s view of the forgivably human. All this, shifting and darkly inconclusive and bloody as it is, is the inner history (beyond “fact or reason”, to quote Keats again) of a madness we are still caught up in and cannot shake off, because, as Dostoevski might claim, we will not accept our human limitations.

No other writer takes on more fully than Dostoevski the burden of the suffering creatures – Ivan Karamazov’s children, the “bairn” of Dmitri Karamazov’s dream, Raskolnikov’s fallen cart-horse – and no writer doubts more darkly the principles that have been offered up, the movements that have arisen, and been murderously implemented, for its solution. Once again, like Shakespeare, having laid out the conditions, Dostoevski leaves us with a dilemma that is not to be resolved. “He holds to the newest principle of universal destruction,” Liputin tells Stepan Trofimovich admiringly of the suicidal bridge-builder and would be new man, Kirillov, “for the sake of good final goals. He’s already demanding more than a hundred million heads in order to establish common sense in Europe”.’ Those hundred million heads would eventually be forthcoming, of course. No problem

Dostoevski’s *Demons* provides us not only with a close study of a whole range of fanatical “types”, each with quite different motives, but an analysis of the psychological and philosophical sources of the “theoretical disease”. Most typical of him, and his writerly orientation, is his recognition of a quality of absurdity in all these conspirators, even when they are most intent and dangerous, that pushes the writing towards grotesque farce without at all compromising the reality of the violence his young fanatics are driven to or the threat they represent. Compared with this, most later attempts to deal with the “terrorist” mind, even Conrad’s, seem superficial. The greatness of *The Secret Agent* is not in Conrad’s rather shabby and ineffectual conspirators but in M Verloc’s wife, the motherly and vengeful Winnie, who once again is driven to act because of the death of an innocent child. The rest are fakes like Verloc himself and the old terrorist and tamed and toothless lion of the drawing-room, Michaelis. Only the Professor is truly dangerous. He is a psychopath.

But if all terrorists are foolish theorists chasing their own tails, or psychopaths like the Professor, we can sleep pretty safely in our beds. Much less comforting, and closer, surely, to what we know of modern fundamentalists and practisers of propagandist murder – the members of the Red Brigades in Italy or the Bader Meinhof Organisation, or the perpetrators of 9/11 or the bombings in London or Madrid – are Dostoevski's young men: educated, idealistic; pure in motive, determinedly inhuman – going unrecognised among us, like London bombers, because they are to all appearances, quiet, unremarkable young men who run youth groups and play cricket and participate in all the ordinary activities of their community. We see them in the video messages they leave: full of both anger and compassionate love, and ready – they too want to put an end to suffering, they too speak of the deaths of innocent children, Palestinian children in this case – to perform indiscriminate murder in the name of a greater good. They are not psychopaths. If what they *do* suggests it, then they are psychopaths by conviction, by choice. Such characters are fascinating to writers, and always have been; from Marlowe's Tamburlaine and the Jew of Malta, Shakespeare's Iago and Edmund and Richard III, to Satan and Vautrin.

But these characters share one other feature, beyond their energy and single-minded will, that is not at all common, I'd suggest in their real-life counterparts. All these characters are dark comedians and they catch this quality – which goes so strangely with the single view – this playful sense of the ultimate absurdity of things, from their creators, who as writers cannot resist it, even when in real-life terms it does not fit.

This constitutes a kind of charm that brings these characters, however “monstrous” they may be, within human understanding, and uneasy recognition and acceptance, as their real-life counterparts are not. The inability to regard themselves ironically, and to see the single idea that drives them in a detached or qualified way, sets a Nechaev, or a Hitler or Stalin, in a different class altogether from a Richard III.

The capacity for humorous distance, in all its tones from playful lightness to the blackest cruelty, is what prevents the writer from accepting energy and interest as the only criteria for judgment. The mind that is dominated by a single idea is one we cannot accept, and which the writer's “other mind” – fluid, questioning, reversible – by encouraging us, as readers, to delight in its capacity for flexibility and surprise, leads us by example to reject.



Photo – David Karonidis

Joe Hockey

The Hon Joe Hockey MP became Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service on 30 January 2007. His first task as the new Minister responsible for industrial relations was to clearly articulate the Government’s position on its Work Choices legislation, legislation which had become controversial in the lead up to the 2007 federal election. In an address to The Sydney Institute on 16 April 2007, Joe Hockey sought to dispel doubts over Work Choices, saying Australia’s “workplace relations system is an essential part of a strong economy and is the latest in a long line of hard economic decisions this government has been prepared to make.”

WOMEN AND WORK

Joe Hockey

Australians face a stark choice when the next election rolls around. They can choose between a Labor Party that believes regulation, artificial rules and centralised control can benefit the modern workplace. Or they can choose an employment environment that fosters fairness, flexibility and opportunity. An employment environment that gives workers, either individually or collectively, a genuine chance to sit down with their employer and nut out an agreement that suits everyone. It is this fundamental difference that will be at the heart of a fierce political debate over the coming months.

Yesterday, I released a document that showed that the Federal Labor Party and State Labor governments, as well as the union bosses, have amassed a \$100 million war chest to spend on the campaign. Their message is one of fear and pessimism. One where every worker is either a victim or a potential victim. They want to return to the old era of Industrial Relations where union bosses were front and centre of every negotiation in an inflexible system.

I believe that the Howard Government's workplace relations system offers Australians the opportunity to compete with the rest of the world at a time when the world is changing. I believe our workplace relations system is an essential part of a strong economy and is the latest in a long line of hard economic decisions this government has been prepared to make. The changes we have made to workplace relations over the past 11 years have benefited all Australians. But tonight I would like to talk about one very important sector of the labour market – women.

Women stand to gain the most from our changes and stand to lose the most from Labor's rigid ideas. It is women who require more workplace flexibility. Flexibility is a word that is bandied around a lot in the workplace relations debate but it is the central theme of my speech tonight because it offers real, tangible benefits to women. The Howard Government's workplace relations system is the only system that can offer women genuine flexibility. After good pay and job security, flexibility is the single most important thing to a working woman. This is not my opinion. This is what the Equal Opportunity for Women in the Workplace Agency has found within my portfolio.

Women from North Sydney to Kalgoorlie have told us they want: flexible working conditions; good pay and bonuses; job security; a career path; a workplace that genuinely supports work-life balance; the opportunity to work to their potential; learning and development; paid maternity leave; and active assistance with childcare. So in our workplaces historically created by men for men, it is only since women have increased their workforce participation that an understanding of the need for flexibility has emerged. Importantly, women need managers, both men and women, who know how to manage a flexible workforce. Women need the ability to work part-time, have access to flexible start and finish times, job sharing, telecommuting and the ability to purchase leave for things like extended school holidays. These are fair and reasonable conditions that form part of our modern workplace relations system. And when looking to the future of women in the workforce it is also important to remember the past.

It is particularly important at this point in time because it is from the past where Kevin Rudd, Julia Gillard and the rest of the Labor party are getting their ideas. Kevin Rudd and Julia Gillard take their cues from a union movement that pays lip service to women's rights in the workforce. Yet the union movement has always struggled with even the most basic notions of flexibility, such as part-time work. Even now, Sharan Burrow doesn't like to talk about women working from home. Working from home is as far from Sharan Burrow's beloved centralised system as you can get. Indeed, a one-size-fits-all approach to workplace relations can often work against women.

The OECD, not Joe Hockey, recently noted that prescriptive and punitive legislation such as the unfair dismissal laws hurt those most vulnerable in the workplace. In other words, small business owners are more likely to employ women and young people, particularly those who have been out of the workplace for a long period time, when workplace relations laws remove unreasonable penalties and disincentives for employers. Therefore employers are prepared to take more of a risk employing someone without an employment history when there is no unfair dismissal law.

Julia Gillard owes her political existence to the union movement. It is only natural that she would find it difficult to understand that it is less regulation – not more – that is the key to women progressing in the workforce. The old system of inflexible Trade Union dominated workplaces worked against women. This is demonstrated by the ongoing decline in female union membership. In fact, in the last twelve months alone 48,800 women have torn up their union membership forms. These latest figures continue the long-term trend of steadily declining union membership by women in this country.

But Labor and the union bosses' stance goes much further than heavy-handed regulation. The very culture of victimisation

they are trying to create is working against women. Labor's public scare campaign on jobs and childcare are discouraging women from returning to the workforce and realising their full potential. This discouragement comes at a time when the country and women can least afford it.

Just last month, representatives from Childcare Queensland spoke publicly about the impact of scare campaigns and sensational reports on childcare shortages. The result they say is that parents are not even looking for childcare because of the bad publicity. These are some parents who want and need to work, giving up because of irresponsible scare campaigns.

Senior management at Childcare Queensland have surveyed their members and found that there are many vacancies across the State. They say in most towns and cities throughout Queensland there is a surplus of childcare vacancies. They acknowledge that these may not necessarily be right next door to where the family lives or works but they believe there will be vacancies within a reasonable distance. The vacancies are not just in Queensland. My colleague Mal Brough, Minister for Families, Community Services and Indigenous Affairs, estimates that there are up to 120,000 vacancies across Australia.

Labor's doomsday predictions about the changes to workplace relations systems are unfounded. The same could be said about our Welfare to Work reforms, another policy opposed by the Labor Party. From July 1, more than 200,000 single or partnered mothers on a pension will have a work obligation – many for the first time. They will be required to work 15 hours a week when their youngest child reaches school age. We argue it is better for somebody to work than remain on welfare. Yet all we hear from Labor is more scare mongering. Instead of stirring up scare campaigns, our Government is actively supporting more women to enter the workforce and assisting those women already in the workforce. We are doing this through Welfare to Work. We are doing this through workplace relations reform.

We are giving people what they want. We have set a framework that recognises women's requirements around flexibility that is a genuine, legislatively based safety net of pay and conditions. And the numbers speak for themselves. Employment growth since 1996 has seen more than one million new jobs created and occupied by women. The female participation rate has increased to a near record high of 57.5 per cent. The unemployment rate is at a 32 year low and since the commencement of WorkChoices in March last year, 276,600 new jobs have been created nationally, 96 per cent of those jobs are full time which is amazing, with 117,500 of these new jobs filled by women.

Data from the OECD, *Women and Men in OECD Countries* show that Australia's gender wage gap is significantly below the OECD average and other similar countries such as the United Kingdom and

the United States. Employers must value women equally in the form of pay – equal pay for work of equal value. Real wages for women have increased by 22.6 per cent since we came to government in 1996, compared with only 8.8 per cent under the 13 years of Labor.

Research from the Equal Opportunity for Women in the Workforce Agency and The Office for Women shows that 46 per cent of medium to large organisations and 19 per cent of small businesses, provide paid maternity leave. Just repeat that, 46 per cent of medium to large organisations provide paid maternity leave.

According to the Australia Bureau of Statistics annual *Employee Earnings, Benefits and Trade Union Membership* survey released this month, 43.7 per cent of women now have paid maternity leave entitlements, an increase from 30.3 per cent five years ago. In 2005, 21 per cent of businesses actively assisted their employees with childcare, including on-site care, sponsored places, financial assistance, emergency care, placement and other information.

The government is also providing a record level of funding to help families cover the costs of child care and other expenses. This financial year alone the government will spend \$28 billion assisting women and families through initiatives such as the baby bonus and family tax benefit. These statistics are just some of the proof that the Howard Government's workplace relations system has delivered better pay and more jobs for women.

Whilst the family benefits have delivered a responsible safety net for families we have also delivered a workplace relations system that offers choice and flexibility. It is, however, business that must secure and embed it within organisations an attitude that provides women with greater security and support when balancing priorities. I call on business to do better. Business must act quickly to introduce greater flexibility in the workplace.

In a report titled *Better Conditions Better Business*, recently released by my colleague Julie Bishop, it was no surprise that businesses that are predominantly operated by females were more likely to offer care and family friendly provisions to their employees. So the good news is that some women are getting what they want.

I was pleased to see the benefits of our system at work when I met a female crane operator at a nickel smelter in Kalgoorlie. She is on an individual agreement with family friendly conditions.

BHP Billiton told me they have a shift pattern which involves two day shifts, two night shifts and then four days off. This arrangement provides significant benefits to those people with families. BHP noted around 18 per cent of staff are female, this is at a nickel smelter, and that they are looking at offering shifts during school hours and expanding the availability of job sharing. I am also advised that women using heavy industrial equipment tend to take better care of

the machines. So for employers it's a win-win. I might add that when I went down the road to the pit I found those massive trucks were made by women and when I met the mechanic he said "I'd put a sheila behind the wheel of one of these anyday, they take better care."

Job sharing and shift sharing are far easier to achieve when you can enter into negotiations directly with your employer. This is particularly important for female workers, and particularly female workers coming back into the workforce when they have had children. Acumen Alliance, a business and IT consulting practice, has set a new benchmark for organisations aspiring to provide truly flexible workplaces. Its chief executive, Robert Kennedy, has rejected the current dichotomy that work and life are two separate concepts. Acumen gives employees total authority and flexibility to determine their working patterns and sets no limit on the amount of unpaid leave. As a result, they have created a workplace where flexibility is available to everyone in the organisation from the receptionist to the Chief Executive Officer. Any changes to working patterns are pre-approved by the Executive. All staff are able to choose permanent full-time, part-time or contract arrangements.

If there is a silver bullet to greater workforce participation by women, it is a concerted effort on job design, at every level and in every role. History has shown that looking for new ways to approach work will increase productivity through efficiencies, save lives through occupational, health and safety advances, and create new industries. Appropriate job design is about ensuring that realistic work loads, goals and outcomes can be achieved.

I am bemused when I hear stories about women who return to work part-time after maternity leave and end up putting in full-time hours. They do this because the job has not been properly re-designed in many cases. The mother is getting on the computer late at night after the baby is fed and in bed, to get the job done. Some might say that being able to work from home like that is flexibility but not when you are only getting paid for the three days a week you are actually in the office.

Women's workforce participation increases with the age of the child. This means the talented female worker with corporate knowledge and experience is more than likely going to return to the workforce -- worst case scenario, to a direct competitor! And in law firms I might add, often they go off and become corporate lawyers because the hours and the working conditions are more flexible and far more generous in what can be a difficult industry, and I am aware that I'm standing in Mallesons. Job design is linked to increasing workforce participation, particularly that of women, because it can dramatically expand the pool from which workers can be drawn.

A few years ago Coca Cola attracted more women into their sales team by removing a requirement to lift heavy cases of drink as part of the day-to-day job. It was recognised that this component of the job favored males and that strength was not an appropriate merit-based selection criteria for a successful sales person. It excluded potentially talented female sales people, who could ultimately increase profits, from the opportunity to work in the field.

Another way employers are better able to redesign the workplace is through technology. American journalist, Thomas Friedman, who will deliver The Sydney Institute lecture next month, describes in his landmark missive *The World is Flat*, how some American companies are successfully using technology to enable women to work from home. Friedman describes how low-cost airline JetBlue has 400 women working at home in Salt Lake City where the vast majority of women are Mormons and many are stay-at-home mums. These women are taking reservations in between looking after the kids, exercising, writing novels and cooking dinner. JetBlue found that the women who worked from home were 30 per cent more productive and more loyal. They worked, on average, 25 hours a week and had to come into the head office for four hours a month to learn new skills and keep up with what was going on inside the company. These are women who are getting the flexibility they want thanks to an employer prepared to embrace new practices and new technology.

Ideas such as flexibility and modern job design are admirable but they cannot be fully realised unless they exist within a healthy macroeconomic environment. No part of the economy is disconnected from another. And the labor market is no exception. The Howard Government has consistently delivered a strong economic foundation for Australian women and their families. This strong economic foundation has helped business to create jobs. And I am very mindful that it is business that creates jobs, not government. Our flexible workplace relations system is the key to meeting the challenges of the modern workplace. In Australia in 2007 if you have the capacity to work Australia needs you to work.

The *Intergenerational Report* released by the Treasurer earlier this month, projects the average hours worked to decline gradually over the next 40 years — one of a number of trends likely to affect economic growth and long-term fiscal sustainability. Reforms to lift population, participation and productivity such as the Baby Bonus, Welfare to Work and WorkChoices are critical to ensuring our country's growth prospects. We will only meet the challenges of our worker shortage and ageing population if female participation remains high and the key to female participation is flexible working arrangements. We can't afford to go backwards.

For a brief moment I would like to take you back to the Hawke-Keating years and the 1990 “recession we had to have”; the worst recession in 60 years. They were dark days. We inherited a Federal Budget deficit of \$10.1 billion in 1995-96, interest rates averaging more than 12 per cent and peaking at more than 17 per cent, and unemployment hitting 11 per cent with nearly one million people unemployed! Many businesses were forced to sack workers. Others negotiated pay cuts in an attempt to prevent businesses from collapsing. Despite endless industrial regulation and protection under Labor, almost one million Australians found themselves without a job. I emphasise that – no government can legislate to keep people in work and it failed in the early 1990s.

Most people at that time knew a close friend or family member who was made redundant. People’s homes were sold from underneath them. There is an entire generation who will vote at the next Federal Election that does not know or remember these times of despair.

Despite the challenges we have faced as a nation over the last decade such as the Asian economic crisis, SARS, September 11, the war against terrorism and the worst drought in 100 years, our economic success as a country during this period is almost unparalleled. The figures speak for themselves.

Australia’s modern workplace system enshrines equal pay for equal work. It enshrines the federal minimum wage and classification wages – all 105,000 of them. It provides for twelve months unpaid parental leave for all working parents, including eligible casuals and enshrines the pursuit of flexibility in the workplace.

The World Economic Forum’s latest *Global Gender Gap Report 2006* described Australia as a “leader in closing the gender gap”. Australia is to be congratulated for completely closing the gender gap in education. According to the *Report*, Australia is only one of twelve countries out of 115 to have achieved parity. We have reason to be pleased but no reason to be complacent. Even though 120 years ago women were admitted to all higher education degrees, it took a further 100 years for women to constitute half of the students attending university.

In 2001, I said Australia is a nation of smart people – not just smart men. Six years have passed and still women are under represented in leadership positions within the engine room of our economy – in business. The 2006 Census of Women in Leadership, conducted by the Equal Opportunity for Women in the Workplace Agency, in conjunction with ANZ and Macquarie University, shows that in the ASX 200, only 12 per cent of executive positions are held by women. The result of education parity spurs me on to close the gender gap in other areas. As Minister for Jobs I have a specific role to play in closing the gender gap in the economy, which means increased

participation levels, improved outcomes on pay and flexibility, and greater access to high-skilled employment. It is deregulation – not more regulation – that will make this happen. It is flexibility in the workplace – not a rigid centralised system – that will help close the gap.

Despite great efforts to encourage more women to enter the workforce and the assistance being provided to women already in the workforce there is still more to be done. The Howard Government's workplace relations system will ensure continued progress and improvements for women in the workforce that benefit women, their families, business, and the economy.

The role of women as mums is significant in our society, in the lives of the women themselves, their partners and children. As a society we need to do better at valuing and supporting the choices women make around their roles as mums. We need to ensure that women do have real choices and women who seek to participate in the paid workforce, regardless of their life stage, are not discriminated against and can achieve their greatest potential. As a modern nation we should expect nothing less.

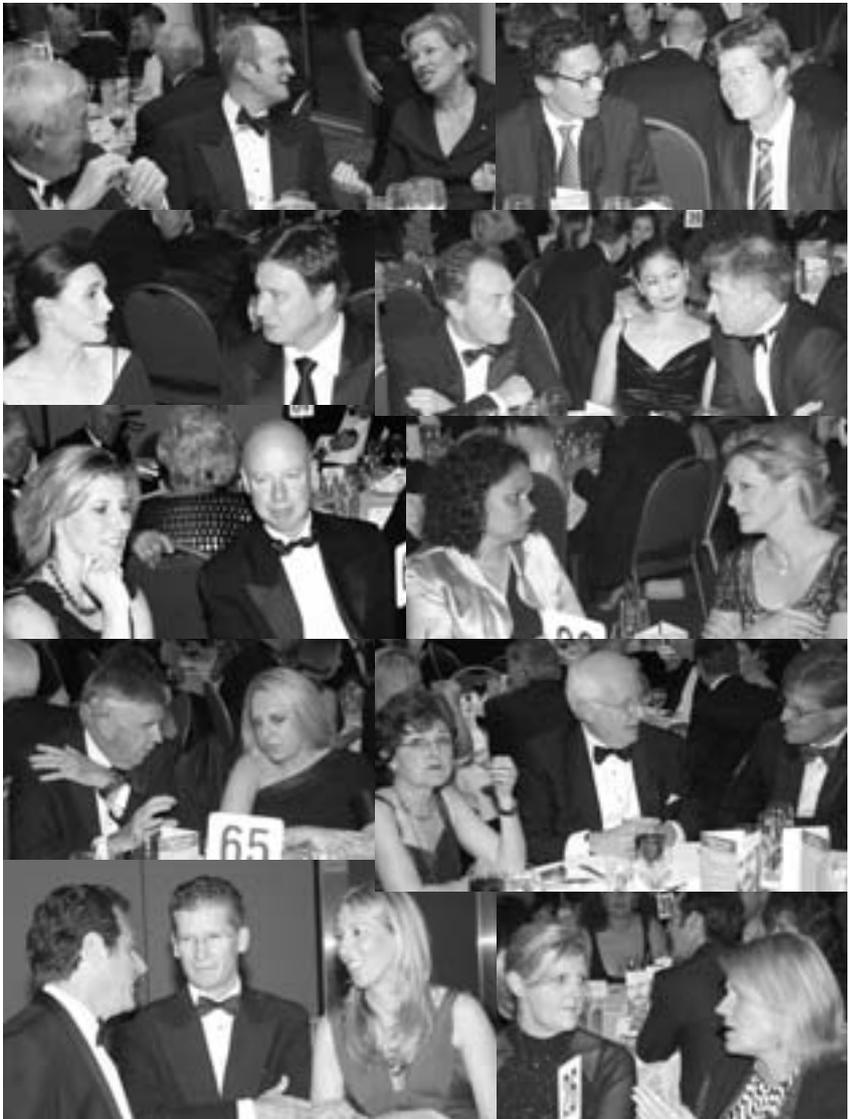
I am very proud of the fact that Australia is a world leader in closing the gender gap and that on my watch our workplace relations system is positively contributing to this achievement by providing greater flexibility and choice for women and their employers. Tonight I urge business to look beyond the old paradigm of full-time work, to look beyond the culture of long hours and to look beyond the men in the white and blue collars.

Business needs to harness the opportunity of innovative work organisation and job design, focus on the potential benefits and value women for the real and talented contribution they are making today and can make into the future.

Endnote

Source: Childcare Queensland Media Release issued 29 March 2007
“Labor’s doomsday predictions about the changes to the workplace relations system are unfounded”

ANNUAL DINNER 2007



Photographer: David Karonidis



Photo – David Karonidis

Peter Pedersen

The outstanding performance of the AIF in the First World War reinforced the belief, held by many Australians pre-war, that they were natural soldiers. Dr Peter Pedersen is a graduate of the Royal Military College Duntroon and the Australian Command and Staff College and commanded 5th/7th Battalion, the Royal Australian Regiment after a secondment to the Australian Prime Minister's Office as a political/strategic analyst. In his book *The Anzacs: Gallipoli To The Western Front*, Dr Pedersen has reassessed the Anzac legend – its truths and its embroideries. Peter Pedersen addressed The Sydney Institute on Monday 23 April 2007.

THE AIF - AS GOOD AS

THE ANZAC LEGEND SAYS?

Peter Pedersen

In 1918, a German soldier, who had just been taken prisoner, remarked that the Germans: “generally considered Australian troops about the finest in the world, and were loath to attack them”. That comment sits well with the Anzac legend, which, among other things, suggests that innate Australian qualities explained Australian military prowess. No-one did more to articulate it than the Australian Official Historian, Charles Bean. Thanks largely to the influence of the bush, he maintained, Australians belonged to a culture that was independent, resourceful, free of class distinction and that exalted mateship. Its by-products were the courage, initiative, endurance and free-spirited impatience essential in first-class fighting men. The Australian, therefore, was a natural soldier. Perhaps because this is such a romantic notion, it has overshadowed the part played by training and command in Australian military achievements between 1915-18.

When war broke out in August 1914, Australia offered Britain an infantry division and a light horse brigade, which together made up the Australian Imperial Force (AIF). All were volunteers, giving the AIF a distinguishing characteristic that it retained, alone among the combatant armies, for the duration. Some enlistees had undergone formal military training in the militias or in the compulsory military service scheme that got underway in 1911. But proficiency overall was low and little could be done to improve it in the brief interval before the AIF’s departure overseas in October.

Arriving in Egypt in December, the Australians and New Zealanders formed the Australian and New Zealand Army Corps (ANZAC). Training was intensive but, just as it did on pre-war camps in Australia, followed British open warfare doctrine that had missed the main tactical lesson of the South African War fourteen years earlier: “the smokeless, long range, high velocity, small bore magazine bullet from rifle or machine-gun - plus the trench - had decisively tilted the balance against the attack and in favour of the defence”. Lieutenant Richard Casey, a future Australian governor-general, said

after one exercise: "The disregard of cover and the advancing in face of a strong fire in the open will have to be remedied - or our troops will very soon be wiped out".

The upshot was that the Australians who landed at Anzac on 25 April 1915 had courage, initiative and resilience going for them but little else. Throughout the first day they endured drenching Turkish shrapnel fire without being able to reply as their own artillery did not come ashore until nightfall. They charged whenever the Turks got close and clung to precarious positions that the Turks overlooked. Witnessing desperate situations then and afterwards, in which the cry to retire was met by hoots of derision and demands to know who gave the order, Bean wrote:

And yet strong men do that . . . they are not going to be cheated out of their job by any weak-spirited being in the force. The success of an army like ours depends on the proportion of these strong independent men there is in it. And in the Australian force the proportion is unquestionably high. I have seen them going up against a rain of fire and the weaker ones retiring through them at the same time - the two streams going in opposite directions and not taking the faintest notice of one another.

On the other hand, the weaknesses caused by the shortcomings in training were readily apparent. A distaste for pick and shovel contributed to the loss of Baby 700, a key height at Anzac, when the reserves on the hill believed that the Turks had bolted and relaxed instead of digging in. They were virtually defenceless when the Turks counterattacked.

In early May the ANZAC's commander, Lieutenant-General Sir William Birdwood, was still complaining that "the necessity for digging is not yet appreciated". He also deplored the "reckless firing on totally inadequate objectives", a result of the paltry 75 rounds per rifle allocated for practices in Egypt - hardly enough to promote good fire discipline and shooting. Lieutenant Casey's warning that the devastating effect of heavy fire against men in the open was insufficiently understood bore bitter fruit for Turkish superiority in machine-gunnery was pronounced. Commanders also noted how much better the Turks were at camouflage and concealment.

The Australians had to acquire these and other skills on the job, though operational imperatives invariably limited opportunities to do so properly. General Sir Brudenell White, the 1st Australian Division's chief of staff at Gallipoli, wrote solemnly later on:

No recollection is more bitter than the complaints of the men themselves that they had not had sufficient training to give them a fair chance . . . time was not available, and the need of the men was great, and ever, in consequence, rests upon our consciences a deep sense of the responsibility incurred.

As few of the senior Australian commanders had handled even a brigade for more than a day or two at the pre-war camps, they too were unprepared and had to go through the same learning process. Dreadful blunders, such as the tragic charge at the Nek, were made along the way. Ironically, the best-planned operation was the evacuation in December. It went without a hitch.

After Gallipoli the AIF returned to Egypt. Its infantry strength more than doubled to five divisions in two corps, which diluted the skill level overall. The Light Horse remained in Egypt to spearhead the advance that cleared Palestine but the infantry divisions left for the Western Front in April 1916. They faced a steep learning curve again.

Whereas its isolation at Anzac had made the AIF essentially an independent force, on the Western Front it was subsumed within the much larger British Expeditionary Force (BEF) and, as such, more directly affected by British commanders. The 5th Australian Division was attached to XI Corps under Lieutenant-General Sir Richard Haking for an attack near Fromelles on 20 July to stop the Germans sending troops to the Somme, where the first great British offensive was underway. Haking's plan called for a long daylight assault after rushed preparation, which was in keeping with his belief that an aggressive spirit would overcome anything. The 5th Division had little else. It was the last Australian division to reach France and half its men had not been in the front line. Nonetheless, its commander, Major-General James McCay, a pre-war Australian defence minister, was pleased that it would be the first in serious action. The veteran German division opposite erected a sign that read: "Advance Australia if you can".

A British staff officer correctly predicted that the 400-yard advance on the right would be "a holocaust". The words of Sergeant Walter Downing, who saw it, still bring a lump to the throat:

Hundreds were mown down in the flicker of an eyelid, like great rows of teeth knocked from a comb, but still the line went on, thinning and stretching. Wounded wriggled into shellholes or were hit again. Men were cut in two by streams of bullets. And still the line went on.

Not having so far to go, the left cleared the German front line but did not consolidate, as McCay's instructions were to vacate it on advancing further. Able to counterattack down the empty line behind the Australians, the Germans regained the lost ground. The raw 5th Division was shattered in the twelve-hour battle and one Australian reckoned that it had been "sacrificed on the altar of incompetence". Though Haking bore the blame, McCay blundered badly too.

The other Australian divisions were on the Somme, absorbing the lessons gleaned there thus far. They learned that assaults now went in

at night. Troops crept into no man's land as close to the German line as the bombardment allowed and, when the fire lifted, pounced before the Germans could set up their machine-guns. Unlike Fromelles, the first wave took and consolidated the first objective, the second leapfrogged it to the next and so on. Using these methods, the 1st and 2nd Divisions between them seized Pozières and the crest beyond between 23 July and 4 August.

Besides the Germans, the Australians also had to contend with the impetuous commander of the Reserve Army (later the Fifth Army), General Sir Hubert Gough, under whom they came. He had ordered Major-General Harold Walker, the British commander of the 1st Australian Division, to attack Pozières as soon as it reached the line. Wanting time to prepare adequately, Walker refused. He also defied Gough on the direction of the assault. But Gough railroaded the less experienced Australian, Major-General George Legge, into a premature attack when the 2nd Division took over. Birdwood and White stood aside. Though Legge's men were as well trained as Walker's, the Germans thumped them. Legge had approach and jumping-off trenches dug before the next attack to hide the assembly and shorten the assault. Backed up on this occasion by White, he postponed it until the digging was finished. His men duly thumped the Germans.

The 4th Australian Division relieved the 2nd for the advance on Mouquet Farm. But the farm held firm. Training and innate qualities could not overcome its powerful defences on top of Gough's unworkable plan. He had condemned the Australians to a gradually lengthening salient less than a mile across, which the Germans could shell from three sides. Lasting for days on end, the pulverising bombardments tested the Australian soldier's mettle like nothing else in the war. Many sobbed like children or went temporarily insane. "For God's sake write a book on the life of an infantryman and by doing so you will quickly prevent such tragedies," one Australian pleaded. The spirit of the strong man was necessary to endure.

After several weeks' rest, the Australian divisions returned to the Somme in October 1916. Largely because the autumn rains had turned the battlefield into a swamp, their attacks got nowhere. But it was also evident that Australian fighting efficiency had gone backwards. There had not been enough time to train properly the replacements for the losses from the first stint and many of the junior leaders were new. Though its severity strained morale, winter brought a respite that enabled some of these deficiencies to be fixed. Legge and McCay were jettisoned.

In early 1917, the Germans withdrew to the Hindenburg Line, which the 4th Division attacked on 4 April at Bullecourt. When the wire was found to be uncut, Gough called on some tanks at the last

minute to crush it, ignoring the objections of Birdwood and White that the Australians had never worked with tanks. As it happened, the tanks arrived late and the assault went ahead without them. In splendid nick after six weeks' training, the attacking brigades stormed through the wire nonetheless. "With artillery support we can keep the position until the cows come home", they signalled. None came because the Australian gunners were confused as to the infantry's exact location. The position had to be given up. Though the Australians lambasted Gough and the tanks, the main reason that the attack failed lay at their door.

The 2nd Division launched a second attack on 3 May. This time the artillery arrangements inexplicably neglected the danger from the German positions enfilading the right flank, which had flayed the first attack. The 5th Brigade's assault there disintegrated. On the left, the 6th Brigade seized part of the Hindenburg Line. The 1st and then the 5th Divisions were thrown in and Bullecourt was eventually captured. In neither battle had the courage and initiative of the men been matched by the tactical skill of their commanders. After the second one, Brigadier-General John Gellibrand, the 6th Brigade's inspirational leader, resigned to protest the performance of his divisional commander, who had been out of touch two miles back.

Meanwhile, the newest Australian division, the 3rd, was about to enter its first big fight. It had gone straight from Australia to England, where its commander, Major-General John Monash, trained his men from the outset for the type of fighting they would shortly enter. Their final exercise was an attack on a large trench system, which the other divisions only did for the first time in the real thing. Since its arrival in France at the end of 1916, the 3rd Division had belonged to the Second Army, which General Sir Herbert Plumer led.

Unlike Gough, Plumer was a meticulous planner. His army was gearing up to attack the Messines Ridge and no detail had been overlooked. Preceded by the explosion of nineteen mines tunnelled under the German lines and then by a "creeping" barrage fired by the densest concentration of guns in the BEF yet, the infantry's advance would stop well before resistance hardened. The 3rd Division's assault on the far right had to follow an arc, a complex manoeuvre for an untried formation. Monash's preparations for it were meticulous even by Plumer's standards and extended to his working out of tasks for platoons. They were reorganised to include bombers and machine-gunners instead of having them attached as specialists, a Canadian idea that greatly improved teamwork and flexibility. The new structure was tried out in numerous rehearsals on ground almost identical to that in the attack sector.

The blow on 7 June 1917 produced one of the great set-piece victories of the war. Monash's men were deluged by gas on the march

up but took their objectives and weathered heavy shelling while beating off the Germans in the following days. It was an impressive debut that reflected the thorough planning and training.

Messines Ridge was a major prize. Its capture secured the right flank of the projected thrust from the Ypres Salient to the Belgian coast, which Gough's Fifth Army launched on 31 July. Rain fell almost straightaway and Gough's men floundered in a sea of mud. At the end of August, the BEF's commander-in-chief, Field-Marshal Sir Douglas Haig, told Plumer to take the vital high ground on which lay the village of Passchendaele.

Whereas Gough had gone for long assaults, Plumer fell back on the shallow or "limited" attack he had used at Messines. Four of them, each going less than a mile, would reach Passchendaele. All of the Australian divisions joined the Second Army for the advance. They carried out numerous practice attacks beforehand. Every unit also went to a special exercise area to run through the latest techniques for fighting pillboxes, on which the Germans now based their defence. The new platoon structure was adopted throughout.

Blessed by good weather, the attacks by the Australians and New Zealanders on the Menin Road, and at Polygon Wood and Broodseinde, were essentially live versions of the practices. When pillboxes were encountered, noted the 5th Division's history, the training kicked in:

Instantly, a couple of Lewis gunners would open on the defenders, and rifle bombers would drop their volleys of grenades all around them. Under cover of this fire a couple of parties would work round the flanks of the obstruction and in a few minutes further resistance was impossible.

Only the final attack, against Passchendaele, failed. The rains had returned, rendering the battlefield a quagmire again. Even so, White called Ypres "perhaps the AIF's best performance to date".

On 1 November 1917, Haig granted the Australians a long held wish by grouping their five divisions into an Australian Corps, which Birdwood commanded. They missed the start of the great offensive that the Germans unleashed in March 1918 and it was already faltering when they went to the Somme to shield Amiens. Their crowning achievement was the recapture of Villers-Bretonneux in a difficult night attack on 24 April. A German machine-gun officer richly praised the tactical skill the Australians showed:

The line dropped, but, as soon as his guns were turned elsewhere, it rose and advanced again. He swung his guns around to meet it, and again it dropped. This happened three or four times, and then he found an Australian machine-gun firing from behind his flank. Thus, he said, the attack was on his troops and round them and past them before they realised that they were confronted by a critical situation.

Forming the backbone of the Fourth Army under General Sir Henry Rawlinson, the Australians took over the Somme flank to ensure the BEF's shaky junction with the French. Further exemplifying Australian expertise, small patrols cut off posts and took prisoners in what was dubbed "peaceful penetration".

Still, the Australian Corps would never realise its full potential under Birdwood. He had always leant heavily on White because his own vision was so narrow. White could not recall Birdwood ever having drafted a plan and, as for his celebrated visits to the trenches, "he never brought back with him a reliable memory of what he had seen". As the most significant change in an "Australianisation" that placed all the divisions under the command of Australians or men who had lived in Australia for many years, Monash replaced Birdwood in May 1918.

Monash was different in every way. As proof of his formidable intellect, he had reached the top of the engineering profession in pre-war Australia. He drafted his own plans and his great powers of creative imagination enabled him to visualise them unfolding. Central to Monash's thinking was his philosophy that:

the true role of the infantry was not to expend itself upon heroic physical effort . . . but to advance under the maximum possible protection of the maximum possible array of mechanical resources . . . guns, machine guns, tanks, mortars and aeroplanes . . . to be relieved as far as possible of the obligation to fight their way forward.

The theory was put into practice on 4 July 1918 with the attack at Hamel. It was a naturally strong position and Monash, like White before him, feared heavy losses at a time of scarce manpower. Those fears vanished after Monash saw the latest tank demonstrated. He planned an assault supported by sixty of them, enabling each battalion to advance on the frontage taken up by a German division in March. The saving in infantry and, therefore, of casualties, would be dramatic. Intensive training with the tanks dispelled the phobia about them that had gripped the Australians since Bullecourt. The plan included a crushing barrage to shield both tanks and infantry, and ammunition resupply by aircraft, while no effort was spared to gain surprise. Hamel fell in ninety-three minutes at minimal cost.

As a great example of co-operation between the various arms, Hamel was a model for the bigger battles to come. They started with the Fourth Army's attack on 8 August, the British contribution to the allied counterstroke after the Germans went onto the defensive. As his divisions had to go much further than at Hamel, Monash planned an attack in three phases. The divisions destined for the latter phases faced a long march from the rear and through the positions taken in the first phase, which would exhaust them before they attacked.

Hence Monash assembled those divisions nearest the start line, greatly shortening their approach marches. Those attacking first would leapfrog them and be leapfrogged in turn. The complex assembly went off flawlessly, which Monash attributed to the intelligence and professionalism of troops and staffs. They never forgot the scene. "I have seen nothing to equal it. It puts fresh heart into one to see evidence of the master hand," one Australian said.

The Australians, and the Canadians alongside, took all their objectives. Famously calling 8 August "the black day" of their army, the Germans said it put the outcome of the war beyond all doubt. One of the few hiccups occurred when the Australians had to capture the Chipilly Spur, which enfiladed them after the British III Corps failed to take it. III Corps's regular stumbles irritated the Australians but, as Rawlinson, pointed out, it had been smashed during the German offensives and was now comprised largely of ill-trained "children". He recognised the Australian Corps's expertise by applying only the lightest touch to it.

Monash took advantage at the end of August when he ignored instructions to halt and seized Mont St Quentin, and Péronne on the Somme below it. The battle was the only one in Australian experience of the Western Front, Bean said, "in which quick, free manoeuvre played a decisive part", and it showed Monash to be more than "merely a composer of set-pieces". After the Germans rebuffed a direct assault, he orchestrated a great wheel that struck their flank. Formations had to be switched between river crossings and also move through each other. Once again, Monash praised the skill and gallantry of his men, especially as they were exhausted and numerically weak. Rawlinson called their success "the finest single feat of the war".

Afterwards the Australians broke through the outpost positions of the Hindenburg Line beyond the Somme. By now, wrote Monash, "We all began to understand each other so well that most of what I had to say could be taken for granted." Two raw American divisions arrived for the attack on the main Hindenburg Line at the end of September. Owing to another failure by III Corps, the Americans had to secure their start line first. They quickly lost cohesion, as an Australian explained: "If a machine-gun was hundreds of yards away, they'd go straight at it, and in nine cases out of ten get wiped out. You don't catch our lads doing this now, though they used to do it on the Peninsula".

Monash rejigged the assault and the Hindenburg Line as well as the reserve line beyond were cleared. It was the Australians' last fight. In the final months of the war, they took 29,144 prisoners and 338 guns, and liberated 116 towns and villages. These figures represented

about 22 per cent of the captures of the entire BEF, of which the Australian Corps comprised just over 8 per cent, in this period.

On this evidence alone, the AIF was as good the Anzac legend says. But the legend's emphasis on natural ability to explain its success is misplaced. The Australian soldier ended the war with the same qualities as he began it, all of them encapsulated in the spirit of the strong man. Any similarity between the men of 1914 and those of 1918, though, ends there. Inadequately trained, the Gallipoli men were essentially enthusiastic amateurs. One of them, Private Murray Aitken, observed then that the Australian was "a fighter", in the sense that he had "separate individuality and priceless initiative", as distinct from "a soldier" who had been "drilled and trained" to form "a component part of a huge machine". Rawlinson said the same of the Australians' early days in France.

In 1918 the Americans illustrated how far the Australians had come. Reflecting on his own men's lack of proficiency, the American commander said: "The rough and ready fighting spirit of the Australians had become refined by an experienced battle technique supported by staff work of the highest order". The Americans and Australians were both fighters. But the Australians had become soldiers as well. Now considering them crack troops, Rawlinson was overjoyed when they joined the Fourth Army.

The Australian commanders had come a long way, too. Monash, easily the best of them, had started out as a brigade commander at Gallipoli. His talent and skill enriched by experience, by 1918 he was well equipped to capitalise fully on his men's natural ability and training. Under him, commander and soldier became as one. That combination underpinned the successes of the Australian Corps, technological advances such as tanks and better artillery techniques, and the decline of the Germans notwithstanding.

Brigadier-General Sir James Edmonds, the normally reserved British Official Historian, remarked: "Nothing too good" could be said of the Australians of 1918. To Captain Hubert Essame, a future British general who fought alongside them, "they were the best infantrymen of the war and perhaps of all time". The allied generalissimo, Marshal Foch, stated much the same thing. They were Australia's finest army ever.



Photo - David Karonidis

Eric Hargan

There is extensive fear in the scientific community that the most prominent avian influenza virus, known as H5N1, will mutate to become as easily transmissible in humans as common flu. Unlike common flu, H5N1 is a new virus to which human beings have no immunity, rendering it lethal to people. Eric Hargan is the Acting Deputy Secretary of the US Health and Human Services Department. On a visit to Sydney, Eric Hargan addressed The Sydney Institute on Monday 30 April 2007 to discuss what is being done in the United States to prepare for a future pandemic, possibly one from H5N1.

PREPARING FOR A

PANDEMIC

Eric Hargan

The Department of Health and Human Services is the ministry that leads the United States' efforts to protect the health of Americans and provide essential services for vulnerable members of our society. Health and Human Services is the largest civilian department in the United States federal government. More than 66,000 people work in it. It accounts for almost one out of every four dollars that our federal government collects in taxes – that's nearly \$700 billion.

HHS, which is roughly equivalent to your Ministry for Health and Ageing, is actually several ministries in one. I, along with Secretary Mike Leavitt, oversee health and human service activities through agencies like:

- The Centers for Disease Control and Prevention – which protects the public health,
- The Food and Drug Administration – which ensures that the foods we eat are safe and the medicines we take are safe and effective,
- The National Institutes of Health – which conducts biomedical research
- The Centers for Medicare and Medicaid Services – which administers our elderly, disabled, and disadvantaged health-care welfare programs.

In addition to our responsibilities at home, we also want to be good international neighbors. That's why I am here in Australia to represent Secretary Leavitt at a meeting of the Medicines Working Group established by our countries' free-trade agreement, to discuss developments in our health-care systems. I'm also looking forward to meeting with my Australian counterparts and colleagues later to discuss our public-health preparedness activities and share best practices, particularly as how they relate to the threat of an avian influenza pandemic – a topic I would like to talk with you about for a few minutes.

Let's take bird flu. This is a phrase that has been chilling us the last couple of years. What is it? How dangerous is it? What are

we doing about it? What should we be doing about it? The issue of pandemic preparedness is a timely one, because never before have we been as over-due but under-prepared for a reoccurring natural disaster as we are now for a pandemic.

I'd like to tell you a little about what we're doing to prepare against this threat. In the United States, we are focusing our preparations on the local level, and that's a message I've been urging my international counterparts to copy.

Pandemics are a biological fact, as history has shown us time and time again. We know that viruses and bacteria are constantly mutating, adapting – and attacking. And when pandemics strike, they not only cause a great deal of sickness and terrible loss of life; they reshape nations. Our epidemiologists tell us that we are overdue for a pandemic. Over the last 300 years there have been ten pandemics, including three in the last century. Two of them, 1957 and 1968, were relatively minor events. But the pandemic of 1918 was catastrophic. Thanks to an effective quarantine, the great influenza pandemic of 1918 affected Australia far less than any other westernised country. Nowhere was actually spared in that pandemic, however, and nowhere would be spared in any future pandemics.

Why are we so concerned right now? That's a good question, since the H5N1 virus, the one that scientists are most worried about, is currently a bird disease. It appeared in East and Southeast Asia some years ago, only among birds, and has waxed and waned over there for a few years. It has spread over migratory flyways from Southeast Asia to Central Asia, Europe and the Middle East. Given global flyway patterns, it is probably only a matter of time before it appears in Australia and North America.

The problem with this strain of flu is twofold: it's new and it's deadly. The H5N1 virus looks and acts more like the virus of 1918 than any of its more moderate cousins. H5N1 hasn't developed sustained or efficient human-to-human transmission, but it has already infected 291 people and killed 172. That is a mortality rate of over 50 per cent. In contrast, the 1918 pandemic had a mortality rate of at most 6 per cent. In Australia, where it came later, its mortality rate was less than 3 per cent. If the H5N1 strain were to develop into a human-to-human transmissible strain, no one would have immunity. And if it retained its terrible level of mortality, we could be facing a global catastrophe.

When it comes to pandemics, there is no rational basis to believe that the early years of the twenty-first century will be different from the past. If a pandemic strikes, it will come to the United States. It will come to Australia. It will come to communities all across the world. That's why international coordination and cooperation is such a critical component of pandemic readiness. The Australian

government has been making excellent progress in its domestic pandemic preparations. I'm looking forward to learning from their work, and I would like to urge you to support their efforts.

What does it mean to be prepared? President Bush and Secretary Leavitt have defined our role as the federal government to include five main objectives:

- Disease monitoring,
- Stockpiling countermeasures,
- Developing vaccines,
- Establishing communications plans, and
- Setting up local plans.

First, disease monitoring. Secretary Leavitt uses a metaphor when describing this goal that I would like to share with you. Think of the world as a vast forest, thick with underbrush and dead trees. It's very vulnerable to fire. A single spark can burst into a great inferno that's extremely difficult to put out. But if you're close enough to the spark when it ignites, you can stomp it out. We believe that could be true with a pandemic. If we're able to discover the spark quickly, there's a chance we can stomp it out and stop a pandemic. So we're building a network of nations to cooperate in disease monitoring. Likewise, we need communities in the United States with sophisticated systems to watch for the emergence of disease.

Second, we must have stockpiles of anti-viral medications and other supplies. We are building up supplies of antivirals such as Relenza and Tamiflu and subsidising our states' antiviral purchases as well. We also recently awarded a \$100 million contract to help spur the development of a new antiviral called Peramivir, which should help all of us fight both seasonal and pandemic influenza. It should prove especially effective in hospital settings, as it can be delivered through intravenous or intramuscular injection rather than orally or through an inhaler like other antivirals.

There is a nuance when it comes to stockpiling countermeasures, however. People imagine an airlift, probably by the armed forces, of medicines from a large federal stockpile. The federal government steps in and saves the day. Unfortunately, our readiness exercises have shown us that stockpiles aren't the problem. Distribution is the problem. Unless you can get medicine to those who are sick within 24 to 36 hours, the size of your stockpile won't much matter. And, as the experience of 1918 showed, soldiers who might be carrying out those airlifts get sick just like everyone else.

How to get people potentially life-saving antivirals, then? State and local distribution plans are where we should start looking for answers. We are continuing to work at helping states set up experimental distribution plans. For example, we are testing a pilot program in St Louis to stockpile antibiotics in local first-responder locations, clinics,

and workplaces, and in homes, to see how pre-positioning antibiotics locally might work. We are also working on partnerships with the US Postal Service to distribute prophylaxes in an emergency. These are all just pilot projects, testing different ways to distribute, but we hope some of them might work well enough to supplement regular systems of distribution if disaster strikes, and we're looking forward to sharing what we learn with our international partners.

Third, we need vaccines. Fortunately, a vaccine that produces an immune response in humans was developed last year. We are testing it, and getting through the bumps in the road on that. Of course, we are working on this vaccine with no assurance that H5N1 will be the virus to develop into a pandemic, but we need to be as prepared as we can. We are also spending several billion dollars to improve vaccine and antiviral production capacity, purchase vaccines and antivirals, and conduct research on new production technologies.

Fourth, preparedness needs to include communications plans as well. We all need the capacity to inform people without inflaming them, so they don't panic. On this issue, SARS was a wake-up call. Across the world, only 8,000 people got sick, but it paralysed the Chinese and Canadian economies for several weeks and caused several billion dollars worth of economic disruption.

The fifth – and most important objective – is that every state, every indigenous group, every city, every school, every business, every church, and every family needs a plan that addresses the unique challenges they would face.

During a pandemic, there won't be any unaffected areas from which to draw health-care workers to take care of patients in affected areas, so at some point in a pandemic, every local community has to make do with its own resources. And when it comes to pandemics, any community that fails to prepare – expecting that the national-level governments can or will offer a lifeline – will be tragically wrong. Leadership must come from governors, mayors, county commissioners, pastors, school principals, corporate planners, the entire medical community, individuals, and families. For when a pandemic comes, we believe it will hit everywhere in a short period of time.

One of our scientists has characterised a pandemic as having a popcorn effect: a pop here, then there, then several, and soon eruptions all over. All governments have plans established to ensure continuity of government in case of a decapitating event, like an assassination. Many governments also have plans to ensure continuity in the event of a degrading event, like a pandemic. But how many cities, businesses, or schools have plans for fighting outbreaks with their own resources when as many as 30 to 40 per cent of their workforce are absent for 6 to 8 weeks? If none of us prepare,

then as the pandemic spreads and outbreaks reach their peak, the consequences would cascade.

Medical centers would be overwhelmed. Schools would close. Transportation would be disrupted. Food and fuel would run out. There would be power and telecommunications outages.

Preparedness means engaging community leaders, employers, school officials, and the media. We all need to be informed, engaged, and activated – ahead of time. So we have been meeting often with all our states, setting benchmarks and measures for them, and financially encouraging their preparedness efforts. To help mobilise our people, we are making available extensive information resources including planning guides and checklists targeted toward specific groups. We have release fourteen so far, for –

- State and local governments
- Businesses,
- Businesses with overseas operations,
- The travel industry,
- Child-care facilities and preschools,
- Grade schools,
- Colleges and universities,
- Home health-care services,
- Medical offices and clinics,
- Hospitals,
- Faith-based and community organizations,
- Long-term care and other residential facilities,
- Health insurers, and
- Individuals and families.

These guides try to be comprehensive and to cover everything – from assigning a person responsible for coordinating preparedness planning, to developing an education and training program to ensure that everyone understands the implications of pandemic influenza, to determining how vaccines and antivirals would be used. We shall continue to release guides as we develop them. These checklists and plans, along with a great deal of other useful material, such as hundreds of pages of technical guidance we have provided to state and local health officials and providers, can be found on the website www.pandemicflu.gov. [Pandemicflu.gov](http://www.pandemicflu.gov) serves as our government's one-stop access point to pandemic and avian flu information. And, since all the information is online, anyone around the world is more than welcome to use them. As countries, states, local groups, and individuals carry out preparedness activities, they may find weaknesses in our plans – and we need to discover these while we still have the time to correct them.

The harder we work to prepare against this threat, the stronger we will be against any pandemic.

There is the possibility that a pandemic might not happen for years or even decades. Some people may think that our preparation is a waste and that we are being alarmist. In reply, I can only say that these people are right – until they're wrong. And the consequences of them being wrong are greater than the consequences of us being wrong. When talking about our preparedness activities, Secretary Leavitt often refers to something your Minister of Health and Ageing Tony Abbott once said: "In the absence of a pandemic, almost any preparation will smack of alarmism. If a pandemic does break out, nothing that's been done will be enough." We probably can't prevent a pandemic. But preparation can delay its onset. Preparation is likely to reduce the peak of a pandemic to a level that's much less overwhelming than it could have been, bringing it down to a number of cases that could be cared for. Preparation is likely to save lives.

Even if it's a long time before a pandemic strikes, there are real benefits to preparing now:

- We would have established new vaccine technology,
- We would have the capacity to manufacture vaccines much more quickly than we currently do,
- Annual flu would be much less of an issue, and
- We would be better prepared against any medical disaster or health crisis.

Preparation runs along a continuum. We won't ever become completely prepared or finished with our preparation efforts. But each day that we prepare, we make ourselves more ready and more capable of an effective response. We're not prepared yet. But we're more prepared today than we were yesterday. And, with people like you aware and engaged, we will all be more prepared tomorrow than we are today.

So I'm looking forward to the rest of my visit here, and the opportunity we have to help one another build a web of readiness that will support us all when a pandemic strikes.

ANNUAL DINNER 2007



Photographer: David Karonidis

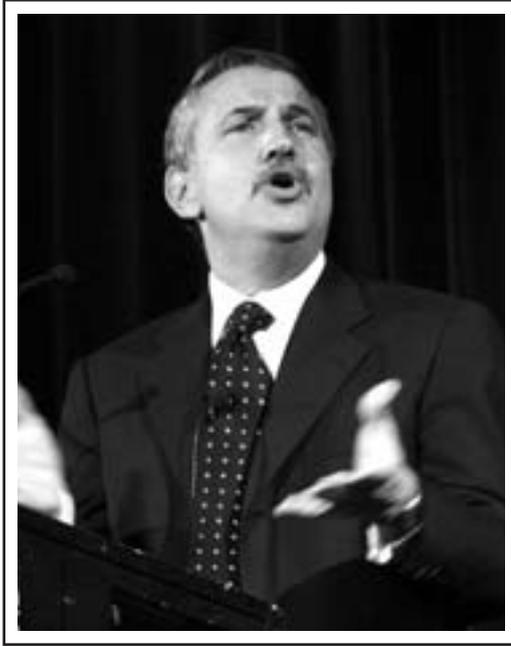


Photo - David Karonidis

Thomas Friedman

On Wednesday 2 May 2007, Thomas Friedman delivered The Sydney Institute's Annual Dinner Lecture for 2007 at Star City Harbourside Ballroom to a capacity crowd of 900 guests. Thomas L. Friedman won the 2002 Pulitzer Prize for commentary, his third Pulitzer for the *New York Times*. He became the paper's foreign-affairs columnist in 1995. Internationally acclaimed for his many writings, Tom Friedman's latest book, *The World is Flat: A Brief History of the 21st Century* was released in April 2005 and won the inaugural Goldman Sachs/*Financial Times* Business Book of the Year award. Tom Friedman was introduced by Sydney Institute board member Carol Schwartz and the vote of thanks was given by David Mortimer, Chairman of Australia Post. The MC for the evening was Nicholas Johnson, CEO of Barclays Capital Australia and a member of The Sydney Institute's board. The Annual Dinner for 2007 was sponsored by Australia Post. Tom Friedman's address is printed from a transcript of his speech.

THE WORLD IS STILL

FLAT

Thomas Friedman

To you all, thank you very much; it's a treat to be here with you this evening. I want to thank Gerard and Anne for inviting me. I haven't been in Australia in a while and when they approached me last year I told them it would be great to come out here and reconnect and I'm so glad I did. I want to thank Peter Mason who took me to play golf today at Royal Sydney; it was fantastic.

I know some of you have read *The World is Flat*; those of you who haven't, I know who you are, I know what institute you're associated with, I even know your table number. I am actually on the third edition of *The World is Flat*, coming out in August. I keep writing the book because the subject is alive. Tonight I thought what I'd do is to share with you my latest thinking about the argument underlining this book. Then in speech number two I'll answer the question I get most often which is, "Okay the world is flat, but what does this mean for my kids?" I hope these two speeches will come together into one. I'm always reminded of the story when they were building the tunnel under the English channel. The UK and France got bids of 3 billion from Bechtel and 3.1 billion from Halliburton, big industrial builders. They got one bid for a hundred thousand pounds from the firm of Goldberg & Cohen at the east end of London.

For fiduciary reasons they had to go check and out this bid; they sent the team out, they rang the door bell. Goldberg answered; Cohen was on the road. They said, "Mr Goldberg, how can you possibly build a tunnel under the English channel for a hundred thousand pounds?" He said, "What's the problem? Cohen will start with a shovel on one side, Goldberg will start the other, then we'll dig and we'll meet." They said, "So what if they don't meet?" The reply - "You'll have two tunnels." So I hope these two lectures meet, if they don't, you'll have two speeches. Gerard will be happy.

To understand *The World is Flat* and where this book came from, you have to really understand that it was all an accident. I wish I could tell you that I was carrying this thesis around in my head but it was all really an accident. I became the *Times*' Foreign Affairs columnist

in January 1995 and between January 1995 and 11 September 2001, my column oscillated between what I would call “Lexus” issues and “Olive Tree” issues; issues of globalisation, internet financing issues of traditional geopolitics, ethnic conflict in Middle East and the like. I was in that oscillation mode right up until 11 September, 2001 when, in light of what happened that day, I dropped the globalisation side of my column and I spent the next three years covering the Olive Tree war. And during the period I made one trip back to Silicon Valley to visit a start-up company some friends of mine were involved in, something called Google. I did a couple of columns about Google and then went back to Kabul, metaphorically.

I began doing documentaries for the Discovery Channel, we did one on the roots of 9/11, and we did one on the wall Israel built in the West bank. In January 2004 we were sitting around with our team from the Discovery Channel trying to decide what we should do our next documentary on. At the time, the big issue on the world stage was, why does everybody hate America? So I said, “Let’s take that on; let’s do a documentary about that. But how should we do it?” And this is how the whole thing started. I had this crazy idea that what we should do was go to call centres all over the world and interview young people - foreigners who spend their days imitating Americans on what they think of America. I thought it’d make a really interesting kind of double mirror. That’s how it all started.

So where would we go? The Philippines? Costa Rica? Bangalore? Then, in the middle of our budgeting process, John Kerry, the Democratic presidential hopeful at the time, came out with his blast against Benedict Arnold CEOs who engage in outsourcing. Suddenly the issue of outsourcing exploded onto the American political scene, and on to the front page of *Forbes*, *Fortune*, the *New York Times*, the *Wall Street Journal*, and so on. I said, wait a minute, time out - why don’t we just do a documentary called *The Other Side of Outsourcing*? Let’s go to Bangalore, the capital of outsourcing, and try to explain this phenomena from the ground up. And that’s what we did.

On 15 February 2004, we sent off for Bangalore with my Discovery crew. Over the course of the next eleven days we shot about 60 hours of interviews. During those 60 hours of interviews I got progressively sicker and sicker. It was not the food. It was somewhere between the Indian entrepreneur who wanted to prepare my tax returns from Bangalore and the Indian entrepreneur who wanted to write my new software from Bangalore and the Indian entrepreneur who wanted to read my X-rays from Bangalore and the Indian entrepreneur who wanted to trace my lost luggage on Delta airlines from Bangalore that I started to realise that while I had been sleeping, while I had been off covering the Olive Tree wars, something really

important happened in my Lexus world, my globalisation world and I had completely missed it.

It all came together with the last interview we did which was with Nandan Nilekani, the CEO of Infosys, which is in many ways the Microsoft of India, the crown jewel of India's high-tech program. We were sitting on the couch outside his office, with the crew setting up their cameras in his office and I was sharing with him my impressions of my trip. At one point he said to me, "Tom, I've got to tell you, the global economic playing field is being levelled and you Americans are not ready." I wrote that down in my little laptop, "The global economic playing field is being levelled and you Americans are not ready."

After the interview I got back in my jeep, rode back to my hotel and all the way I kept rolling over in my mind what Nandan had said - the global economic playing field is being levelled. Hmm, what he's really saying is the global economic playing field is being flattened and then in - frankly the crazy chemical way these things just happen - it popped in to my head that what Nandan Nilekani, India's premier engineer entrepreneur, was telling me was that the world is flat. And I wrote that down in my note book, "the world is flat".

I got back to my hotel; I ran up to my room; I called my wife. I said, "Honey, I am going to write a book called *The World is Flat*." She now says she thought that was a brilliant idea. It's not exactly how I remember the conversation from my side, but your wife is always right. I came home and called my bosses at the *New York Times* and basically told them I needed to go on sabbatical immediately to write this book, because my software, the intellectual framework through which I look at the world was out of date. I'm a basic engineer in a virtual world and if I don't update my software I am going to write something really stupid in the *New York Times*. It's a great way to get a leave allowance.

Well they did give me three months off. I started the book in March of 2004 and I turned it in that December. Don't try this trick at home kids - it blew out my forearms along the way. But in a surge of energy and curiosity, I tried to answer the question, "How does the world give back?" Now the metathesis of this book is that there have been three great eras of globalisation. The first era I called Globalisation 1.0 - it lasted from 1492 until the early 1800s and that era shrunk the world from a size large to a size medium. That era of globalisation I would argue is spearheaded by countries globalising. You went global through your country; by Spain exploring the New World with colonising India, Portugal, East Asia. The dynamic agent of globalisation was the country and you went global through your country.

Globalisation 2.0 was from the early 1800s to the year 2000. That's right, it's just ended. That era shrunk the world from size medium to size small and that year of globalisation was spearheaded by companies globalising - companies globalising from markets and for labour. While you were sleeping, or at least while I was sleeping, I would argue we've been through Globalisation 3.0 - from the year 2000 to the present. And it's shrinking the world from size small to size tiny and flattening the global economic playing field at the same time. Only what is really new, really different, really exciting and really terrifying about this era of globalisation is that it's not built around countries and it's not built around companies. No, what's new about this era of globalisation is that it's built around individuals. The really new thing in the world today is the degree to which individuals are now enabled and required, empowered and enjoined to globalise themselves, to think of themselves as having the ability to compete, connect and collaborate globally today as an individual. That is the new, new thing.

How did we get here? We got here through what I like to call the 10 days that flattened the world. These are the 10 forces, events, technologies and companies that I identify that really created this flat-world platform and let me go through them quickly.

Some are dates, some are events, some are companies. The first date is 11/9, not 9/11. On 11/9, in a wonderful accident of dates, the Berlin Wall fell - 9 November 1989. I call this first flattener "when the wall came down and the Windows came up", because in another accident of dates, the breakthrough Windows operating system came five months after the fall of the Berlin Wall. So these two things happened at the same time; the wall came down and the Windows came up.

Why was this such a huge flattener? Well the fall of the Wall was a huge perceptual flattener. With the fall of the Wall, we could once again think of the world as a single, flat, integrated plain. I dare say that at The Sydney Institute, if we look back at the published papers before 1989, they were about northern policy and southern policy, eastern policy and western policy, but no one was talking about global policy. You couldn't have a global policy; there was a wall in the way. The fall of the wall allowed us to think of the world conceptually as a flat place.

The rise of the Windows though, which for me is a metaphor (your Windows enabled personal computer, or the Apple enabled personal computer) is where this individual era of globalisation commences. Why? The PC allowed individuals to offer their own content in digital form. You've got to think about that; it's not as gobbildy gooky as it sounds. We all have been authors of our own content ever since cave women and cave men dashed on cave walls. But with the PC, we

as individuals were suddenly able to offer our own content, words, spreadsheets, data, music, video, pictures in digital form, in the form of bits and bites and, once your content was in digital form, it meant that it can suddenly be manipulated in so many more ways by you as an individual and sent to so many more places. And that leads to the second flattener.

The second flattener is 9 August 1995 which I consider today to be, without question, one of the most important days in the history of the world, bar none. On 9/8/95, at 9 o'clock in the morning, a small start up company in Mountain View, California called Netscape went public and the world has never and will never be the same since.

Why was that? Two reasons. One was Netscape's invention. Netscape's invention was a device, now central to our lives and which we take for granted. Netscape's invention was something called a browser. And the browser was a device that allowed us to illustrate, on a computer screen, everything that was locked away in internet files and soon to be websites. Microsoft Explorer is more common now, but the Netscape browser was the first, and that browser is what brought the internet to life and made it such an incredible tool of connectivity that grandma and grandpa, grandson and granddaughter could all use with equal facility. It was the Netscape browser that brought the internet to life, took it out of the hands of the scientific community and made it this device of everyday life.

But Netscape's going public was a huge flattener for a second reason, because the day Netscape went public was what triggered the dotcom movement and that triggered the dotcom public and that triggered the crazy, absurd, ridiculous, utterly outrageous and totally unplanned over-investment of one trillion dollars into fibre optic cable. That crazy, absurd, utterly ridiculous, over-investment wiring of the world with fibre optic cable accidentally, with nobody planning it, made Beijing, Bangalore, Boston and Brisbane all next-door neighbours. Remember all those people able to offer their own content on their PCs in digital form? Well, suddenly, thanks to the wiring of the world with fibre optic cable, they were able to send their digital content anywhere in the world virtually for free.

Remember how it happened? It went public at 9 am on 9/8/95; their stock was priced at \$28. Netscape's investment banker Morgan Stanley wanted it to be priced at \$32 but Jim Barksdale and Netscape's CEO said, "No, no, no; if this fails, I want it to be remembered as a \$20 stock." Netscape opened that morning at \$71; it closed the first day at \$56. And we all looked at that and said, "Whoah, there is gold over them there hills." And what did we do? I don't know about you here in Australia, but we in America bought every dotcom that moved. We bought global crossings and Nextel and JBS. You can't fool me; I know what's in your retirement plans. When we did that,

we collectively funded the massive over-wiring of the world with fibre optic cable. And all so that all these people, offering their own contents suddenly on PCs, could send it anywhere in the world for free. We did this once in America around railroads; we wired America with railroads and we got to ride for free. But when we wired the world with fibre optic cable, China and India and Brazil all got to ride for free with their digital content.

The third flattener didn't have a date, it was a quiet revolution. It was a revolution in software and I call it the work-flow revolution. What the work-flow revolution did was make everyone's PC and software interoperable. We forget what a revolution that was. It happened in the mid to late 1990s, thanks to the invention of an alphabet soup of transmission protocols called html and HTP and TCP/IP and AJAX and SOAP. You don't need to know what they mean; all you need to know is that the net effect was that they made everyone's computer and software interoperable. I'll tell you by example. Take The Sydney Institute. When they first got computers and software, Gerard and Anne were so excited, bookkeeping got a computer and a software, they got rid of the abacus they had down there and membership got computer and software. There was one problem though. Anne bought Microsoft for bookkeeping and Gerard bought SAP for membership and they didn't connect. So anytime one of you didn't pay your dues, someone had to walk with a piece of paper from membership over to bookkeeping. Then, thanks to the work-flow revolution, we blew away all those walls and made everyone's computer and software interoperable. When we did, we made it possible for everyone to become collaborated. Remember those individuals offering their own content on their PCs in digital form, sending it all over the world on the internet for free? Thanks to the work-flow revolution suddenly everyone could collaborate with everyone else on their content from anywhere, for less money than ever before.

Those first three flatteners created what I would call the crude underlying platform of the flat world. They created the world where more people could suddenly collaborate with more other people for less money than ever before. The next six flatteners are the six new forms of collaboration that immediately sprung off this platform and flattened the world even more. The first of these was out-sourcing. Out-sourcing was just a new form of collaboration empowered by this platform. So now The Sydney Institute can outsource its bookkeeping department to North Sydney, North Brisbane or North Dakota on this platform, either option equally easy with out-sourcing as the new form of collaboration. Another new form of collaboration that immediately exploded off this platform is off-shoring. Off-shoring is where I take my whole factory from Campton Ohio and moved it to China and

integrate it into my global production system. Off-shoring takes a new leap off the floor.

The third new form of collaboration, the most revolutionary, the one we haven't even begun to see the full impact of, I call uploading. Uploading is the term coined by Kevin Kelly at *wired*. When the world was round, you downloaded it, but when the world is flat, you, as an individual, can now upload and uploading comes in many forms. One form is open source software, or a bunch of geeks sitting at home, writing their own operating system called Linux. Oh, why would they do that? And then uploading it on to the net for free, why would they do that? Some do it because they don't like Microsoft. I happen to like to Microsoft, they don't. Others do it because they love the pure-peer review science of it: "Look at this new algorithm I came up with, you've got to try it, this is just so cool." For whatever reason they do it, this is a revolution. So how would you like to be Microsoft? You're reaping a huge cash hoard from Windows and suddenly your new competitor is selling their product for free; just uploading it onto the web. It's hard to be them. This is a revolutionary form of creativity.

Now you are all a bunch of fuddy duddies. You're still using Netscape or Explorer like me but your kids are all using Firefox. Do you know where Firefox came from? The Firefox browser came from a 19 year old Stanford collaborating with a 26 year old in New Zealand - they never met. They uploaded Firefox onto the web and it was downloaded 10 million times in the first three months.

Now uploading also comes in the form that affects me - blogging. In the old days, if you wanted an opinion on foreign affairs, you had to go to a fuddy duddy like me. Now if you want to know what's going on in Iraq, you can read a billion Iraqi blog notes. Pod-casting, YouTubing, MySpace - these are all forms of uploading, or individuals uploading their content and globalising it by themselves as individuals. Then, of course, there is the mother of all uploading; Wikipedia. The people are writing and uploading their own encyclopedia. Now I remember growing up in Minnesota when the Encyclopedia Britannica salesman would come to our house with all those books and put them down in the living room. Oh, it was so exciting. You'd crack them open. Then we got Microsoft Encarta. You could download an encyclopedia from Windows and you know how many entries it had - 38,000. Wow! You know how many entries are in Wikipedia today? 1.2 billion and one; in a minute there will be 1.2 billion and two. The people are writing their own encyclopedia and I have news for you. This has all kinds of problems with it. It isn't perfect and all you have to be is a subject in Wikipedia to know that. There is no question that it is going to have to be perfected. IBM today has a company officer whose only job is to monitor the IBM references in Wikipedia because IBM has concluded that more people, more of your kids and

mine, will learn about IBM from what is written about it in Wikipedia than any other source. So, uploading is a revolutionary form of collaboration. We have only begun to see the impact.

The fourth form of collaboration I call supply-chaining. Supply-chaining is what Wal-Mart does, only Wal-Mart does it down to the last item of efficiency. You take an item off a shelf in a Wal-Mart at Bethesda, where I live, and another copy of that item is immediately made in Zhen-Zhen China and sent back up the supply chain. If Wal-Mart were a country today, it would be China's eighth largest trading partner, ahead of Australia, or it was when I wrote my book. We have never seen a supply chain so efficient. I have a friend, Yossi Sheffi, who has studied supply chain logistics at MIT. Yossi would like to say to me, Tom, making stuff? That is so overrated. Making a supply chain, now that's really hard. Think about it - Wal-Mart today is the biggest retail company in the world and it does not make a single thing. What it makes is a supply chain that gives 75,000 things from suppliers all over the world to your neighborhood Wal-Mart at everyday low prices. This is a huge flattening force.

The fifth form of collaboration I call in-sourcing. In-sourcing is what the company UPS (United Parcel Service) does. In America, they're famous because they drive big ugly brown trucks and their people wear funny brown shorts in the summer. But if you think that all that UPS is doing is delivering packages you're not paying attention. What they do is in-sourcing. They come into your company, right up to headquarters, and they take over your entire internal logistics operation.

I'll give you an example in the American context. Say you had a Toshiba laptop. And one day your Toshiba laptop breaks and you turn it over; it says call 1800 help and you call 1800 help and an Indian voice at the other end of the phone says, take your Toshiba laptop to the UPS store, they'll send it to us, we'll have it repaired and back to you within 72 hours. But here's what you don't know. In America, your Toshiba laptop goes from the UPS store, to the UPS hub at Louisville airport in Louisville, Kentucky, where in an airline hanger your Toshiba laptop is repaired by a UPS employee in funny brown shorts. I don't know how to break this to you friends, but Toshiba is not interested in your laptop any more. They have in-sourced the repairer to UPS. Go to Nike.com to get the kids a new pair of sneakers. Guess who's actually on the other side of that screen? It's a UPS employee taking your order, taking and packing your shoes from a Nike warehouse managed by UPS, delivering the shoes to you, collecting the money. We see a Papa John's pizza truck go by - Papa John's is all over America. Guess who is actually driving the Papa Johns Pizza truck? Someone in funny brown shorts because Papa Johns in-source the delivery of their dough from their bakeries to

their outlets every day to UPS. This is a huge flattening force – there are thousands of companies today that no longer touch any of their products. They've been completely in-sourced to UPS, FedEx and DHL. They flatten.

The sixth new form of collaboration I simply call informing. Informing is what Google does. As an individual, you can now inform yourself at a depth and breadth we've never seen before in the history of the world and I don't have to explain that. So we have the first three flatteners and the six new forms of collaboration out-sourcing, off-shoring, uploading, supply-chaining, in-sourcing and informing. Three plus six is nine – and I said there were ten.

What's the tenth? The tenth I simply call steroids. And the steroids are wireless technology, voice over the internet and file sharing. What the steroids are doing is turbo charging all these new forms of collaboration so now they can do anyone from anywhere with any device; all totally mobile.

Those I would argue are the ten forces that flattened the world. Now how did the world actually get flat? Well it got flat thanks to three huge convergences, and it all happened around 2000. The first of these was all ten of these flatteners started to meld together around 2000 and, when they did, all the economic complements started to work together at a tipping point. So the informing helped the out-sourcing, the out-sourcing helped the off-shoring, the off-shoring helped the in-sourcing, the in-sourcing helped the uploading. They all started to work together. And when they did, they created the flat world. They created a global, web enabled platform for multiple forms of sharing knowledge, work, entertainment, information, entrepreneurship and, unfortunately, terrorism. Because when the world is flat for us it's also flat for Al Qaeda.

This platform for multiple forms of sharing knowledge, work, entertainment, education, entrepreneurship, innovation and terrorism, I would argue, is today at the centre of our world. We are going from a world of vertical, where value was created in vertical silos of command and control, to a world where value will increasingly be created horizontally by who you connect and collaborate with. We are going from a world of vertical to a world of horizontal. In business and economic terms, I believe this will be seen in time as the mother of all inflection points. This moment is as big as Gutenberg's invention of the printing press. In time it is going to change everything.

Now, in this new flat world, there is one iron clad rule of business and one rule only. When the world is flat, whatever can be done, will be done. The only question is, will it be done by you or to you. Just do not think it won't be done. When this many people get this much connectivity and this many distributed tools of innovation, if you have a good idea here in Sydney, promise me, you will pursue

it, because someone in Seattle will have it a second later. We are on the cusp, I believe, of an era of incredible innovation. The next great breakthrough in bioscience is going to come from a 15 year old genius in Romania who downloads the human gene on her iPod.

Now I see this everyday in my travels. My wife and I were in Peru last June. We were on an eco-tour with Conservation International. Our eco-tour guide, Alfredo, says to us one day, "I've got a friend Tom. You might want to meet him. He sells Peruvian dishware from his village near Cusco on the internet." Wow, cool. But then Alfredo added, "He's checking to see now if he can get his dishes made more cheaply in China." So he'll have them made in China – whatever can be done will be done. And if he doesn't do it the village next door will do it.

I was in Budapest last March. They did a conference on *The World is Flat* with a gathering of European scholars. It was very interesting. They gave me a driver when I was there, who met me at the airport, and drove me around during my time there. And on the way home, we were going to the airport and the driver said, "Mr Tom, if you have any friends who are coming to Hungary please tell them about my driving, you know." I said, well how do I get in contact? And he said, "Well just go to my website." So I said, You have a website? And he gave me his card. I went home and I looked it up. And he's got his website, with all his different vehicles there, diplomat driving tours, business delivery, everything. It's in Mogyar, German and English, with music. Suddenly I had a vision. I covered Secretary of State James Baker for four years and when Jim Baker, after being Secretary of State, retired, he said, "How do you know you are out of power in Washington DC? Well, you know you're out of power in Washington DC when your limousine is yellow and your driver speaks Hindi." I started to think, how do you know you're in a flat world? When your Hungarian driver has his own website in Mogyar, German and English, with music. Whatever can be done will be done.

Now the second great convergence, and we're in the middle of this, is learning to change our habits. That's a little bit of what those stories are about. We're learning to create things not in vertical silence but horizontally, on this platform, and to take advantage of it. As we learn to horizontalise ourselves, we're going to see a huge boost in productivity; we already have. We went through a similar transition like this when electricity was invented and the economists said why was there no immediate boost in productivity. Paul David did a study of this and what he discovered was, to get the boost of productivity from electricity, first we had to redesign factories to get away from tall multi-storey structures to low strung factories that could operate with small electric motors. Then we had to re-design the shop floor in the workroom and the manager and the consultant. Only when we did all

of that did we then get the boost of productivity from electrification. We are in a similar process right now around horizontalisation. We are all learning to horizontalise ourselves.

I discovered this very accidentally while I was working on the book. I was going on a trip to visit my daughter who was at university in New Haven, Connecticut. I live in Bethesda, Maryland. By some weird quirk, to get from Bethesda Maryland to New Haven Connecticut is a complete pain in the behind. You have to drive almost an hour to Baltimore airport, take South-West Airlines from Baltimore to Hartford Connecticut and then drive an hour from Hartford to New Haven. I could get half way to Australia in the same time. I don't know how many of you have had the pleasure of flying South-west airlines, but South-West Airlines is the el cheapo airline in America; it's \$39 to half their locations and when you fly on South-West Airlines you do not get a reserved seat. You just get a ticket that says A, B or C. A is board first, B is board second, C is board last. There is only one thing you need to know about flying South-West Airlines. You do not want to be a C. You don't even want to be a B if you're carrying two bags of spring clothing for your daughter. No problem. I'm a hip guy so I did the e-ticket, or at least I had my secretary get an e-ticket ahead of time. But I got to South-West Airlines Baltimore airport 95 minutes before my flight just to make sure I'd get an A seat. I took up my Visa card, went to the South-West e-ticket machine, stuck my Visa card in, out came my ticket and it said B. I said, this thing is fixed, this is rigged, this is worse than Las Vegas, there is no way I'm a B – I'm there 95 minutes before this flight – there is no way I'm a B. I was mad, and sat in the back of the B line stewing.

Well 45 minutes went by and then they called the flight and then I saw them. Almost all the As seem to be getting on carrying what looked to me like crumpled white printer paper as if they had gone online at 12.01am the night before and downloaded and printed out their own barcodes and boarding passes and taken up all the A seats. What I didn't realise was that South-West Airlines understood the world was flat, that they could interface with their customers horizontally. They had begun a program where anyone flying South-West could, at 12.01am the night before, go online and download and print out their own barcoded boarding pass. I said, Friedman you are so twentieth century. You are so Globalisation 2.0. I thought the e-ticket was cool. But then, while you were sleeping, you, the individual, became your own ticket agent. Or to look at it another way, you, the individual, became an employee of Southwest Airlines. Look at it still another way. If you happen to value your own time, staying up at 12.01am the night before, you are now paying Southwest Airlines to be their employee. Have a nice day!

So next time I get smart, I'll stay up till 12.01am the night before and download and print out my own barcode and boarding pass. And when I do, I can get to Baltimore airport 65 minutes before my flight and, when I do, I'll capture 30 minutes of productivity from myself by interacting with Southwest Airlines horizontally not vertically. That shift from vertical to horizontal is happening in a million schools and a million businesses and a million government offices around the world and when we get to the other side of that transition there is going to be a huge boost in productivity.

The third convergence, the one you've read the most about, is very simple. Just when we have created this new flat world platform, just when we started to change our habits and horizontalise ourselves, guess what happened? Three billion new players called India, China and the former Soviet Empire opened up and walked onto the plane. And when did they arrive? Just when their kids could plug and play, compete, connect and collaborate more directly than ever with your kids and mine. Which is why I tell my girls how when I was growing up in the 1950s in Minnesota, my parents used to say to me, Tom, finish your dinner. Don't you understand people in China and India are starving? And I tell my girls, finish your homework because people in China and India are starving for your jobs and in a flat world they can have them. Because in a flat world there are no such things as an American job; there will just be a job. And, in more and more cases it will, if it can be digitised or outsourced, go to the smartest, most efficient producer.

So this, to me, is at the centre of everything going on today. This platform, these habits and these new competitors. So what do you tell your kids? That's really the question I got most from this book. Okay, Friedman, I read your book, bought two copies, what do I tell my kids? Well I can only share with you some of the things that I tell mine in terms of survival strategies for a flat world.

The first thing I tell my kids is that the single most important thing you can learn in school is to learn how to learn, because what you know today is going to be outmoded so much faster tomorrow. The truly important educational survival strategy is the ability to learn how to learn. My friend Gene Sperling, who worked for President Clinton on his economic team, likes to say, "I don't know what young people are complaining about preparing for the job market today. You have to prepare for it just like someone training for the Olympics. With just one difference. You don't know what sport you're going to enter because jobs have been changed that much faster and therefore the ability to learn how to learn is really the decisive skill." I've given this talk in my home town. A young man stood up in the balcony and said, "I'm in ninth grade, Mr Friedman. I have a simple question for you. What class do I take to learn how to learn?" From the mouths

of babes. And I gave an answer then which I believe in even more strongly now. I said, “Young man, here’s what I would do if I were you. Go to your friends, ask them one question. Who are your favorite teachers and take their courses.” It doesn’t matter if they’re teaching astrophysics, European literature, trigonometry, American history. The first place you learn how to learn is from a great teacher and the first place you learn how to love how to learn is from a great teacher which is why teaching is so important.

The second thing I tell my kids is a kind of mathematical formula I came up with. It’s called $CQ + PQ$ is always greater than IQ . Curiosity Quotient plus Passion Quotient is always greater than Intelligence Quotient. You give me a young person with a high Curiosity Quotient and a real Passion Quotient for learning and I’ll take them over the kid with the high Intelligence Quotient seven days a week. Doc Searls, a great internet philosopher, said something I really identify with. No one learns better than a curious kid. They should put that over the mantle of every school yard. No one learns better than a curious kid and therefore how we stimulate CQ and PQ in our kids is so important, because in a world where individuals can learn so much on their own, CQ and PQ are always more important than IQ .

The third thing I really try to stress with my kids is that the liberal arts really matter. We need to study technology, we need to study maths and science, we need to study all those things. But the liberal arts really matters. A friend of mind, Mark Tucker, likes to ask where does creativity come from? Think of Leonard Da Vinci. Creativity comes from having two different specialties and using the insights from one specialty and applying them to the other. The person who taught me this best is actually Steve Jobs, the founder of Apple. Steve gave a graduation speech at Stanford which is a must read because he tells a remarkable story. He attended a small liberal arts college in Oregon called Reed College and he dropped out after one semester and he had no money. He was living in a Hari Krishna temple, eating there and living on a friend’s floor, but he had nowhere to go. So he hung around Reed and took one of the classes he never dreamt of taking. He took a class in calligraphy, which taught him the beauty of typeface and it all went into the Mac keyboard 15 years later. He credits that class, which he took completely by accident, as introducing the beauty of typeface for the first time into personal computers. You never know where the inspiration is going to come from.

The fourth thing I tell my kids is how. Get your “hows” right, because how you do things matters today so much more. We are living in an incredibly transparent age where everything you do is going to leave a digital footprint, a digital footprint that will never be erased. Our kids will not have the luxury we had of being wild and crazy when they are young. When you are wild and crazy today, it’s on

somebody's cell-phone camera forever. It's in somebody's Myspace; it's in somebody's Facebook. With all due respect to George W Bush, he never could have been elected president had he been going to Yale today. Do you know how many cell-phone cameras and pictures there would be on file of him being, as he said, loud and crazy. We live in an age where everyone is paparazzi. Everyone who has a cell-phone is paparazzi. Everyone who has a blog is a journalist and when everyone is a paparazzi and everyone is a journalist, everyone else is a public figure - so be good. Be good because you will not have the luxury that we had.

When we all grew up, we all had something called a resume. My friend Dov Seidman has written a great book, about to come out, called *How*. Doug likes to say, think of a resume. It was a proxy. We got to write our own life story and hand it to our first boss and say, "This is who I am." Today, your first boss is not interested in your resume. If they want to know how you write, they will go to Google. If they want to know what you've been up to, they will go to Google. Your kids no longer will be able to give a proxy for their life. It's all going to be in living colour, so how you do things in business, in life, in school, is going to matter more than ever.

Lastly, and I'll close here, imagination matters most of all. We always think of economic competition as between countries and countries or between companies and companies. I'm here to tell you that, going forward, the most important economic competition in the world is between you and your own imagination because what you imagine today, you can act on that more than ever, whether it's that Peruvian villager imagining that he can get his dishes made in China or my Hungarian cab driver. Therefore, the country that's going to win, is the country that empowers more of its people to imagine and to act on its imagination. Which is why I end my third edition of the book on a much more optimistic note about America than I was after the first edition. Washington DC today is brain dead - beeeeeeeep. There isn't even a beep, okay. But do not be misled by that, because our country is alive.

I sit in an office with two huge piles on my desk that get larger every day. One is from educators saying, come to my school, my city, my locality. Look what we're doing; we have maths, science education for young men, there's an explosion of innovation going on around education. In the other pile is a huge number of invitations from energy entrepreneurs - come see my wind, my solar, my battery, what we're doing. It's the beauty of living in this chaotic, federal, free, radical free-market system, where imagination can take you anywhere.

We have this old line that Britain owned in the nineteenth century, America owned the twentieth century and China will own the twenty-first century. I have to tell you, I am not ready to cede the twenty-first

century to anyone yet, and certainly not to China. We're not going to win it by default, we Americans or you Australians, and we still have to get so many things right about infrastructure and education and entrepreneurship. But we're not going to lose it just like that. So I'll leave you tonight with a bit of wisdom from my grandmother, Grandma Freidman. Grandma Freidman used to sit by the fire in the cold Minnesota winters, in her rocking chair, and Grandma Freidman used to say to me, "Tommy, never cede a century to a country that censors Google." That was just a little thing Grandma Freidman used to say.

Vote of thanks – David Mortimer

Thank you very much Tom. I was impressed with your Hungarian taxi driver, and your Peruvian potter, but I have to say I'm a little nervous about your Indian entrepreneur who reads medical imagery.

Ladies and gentleman, today we live in a world awash with opinions, information and knowledge on every subject available. Tonight, Tom Freidman has given us something much more valuable; Tom has given us wisdom, developed through his experiences, his insight and his reflections. This wisdom helps us make sense of our world and informs us of our future judgements. What makes Tom's ideas so worthy is that he has mastered the art of being a perceptive and thoughtful observer; he travels widely but finds the time to probe and listen to people of all walks of life. He applies a writer's discipline to discerning patterns and valuable truths. These give us useful new ways to frame the opportunities and challenges of today and tomorrow. In the words of Tom's great compatriot and fellow writer Oliver Wendell Holmes, "It is the province of knowledge to speak and the privilege of wisdom to listen." Tom has listened, he has become wise and we all appreciate that he has chosen to speak to us tonight.

Thank you Tom for your focus on the opportunities for individuals and for nations in this flattening world. The increasing power of individuals to collaborate and compete across borders is a message for today. It is one that we are already embracing and Tom's observations that people all over the world are waking to this change has deep implications for each of us. And the flattening world is good news for nations like Australia; the dramatic surges of China and India have created real opportunity for Australians to play a greater part in the world economy. As a first world nation, our large trade based minerals and agricultural industries give us much in common with nations in the developing world. In the last 25 years, governments of both major parties have led fundamental policy changes that have improved our ability to compete. It is voices like Tom's that encourage us to continue down this path. His words and his work remind Australians to focus on valuating if we are to remain competitive.

Tom, you both challenge and encourage us. You bring a positive and uplifting view of the world and you have shown a positive attitude to our country and our place in this world. I, for one, hope that my fellow Australians accept both your encouragement and the challenges. I would ask everyone to thank Tom for sharing such a valuable perspective with us tonight.



Gift to The Sydney Institute

Len Bosman (left) is one of The Sydney Institute's foundation members. In April 2007 he formally presented an Australia's Prime Ministers of the 20th Century montage to the Institute – which was accepted by The Sydney Institute's chairman Meredith Hellicar (centre). It is one of a limited edition of 25 which has been created by Rod Bosman (right). This is the first occasion on which a montage of official photos of Australian prime ministers, in the collection of the Department of Prime Minister and Cabinet, has been put together – along with facsimiles of the prime ministers' signatures.

Len Bosman kindly donated one of his two copies to The Sydney Institute – the other is located in Parliament House Canberra. The collection, which is located in the Institute's Board Room, is inscribed: "Sydney Institute: A Gift of Len Bosman – Foundation Member – 2006".

SPEAKERS AT THE SYDNEY INSTITUTE

January 2007 – May 2007

Dr Helen Irving (Sydney Law School & Historical Consultant *Federation 1999*)

Sir David Smith (Official Secretary to Governors General 1973-1990, author of *The Governor General, The Monarchy, The Republic and The Dismissal*)
A Mate for Head of State? - A Discussion

Graeme Samuel AO (Chairman, Australian Competition and Consumer Commission)
The ACCC and Current Issues: Mergers, Media and Telecommunications

Prof Fred Hilmer AO (University of New South Wales; former CEO, John Fairfax, author *The Fairfax Experience*)
The Fairfax Experience

Carol Baxter (Author, *An Irresistible Temptation*)

Dr Kevin Donnelly (Former Chief of Staff Minister for Workplace, author *Dumbing Down*)
Teaching Today - Two Views

Sally Neighbour (Author *In the Shadow of Swords*, reporter *Four Corners*, commentator for *The Australian*)
International Terrorism: From Afghanistan to Australia

Troy Bramston (Editor, *The Wran Era*, an Advisor to Federal Labor leader Kevin Rudd)

Peta Seaton MP (Shadow Minister for Finance and Energy)
Governing New South Wales: The Wran and Greiner Years

Dr Tanveer Ahmed (Psychiatrist & journalist)

Nada Roude (founder, Australian Arabic Communities Council)
Social Protest and Islam

Patrick Morgan (Academic and author *Your Most Obedient Servant B.A. Santamaria*)
Bob Santamaria: Talking to the World

Robert McCallum Jr (US Ambassador to Australia)
Current Issues in the United States/Australia Relationship

Dr Judith Brett (Academic & author *Forgotten People* and co-ed *Ordinary People's Lives*)

Andrew West (Academic & author *Inside the Lifestyles of the Rich and Tasteful*)
Life in the Suburbs- and the Inner City

Maria Prendergast (Freelance writer and broadcaster & author *Understanding Depression*)
Talking About Depression

Wayne Swan MP (Shadow Treasurer; Federal Member for Lilley)
Meeting the Challenge: Labor's Economic Vision for the Future

Dr Ihab Hassan (Writer and Teacher of Postmodernism)

David Malouf (Writer and Author)
Fundamentalism and Literature

The Hon Joe Hockey MP (The Minister for Employment and Workplace Relations)
Women and Work

Dr Peter Pedersen (Military historian and author *The Anzacs: Gallipoli To The Western Front*)
The AIF: As good as the Anzac legend says?

Eric D Hargan (Acting Deputy Secretary, U.S. Department of Health and Human Services)
Preparing for A Pandemic

Tom Friedman (Pulitzer Prize winning columnist, *New York Times*, author)
The World is STILL Flat