



THE MAKING OF DARK PLACES



Photo - David Karonidis

Kate Grenville

Dark Places (Macmillan, 1994) is the story of the Singer family told through the eyes and voice of Albion Gidley Singer. It recaptures the world of Lilian in *Lilian's Story* (Allen & Unwin 1985) which won the Vogel/Australian award and established Kate Grenville as one of Australia's leading fiction writers. To explain how Albion Singer came to be created, Kate Grenville spoke for The Sydney Institute on Wednesday 7 December 1994.

THE MAKING OF *DARK PLACES*

Kate Grenville

I'm going to talk tonight about "The Making of Dark Places", as promised on your program. But when I sat down to gather a few thoughts about that subject I found myself haunted by words of Patrick White. He scornfully accused writers of wasting their time with "all that yack about how I write" when there were real problems in the real world that needed to be addressed. In many ways I'm sure he's right. Talking about how you wrote a book can be a self-indulgent, self-congratulatory exercise. Look, it can seem to say, how special I am, how clever, and look how fascinating my navel is.

In another way, though, I think he might be wrong. Writing a novel is just another kind of problem-solving, another way of putting bits of information together. Writing a novel is putting two and two together and coming up with five. It's creatively extrapolating from the known to the unknown. There are a lot of problems around, and they're going to need a lot of very creative answers. Anything that might shed light on the processes of problem-solving is worth exploring. My idea tonight is to look at the processes that got a particular novel to happen, and to see if you can extrapolate from that particular instance to some general ideas about the kind of problem solving that we call "creativity". It may be that we could harness some of the novelist's problem-solving strategies to other more worldly and practical situations.

There is a lot of vagueness about this "creativity" thing. We all agree we need it to deal with the complexities of our world, but what is it? Is creativity the same as "inspiration", a bolt from the blue, an epiphany in which you see a solution laid out in finished perfection for you? Or is creativity what Hemingway said: one per cent inspiration and 99 per cent perspiration? Or is it what people mean when they talk about writers as "wordsmiths" – just a technical matter of consciously shaping words to a desired effect? And does this creativity thing happen for everyone or just a special band of the chosen? Can it be taught or learned? Can you practise it and get better at it?

The example I'm going to use as an example is my latest novel, *Dark Places*. This is a book set in the early 20th Century. Its main character, in whose voice the story is told, is a man called Albion Gidley Singer. On the face of things, he's a respectable man of business, a pillar of the community type. But he's a hollow man – he feels himself to be hollow – and his sense of his only-just-concealed inadequacy makes him brutal to anyone he thinks is weaker than he is, especially towards women. In the climax of the book, Albion rapes his 18-year-old daughter.

I began *Dark Places* with a set of parameters that were more limited than usual for a novel because the book was a companion volume to another novel, *Lilian's Story*. Certain elements were set for me – time, place, cast of characters, events. I knew, and many of my readers would know, *what* happened in this book. My job as I saw it was to show *why* it happened.

To do that, I knew I had to try to get inside Albion, had to imagine what it felt like to be him. I thought Albion probably didn't think he was a monster: so what *did* he think about what he was doing?

Starting was the hardest part, as it always is. That's when I needed an epiphany to tell me who this man was, what his voice would sound like, what he would think. I sat at my desk for quite some time, but no bolt from the blue took place.

Life goes on even when you're waiting for an epiphany, and life puts things in your way without you going to seek them out. At this time life put two things in my way which made a difference. One was that in prowling through a Smith Family Op Shop I found, and bought for fifty cents, a record of Rossini's *Stabat Mater*. If it had been a dollar I mightn't have bothered. When I got it home and played it, scratches and all, one of the arias of this piece of music made the hairs on the back of my neck stand up – this was the music of Albion Gidley Singer.

The voice was a counter tenor. The music was sad but stately, and somehow made poignant by the counter-tenor voice. There was an androgyny about it too – this was neither a woman's voice nor a man's voice. It didn't have the resonance of an ordinary tenor or contralto – there was a plain, even vulnerable quality to the sound.

Why all this made me think of Albion Gidley Singer I don't know. But somehow I could glimpse, through the music, that he must be a very unhappy man at some very deeply interior level. The androgyny was suggestive too – I was seeing, in a glimmering way, that his problems could have something to do with the demanding expectations of male and female roles, and a difficulty in feeling himself up to his expected male behaviour.

So I sat down at the desk again and played this aria over and over. There wasn't exactly a flood of inspiration, but I began to get sentences that sounded like a plausible voice for this Edwardian gentleman:

sentences long and winding, full of colons and semi-colons, streaming on like the music. I clung to that aria as a drowning woman clings to a life ring – for a long time it was my only link to the book.

The next thing that life put in my way was the autobiography of Charles Darwin. I only had to read a few pages and I knew it was going to help me. At a certain point in his life, Darwin drew up in two columns the arguments for and against marriage. On the "for" side he lists "constant companion, who will feel interest in one, object to be beloved and played with – better than a dog anyhow – Only picture to yourself a nice soft wife on a sofa ... these things are good for one's health." On the "against" side he lists: "loss of time every day – how should I manage all my business if I were obliged to go every day walking with my wife ... I should never know French, or see the Continent – or go to America, or go up in a balloon."

There was a voice there that had the kind of unselfconsciously self-absorbed, unconsciously funny quality that felt right for Albion. Thinking about Darwin also made me see that Albion was probably a social Darwinian, with a mechanistic and reductive view of all human behaviour which would go some way to explaining his ability to do the unspeakable.

Somewhere around here I went to have tennis lessons. If I'd known then that they'd end up in the book I could have claimed them as a tax deduction. I was an exceptionally unpromising tennis player (and I still am), and was conscious of the way I looked on the court. When the balls dropped out of my hand before I could toss them up in the air for a serve, I saw myself not from within but from the outside, as a stranger might see me – a duffer fumbling with balls on the brilliantly lit stage of a tennis-court. Naturally this was not a pleasant feeling. But one of the great things about being a writer, I've discovered, is that you finally have somewhere to put those horror moments. I wrote about this person, this duffer, playing tennis, and I found a scornful, contemptuous voice coming quite easily – some interior voice of my own, obviously, that voice of self-criticism we all have.

Now I felt I was getting into Albion's voice – I could begin to hear it: a mixture of sadness, mechanical over-rationalism, unknowing self-parody, and scorn.

At this point in the book, you could say that creativity was a series of accidents. Or, as Pascal puts it, accidents happening to the prepared mind. My mind had set itself a problem – what did a man like Albion tell himself, that made it okay to do what he did? – and accidents fell like seeds onto that prepared and receptive ground. Creativity was about a large number of different kinds of inputs, most of them seemingly trivial, even irrelevant. Creativity was discovering that everything can be used, even (or especially) failures such as tennis. This

was not something that any amount of rational thought, planning, or analysis could have given rise to.

After waiting for so long, there was finally one epiphany with the making of *Dark Places*. It came at a point when, for perhaps the seventh or eighth time, I'd definitely decided to abandon the book. I'd written a lot, 200 or 300 pages, had been working on it intermittently for several years, and had found ways of writing in Albion's voice and giving him convincing scenes. But at the heart of the book I felt there was still a vacuum I couldn't fill. I still couldn't really say why Albion, or any man, could rape his daughter.

So I decided to give up on the book, to accept that I'd bitten off more than I could chew. I gave up on writing for the moment, and went to Target to buy tee shirts for the kids. On the way back from Target I passed the grounds of what used to be Callan Park Mental Asylum. I've always found it a restful place to be, so on impulse I turned the car in there, got out, and sat on a bench looking out across the river. I felt a great lightness – the book was behind me, one of those failures you notch up to experience. I began, vaguely, to think of other things I might write. A follow on to my creative writing textbook perhaps. Some short stories. Mentally I'd turned my face entirely away from Albion.

It was in that moment – a moment of the complete relaxation of failure – that the epiphany happened. Like one of Joan of Arc's voices, the words simply came to me: "You don't have to explain." Suddenly I saw that a novel isn't a psychological text book. A novel's job is not to explain. A novel should put the reader through an experience, not give them a lecture. It was a moment of liberation: I thought I could probably write about Albion's experience, I just couldn't explain it.

At that moment, creativity was the passivity born of despair. That epiphany happened because I stopped thinking about the problem. Some other part of the mind took over from the logical conscious one: Creativity was allowing the unconscious mind to speak.

As if to test this epiphany against experience, I thought of novels that I admired, novels that had changed the way I felt about things. Did Jane Austen explain? Did Virginia Woolf explain? Did Herman Melville explain? No, none of them explained, and perhaps they didn't even fully understand, in the sense of being able to put it into a few neat sentences. Perhaps that was why they wrote their books: perhaps also why we can go on discussing them. The way they understood their subject was through the experience of it. Their novels don't *think* about things, they *live* them.

So creativity, in those moments in Callan Park, was also fertilised by the literary tradition, that rich matrix within which every novelist writes, where new things are possible only because others have gone before. Creativity in this case was another kind of information:

knowledge about the way other people had solved the same kind of problem. Creativity was checking with the authorities in the field.

There's one other factor in the writing of *Dark Places* that I think throws light on the idea of creativity. With *Lilian's Story*, the earlier novel, I felt I'd learned a few things about how you might go about writing a novel. For example, I'd found that book worked best as a series of brief vignettes like film scenes, each only a few pages long. I felt rather smug about that, felt I'd cracked a trade secret, and could now apply it to this book. But it became apparent after a while that what worked for *Lilian's Story* was not going to work in *Dark Places*. No matter how I rearranged them, the little scenes wouldn't hang together. They just felt choppy, jumbled, jerky. Finally – and this is now some years down the track – I realised that *Dark Places* should have conventional chapters, with extended scenes of flowing narrative. I did a lot of cementing together of my vignettes, wrote a lot of linking paragraphs, and found that the book was at last beginning to work.

In this case, creativity was about *unlearning* something. Something that had been useful in one context was not useful in another: was actually destructive in another. Creativity in this case was a process of going backwards rather than forwards.

By this time you're probably starting to wonder why I didn't do the obvious thing, go and do some research. My first problem with that was a chicken-and-egg one: until I knew a bit about Albion, I didn't know just what to research. Incest? Misogyny? Edwardian gentlemen? My second was an intuition that I needed to fumble my own way to answers. If the book was to be an experience rather than a lecture, it had to somehow emerge out of experience rather than books. I felt I had to re-invent the wheel, like the man in *100 Years of Solitude* who comes out of his hut crying triumphantly "the world is round like an orange!"

So I didn't do any research until long after my epiphany in Callan Park, and after the book was finally, after some nine years, taking its final shape. When I did go to the library, I was pleased. I found that my attempt to imaginatively project into the experience of this man seemed to match up reasonably well with the psychological literature. In this literature there were a number of possible explanations of incest, and the most convincing one in my view was the one that looked at male and female role stereotyping and the damage it causes.

The processes that I've described here boil down to four:

- uncritically accepting varied inputs (tennis, music, Darwin)
- trusting the unconscious (the epiphany in Callan Park)
- knowing what others have done in the field (Austen and Melville)
- being prepared to abandon what's been learned (giving up the vignettes).

It's interesting to me how "un-arty" that list of creative qualities turns out to be, and how well you could apply them to political, social and technological problems as well as artistic ones.

When you look at these elements, creativity doesn't look like "inspiration" or anything to do with the Muse. Nor does it look like wordsmithing, hammering away until it comes right. Above all, it doesn't sound like anything exclusive to a small, select band of the human race.

When you look at this list, it looks as if creativity is problem solving of a kind that's familiar to all of us. I think that if we are to wonder why some people become writers and others don't we need to look, not at the way their minds are made, but at their motivation. For one reason or another, some people want or need to write books more than others, and some are allowed to by the circumstances of their lives, while others are not. But I think we all know about putting together random bits of information to come up with something new. We all know about things "just coming to you" when you've given up on a problem. We know about being "too clever for our own good" and having to unlearn things at times. And we certainly know about checking with the authorities.

Some of these elements of creativity are encouraged and taught in our society, while others are regarded with suspicion. The idea of going to the authorities is very well established. It forms that basis of our formal education.

However, the idea of assembling a whole range of inputs, from the crackpot to the genius, as a starting-point for discussion, is not well supported. Dithering about what you think isn't thought much of. We tend to operate in a debating sort of mode, where you take up your position and defend it by every argument you can think of. To consider, even temporarily, the validity of your opponent's viewpoint is regarded as pretty wimpy. That sort of approach is something we could work on. The philosophical equivalent of my failed tennis lessons might just turn out to be useful. We could suspend the two-sided debate as the most fruitful way of talking about a complex problem, and consider other ways — perhaps messier, perhaps not as emotionally satisfying as taking a position and defending it, but perhaps in the long run more useful.

Abandoning what's previously learned is difficult: past wisdoms have a way of becoming self-perpetuating. Learning is a difficult and painful exercise: it's hard to accept that you might have to undergo an equally painful unlearning process. Children at about the age of four learn to draw symbolic stick figures for people, and houses with two windows and a door and a curving front path: they learn to stop looking at what they see. They learn a symbolic language for their pictures. If, later on, they want to continue with expressing themselves

visually, they have to go through a long and difficult process to unlearn that symbolic imaging, and to return to actually seeing real bodies, real houses. I know what I'm talking about here – as well as being a failed tennis-player I'm also a failed sketcher.

The wackiest of the processes of creativity I've been talking about is the idea of trusting to the unconscious. Now that really does sound New Age touchy-feely. What is the unconscious? How does one get in touch with it? Why should one trust it? I can't answer any of those questions. But in the language there are a lot of words that acknowledge that there's something valuable there: we talk about instinct, intuition, imagination – in ad agencies they talk about blue-skying and free-associating; the notion of "inspiration" is with us because we recognise something operating that is not within our conscious control.

When "inspiration" happens, or when the unconscious is allowed to operate, it's always exciting, exhilarating, very often brilliant in terms of problem-solving. Remember the story of the chemist who'd been working for years to discover the structure of benzene. One night he dreamed of a snake swallowing its own tail and he realised that his dream-mind – his unconscious – had just supplied him with the solution to his problem: benzene is structured in the form of a ring. Of all the processes I've talked about, this one is the most important and the least acknowledged. There are techniques for accessing your unconscious in usable ways, but we're not taught them in school or university. We might be told "use your imagination" but no one tells us how. It's the Cinderella of the problem-solving repertoire, and deserves better.

I don't know how far you can take the analogy of creativity in the form of novel-writing with creativity in the form of solving other problems. But there's a good chance that there's a fair bit of overlap. And in case Patrick White is listening, I hope he doesn't think I've just added to all that "yack about how I write".



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Photo - David Karanidis

Jeni Klugman

Jeni Klugman, author of three World Bank reports, was the first female NSW Rhodes Scholar. Since taking up her World Bank appointment she has specialised in areas of research within the Russian Federation. Jeni Klugman spoke for The Sydney Institute on Monday 19 December 1994.

THE WORLD BANK

AND THE RUSSIAN FEDERATION

Jeni Klugman

By way of introduction and qualification, I should note that although I am an economist at the World Bank working on Russia and Central Asia, none of the views or opinions expressed here necessarily represent those of the institution or its affiliates. And although I have worked largely in the spheres of poverty, social policy and labour markets, I will try and approach the topic of the World Bank and the Russian Federation more broadly. My remarks here today will range across the origins, role and activities of the World Bank (as it has become increasingly involved in the European transition economies and, more recently, the republics of the former Soviet Union), the novelty of the challenges faced, ways in which the Bank has tried to respond and the problems that we continue to confront.

It is probably best to begin with a brief overview of the ostensible role and functions of the World Bank. The broad objectives of the post-war economic agenda – “the expansion of world trade, the restoration of international investment for productive purposes, and the maintenance of stable and orderly exchange, (in order to promote) a high level of employment and production” – were seen to involve the creation of two international monetary agencies, the International Monetary Fund and the International Bank for Reconstruction and Development. It was agreed at a fairly early stage during the Bretton Woods discussions that the latter was, to quote Keynes:

essential to the expansion of international trade and the maintenance of a high level of business activity... (and) necessary to take steps to encourage private investors in providing an adequate volume of long term capital for productive purposes ... It is our hope that the institution of the bank... will serve the purpose of increasing the health, prosperity and friendship of the participating countries ... In general, it will be the duty of the bank, by wise and prudent lending, to promote a policy of expansion of the world's economy ... the increase of resources and production in real terms, accompanied and facilitated by a corresponding increase of purchasing power. (JMK 1944)

So after Bretton Woods, what became known as the World Bank opened its doors for business. Over its 50 year life, membership has grown to 177 governments. Today it is the largest source of market-based loans to developing countries and a major catalyst of similar financing from other sources. World Bank loans are largely financed by borrowings on the international capital market operations: guaranteed by its shareholders, capital raised is lent to member governments at a slightly higher interest rate to cover administrative costs.¹ The key is that countries that are perceived to be less creditworthy are able to raise external capital at basically the same cost as such countries as Germany, Japan and the US, because of the guarantee of the latter.

Initially, as the full name of the institution suggests, the Bank played an important role in the reconstruction of post-war western Europe. Subsequently, the newly independent states in Africa and South Asia, as well as Latin America, became the focus of World Bank activities. Until 1980, the bank made loans almost exclusively for discrete investment projects (such as roads, dams and ports). Responding to the balance of payments crises facing many countries following the sharp deterioration in their terms of trade in the late 1970s and the debt crisis, it began a program of adjustment lending to support economic policy reform. Reforms supported typically include a greater reliance on market forces, reduction in government price interventions and subsidies, and limitation of the role of the public sector in industrial and agricultural production (e.g. through privatisation programs). Adjustment loans are often undertaken in conjunction with an IMF supported stabilisation program. Adjustment lending reached a peak of almost 30 per cent of total bank lending in 1989 – in the financial year ending 1994 it was only 12 per cent of the total.

The bank has also broadened, and to some extent refocussed its agenda. The objective of poverty reduction has moved to the forefront, and such goals as environmental protection, improving the status of women and community participation have been embraced, at least by the rhetoric of the bank. Alongside this shift, investing in people has assumed greater significance. Lending for human resource development – health and nutrition, education and training, and social protection – has increased enormously from a low base. Average annual lending for population, health and nutrition which was US\$207 million in the 1980s – rose to almost US\$1.5 billion in the early 1990s. Lending for education has increased from about \$700 million to almost US\$2 billion over the same period.

In this context then, the bank was faced with the challenge of meeting the needs of new members from former socialist countries of Central and Eastern Europe, and after the collapse of the Soviet Union, its former republics. In some senses, the European economies in

transition presented similar economic conditions to many of the developing countries in which the bank has been working. The large role of the state in production and distribution and serious distortions in the internal and external trade regimes, as well as the inheritance of centralised political control, were all familiar to bank staff.

Yet the differences between the economic situation of the traditional bank client, to that faced now in the European transition countries were more stark than the similarities. First, the scale of the economic problems to be confronted was vast. This was the result of decades of gradual deterioration of the economy and of societal consensus, as well as a series of shocks. There are staggering figures on, for example, output collapse and inflation which reached double and triple figures respectively in virtually all countries. Second, the resource and human capital endowment was typically much richer, and the distribution of money income and wealth relatively equal. In most European transition countries, literacy is close to 100 per cent and life expectancy approached industrial country averages. In general, the countries tended to look to OECD industrial country experience. Citing a Latin American, let alone an African, example, (even in the poorer Central Asian republics) is likely to raise hackles. Third, the simultaneous changes on the political and social, as well as economic fronts creates further difficulties as well as opportunities. And fourth, but not least, the external Western interest in the progress of reform arguably placed unprecedented pressures on the World Bank to deliver.

Then when we look at Russia, as a special case of the transition economy, each of the foregoing features are thrown into sharper relief. The Federation spans eight time zones. It comprises 89 constituent territories – Moscow oblast alone is larger than the Czech Republic and Hungary combined. Each oblast enjoys significant autonomy, although the extent of local authority may be in some cases unclear – eg over natural resources. Oblasts also have responsibility for the provision and financing of services to their populations. Rates of secondary school completion in Russia are higher than in the US, and its reserves of oil, gas and other sources are enormous.

On the other hand, whereas in Central and Eastern Europe the pre-war constitutional framework provided an anchor for the new legal and institutional setting, Russia faces the transition from a command to a market economy in a very fluid, if not chaotic, political and institutional context. Russia's political situation is probably the least stable of all the transition economies, and recurring political crises, most recently in the wake of Black Tuesday (rouble collapse) in October, and now the armed conflict in the Caucasus, wreak havoc with attempts to attain political and economic stability. Virtually all of the various macro indicators are worse in Russia than most of Central and Eastern Europe. Inflation appears to have resurged into double

monthly figures during the fall of 1994. The decline in total output, which averaged 10 per cent in 1991 and 1992, continue to be compounded by double figure declines (a projected 12 per cent in 1994).² Government revenue as a share of GDP has virtually collapsed, from over 30 per cent, to collections of around 11 per cent in 1994, which in turn creates enormous difficulties in the way of attempts to gain a degree of fiscal balance. The target deficit for 1995 was 8 per cent of GDP.

There are also the serious problems faced by the multitude of one-company towns – localities that depend upon the production of a single commodity and often, traditionally, massive federal subsidies. The deliberate regional inter-dependence that was created by Stalin, and the resulting tightly bound structure of production has meant that supply-side shocks to the various parts of the former Soviet Union have had devastating repercussions. This can be compared to China, for example, which arguably comprises a collection of self sufficient economies so that dislocation in one region need not affect other parts of the country.

I came across a rather extreme example of the problem in Vorkuta, last fall. This town was founded north of the Arctic Circle where climatic conditions are among the harshest in the country, as part of the Gulag. It still does not have a road in or out. Coal was subsequently discovered and, in the absence of anything else, came to dominate the locality. Workers were attracted voluntarily to the locality later by the relatively high wages and bonuses and generous pensions (due to so-called Northern co-efficients) when the overall Soviet wage structure was flat. VorkutaUgol – the local mining company (branch of RossiyaUgol) – dominates the local economy and society. It is clear that the former, and even current objective of VorkutaUgol is to maximise employment (and perhaps output). Labour productivity is low even by Russian standards. (The only neon lights in a town which is in darkness for most of the year exhorted "More coal for the mother land".) Municipal authorities play a fairly marginal role in the provision of many local public goods. VorkutaUgol undertakes the financing and delivery of kindergartens and vocational schools, libraries, sports and cultural facilities. Traditionally its activities also extended to the subsidised provision of food and commodities through its control of retail distribution. Most importantly, VorkutaUgol constructed and maintained housing for the community. Municipal authorities will not be able to cope with the shocks created by the inevitable downsizing of the mines as federal coal subsidies are withdrawn. They will face fiscal shocks affecting the local tax base, as well as additional demands imposed on the social services and agencies as unemployment rises, poverty increases and VorkutaUgol divests itself of social responsibilities.

So in this context, what have been the approaches and activities of the World Bank in the Russian Federation? The priority objectives for the Bank's strategy would be familiar to anyone who has encountered Bank programs elsewhere in the world. The first stated objective is to support the development of a market oriented economy based on private sector initiatives; second, to encourage the redirection of public sector involvement in the economy, in the provision of physical, social, legal and institutional infrastructure; and third, to establish the bank as a reliable development partner with respect to high priority public sector investment and policy advice.

Given the high uncertain policy and institutional environment in Russia, it is thought that macro-stabilisation (that is the reduction of high rates of monthly inflation and progress toward fiscal balance) will take some time. Still, steady progress on structural reform – that is, in privatisation, enterprise reform and development of the energy sector is considered essential, alongside support for social programs.

In the social sectors, the Bank has sought to tackle three broad issues:

1. *The need to develop a viable social safety net that will meet the needs created by the transition from a command economy: specifically the emergence of open unemployment and reforming welfare programs (pensions and social assistance) to focus on poorer groups in the context of an overall fiscal squeeze.*

To briefly outline the background here, poverty was not an unknown phenomenon in Soviet Russia – but the transition from a command economy has undoubtedly been associated with an increase in the incidence and severity of poverty. This has been associated with a dramatic fall in average real wages, increasing underemployment, reflected in the millions of workers on forced short-time work or administrative leave, and a sharp increase in the degree of income inequality. At the same time, open unemployment has risen much more slowly than expected, as enterprises have been slow to restructure (today registered unemployment is less than 2 per cent). The system of social protection that was inherited from the Soviet period is inadequate to cope with the extent and shape of increasing need.

2. *Arresting the deterioration of basic social services – especially health and education – due to financial pressures and misallocation of resources.*

In the health sector, for example, as the population's health status is poor and deteriorating, public expenditure is low, and heavily oriented toward specialised and hospital based care. In 1992 the average number of beds per thousand population was 13.1 compared to an OECD average of 8.4. About 70 per cent of health sector spending goes to in-patient care and, within that, toward the more sophisticated and highly specialised facilities. At the same time, primary health care facilities often have little equipment and that which is

available may be obsolete or in a state of disrepair.

In the social sectors, decentralisation has created enormous problems for the effective and equitable provision of services. Responsibility for the provision and financing of health, education and most benefit programs (except pensions) lies with local authorities. There are large and growing disparities in social expenditure per capita, for example. Fundamental aspects of fiscal federal arrangements have yet to be resolved. There is no equivalent of the Commonwealth Grant Commission, for example. The system of revenues is based on tax sharing. But every quarter, or even month, the oblasts lobby the centre for additional allocations. An ostensible attempt to improve the objectivity and transparency of central transfers was initiated in 1994 through the establishment of an equalisation needs-based fund – but almost half the allocations of the federal regional fund accrued to a single oblast, that also happens to be a wealthy coal producing region.

3. Improving the skills of the population in key areas like management and finance, required to develop a market economy.

The inherited system of management and financial training was extensive, though highly centralised and specialised. Each sectoral ministry operated the training infrastructure of the sector specific institutes. Policy making and surveillance were provided by the Party, both centrally and in the regions. It seems that the major gaps included accounting, auditing and finance (such as corporate finance, for example); in industry, management and marketing and public finance.

So what has the World Bank been doing in Russia since 1992? There are broadly two aspects of activity: policy work and analysis on the one hand, and lending operations on the other. The first is carried out largely on the basis of what is known as economic and sector work, and resulting reports on the macroeconomy and structural reform, including fiscal management, enterprise reform and poverty and social protection are discussed with Russian policy makers. With respect to lending operations, the Bank has put together ten operations totalling US\$2.9 billion since June 1992. The projects comprise both physical investment and technical assistance. Examples include the oil sector loan – at US\$610 million the Bank's largest investment project ever – which is intended to reverse the output fall, alongside policy reforms related to the legal, fiscal and commercial framework to attract international and domestic private investment. Other loans have supported highway rehabilitation, privatisation, and the strengthening of the Federal Employment Service, for example.

But what has been the experience to date? The first year of Bank operations in the Russian Federation revealed a series of difficulties. Here I will highlight just a few:

1. The atmosphere of crisis management and high turnover among key Russian officials has meant, understandably, that very few

Russians have focussed on the role of the Bank and what it can provide. This in turn makes preliminary agreement on lending priorities problematic and creates delay. One example recently arose in Moscow where, during the annual discussions of the lending portfolio, the then Deputy Prime Minister responsible for the economy responded to the evident coordination problems by creating an Inter Ministerial Commission for International Economic Relations, that he would personally chair. In fact Mr Shokhin himself, who had been remarked upon as one of the few survivors of the reform years, fell to the wayside within a couple of weeks.

2. Virtually every project has hit new, fundamental issues that have to be confronted and resolved. For example, our first investment project, to support the strengthening of the Russian equivalent of the CES, languished for over a year after being approved by the Bank's board, before being signed by the Government. Reasons for the delay included the Russian Ministry of Finance position that repayment of the loan should be financed out of the Employment Fund. Since the fund is financed out of payroll tax revenues (so that revenues are inversely related to financing needs), its capacity to even pay unemployment benefits, let alone the US\$70 million loan, was unlikely.

3. Next, the problem of dealing with the different levels of Government has created enormous difficulties. Responsibility for the financing and delivery of the bulk of social services and cash benefits lies in the local – oblast and raion – level. Those governments may well have a keen interest in World Bank support. However decisions as to whether a project should go ahead are made at the centre, which is natural insofar as the central government incurs the liability for repayment. There the core ministries may well be reluctant to allow Bank activities to go ahead (for example the Ministry of Finance). Even the sectoral ministries (such as the Ministry of Social Protection, or Health) may not have a good idea of what is going on at the local level, nor be capable of setting sectoral priorities. Similar problems have been faced with respect to urban transportation projects focussed on investments in particular cities.

4. Very high resource costs, about twice the Bank-wide average for project preparation. This is in a context where there is pressure throughout the Bank to reduce costs, by an average of 8 per cent annually until 1997. Apparently in each of the last two years, across the bank, real costs increased by 20 per cent while the total volume of lending has been stable or falling. In our own department, we are supposed to reduce costs by 4 per cent in both financial years 1995 and 1996.

5. Finally, but certainly not least of all, the pressure imposed by the West, in particular the G7, has created problems and uncertainty. Announcements have been made at various summits to deliver X

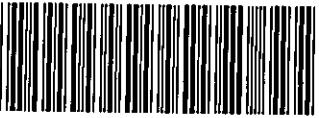
billion within the next, say, 12 months. We have then moved onto "accelerated program" schedules. Staff are asked to identify lending operations that would (a) amount to the promised X; (b) be amendable to very rapid preparation; and (c) be sufficiently attractive to the Russians to borrow for. In practice, of course, what has tended to happen is that we fall out of the "high case scenario" – a scenario that is based on an upper level IMF tranche agreement and demonstrated success in resolving key institutional and structural policy issues. Slippages follow, and we move to the intermediate case, which assumes a more sporadic and gradual approach to stabilisation, and continued progress on such structural reforms as privatisation, trade policies, etc.

6. High expectations about rapid positive impacts flowing from Bank activities, that might have been held within Russia, the international community and the Bank, have not been met.

What might be the way forward for the World Bank in the Russian Federation? There are obviously no easy answers. But in conclusion there are a couple of possibilities I might mention before closing. First there is the drive toward simpler projects. But as noted above, the bank in the 1990s is facing demands to meet a multiplicity of objectives, ranging from poverty alleviation and community participation, to encouraging private sector development. Second, increased priority should be directed toward developing the government's, and the Russian people's, sense of ownership of the lending program under preparation.

Endnotes

1. There are two important exceptions: first, the International Development Agency (IDA), created in 1960, is replenished by industrial country allocations, and are directed to the poorest countries at very concessional rates; second, the International Finance Corporation (IFC), was established in 1956 to directly finance private sector development through the provision and mobilisation of loan and equity financing, and through its advisory activities. It is the former type of support – IDA – which is likely to suffer from the recent change in helmsmanship at the US Congressional Foreign Aid Appropriation Committee.
2. Of course all former Soviet figures have to be used with caution. In particular, enterprise managers had incentives to inflate pre-transition output figures in accordance with central plans and quotas, whereas now output is more likely to be underestimated in order to minimise tax liabilities and attract government subsidies. Moreover, the so-called "informal" sector is expanding rapidly, and the former Soviet bias towards physical output means that the growing services sector is still probably undervalued. Bank staff estimates that the scale of underestimation is of the order of 20 per cent of GDP.



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Photo - David Karonidis

Carmen Lawrence

Former Western Australian Labor Premier, Carmen Lawrence, moved to Federal politics early in 1994 and shortly after was appointed Minister for Human Services and Health. As one of the small number of state parliamentarians to have made the transition to Canberra, Carmen Lawrence spoke about the experience in an address to The Sydney Institute on Thursday 2 February 1995.

FROM PERTH

*TO CANBERRA: NEGOTIATING THE GREAT
DIVIDE*

Carmen Lawrence

Thank you very much indeed for this second chance to address The Sydney Institute and guests tonight. For those of you who came to the earlier occasion I do regret that I was unable to make it but I don't take any responsibility for the collapse of the front wheel of the Ansett jumbo. But it's a pleasure to be with you and to have been asked to reflect on what has proved to be a very challenging first nine months in Canberra.

I chose the title "From Perth to Canberra: Negotiating the Great Divide" and as I speak I think you'll see why I have given it that flavour. I didn't ever think that transition was going to be easy and there were probably many others who didn't think I could make it. In weighing up whether to make the transition from state to federal politics, I was only too aware that the lessons of history actually warn against such a move.

Not many state leaders have succeeded in negotiating that divide between their home parliament and Canberra. In fact when you look at history about 300 former state MPs have actually made the switch, amongst them about 20 ex-premiers. Most of these gentlemen – for indeed they were all men – made the move in the very early years of our federation when our nation was being formed.

They fared quite well, but those who made the leap in more recent years have not been as lucky. Paul Everingham, the Northern Territory's inaugural chief minister was a front bench disappointment and resigned in 1987. Peter Coleman, led the NSW opposition for a year and then spent 6 years till 1987 as a Liberal in the House of Representatives. And who will ever forget Joh Bjelke-Petersen's disastrous 1987 campaign? I have to say, I think it is a shame that the transition has proved so difficult in modern times. I think state politicians have a lot to offer the federal scene.

My experiences as premier have given me, I think, a different outlook and approach to federal politics and to the federal bureaucracy. Since making the transition, I have often been asked if I've settled into

Canberra yet. I usually respond: "No, and if I ever do – shoot me." That sounds facetious, but I do mean it.

There is a very persistent pull for Cabinet ministers, in particular, to spend large amounts of time in Canberra, receiving departmental briefings and being lobbied by national interest groups. It all seems a little unreal in the Parliament House environment and a little too easy to lose touch with your real constituency. It is a very unhealthy tendency for people who are making decisions for all Australians and one I consciously fight – even if it means flying back and forth from Perth to Melbourne to Canberra every week and sometimes twice a week. And even if it means the senior public servants of my department knock up a few extra frequent flyer points as well.

Now this has drawn some criticism here on the eastern seaboard. Alan Wood, writing for *The Australian* was greatly concerned, as was Jodie Brough of *The Canberra Times*. I can assure these commentators that their views are not shared by many Australians in the "outer" states. Indeed, I think the news that I was asking public servants to leave Canberra and travel in the "real world" was, to many, the best thing I'd done since entering Federal parliament.

It goes without saying that the great distances which characterise Australia are accentuated in Western Australia. The isolation from the rest of the country has entrenched itself in the Western Australian psyche. There is this feeling that the West's contributions and needs are not taken seriously nor sufficiently appreciated by the eastern states. Of course as premier, this was the bread and butter of daily politics. My successor, indeed, has lifted political parochialism to an art form.

Like me, I'm sure you have lost count of the number of High Court challenges to federal legislation the Western Australian government has launched in the last 12 months – not to mention the millions of dollars this must be costing Western Australian taxpayers. But it is a peculiar feeling to be the "bad guy" now – the Canberra centralist. I certainly don't feel that way.

In reality I think the balancing act politicians struggle to perform on this issue is remarkably similar at both state and federal levels. As premier, for example, I had to ensure that the West's needs got a fair go in the nation's decision making arenas, while not taking the parochialism to an extreme that undermined the credibility of those arguments. As federal minister, I now have to balance my responsibilities to the whole of Australia with the perception of the people who sent me to Canberra, that I might sell my soul to the eastern states.

Let me say, I haven't sold my soul. I still do empathise with those in my home state who are a little paranoid about being neglected. But I'm not unique in that. In fact the only other Western Australian premier to make the transition to federal politics felt the same. Sir John

Forrest, Western Australia's first male premier also negotiated the great divide. That was nearly a century ago, but his experience was apparently remarkably similar.

As a state leader, Forrest was concerned with farming, mining, building railways, water supplies, hospitals, harbours, school and other public buildings. As a federal cabinet minister he became less involved in the day to day running of government utilities and instead was required to create new national policies and balance the competing claims of Australia's states.

The trials of Commonwealth/State relations also formed a large part of John Forrest's responsibilities, as they do for me in the portfolio of Human Services and Health. And I have to say that riding the waves of Commonwealth/State relations from this side of the fence is considerably more challenging. As a premier I only had to tolerate one Commonwealth government. As a federal minister I now have eight state and territory governments to appease!

Like John Forrest, I've had to broaden my scope considerably to meet the substantially larger constituency and the bigger budget. Indeed my budget in Human Services and Health is some \$17 billion – that's more than three times the budget of Western Australia (excluding GTE's).

Together federal and state governments, the private sector and individuals spend more than \$34 billion on health or approximately eight and a half per cent of Australia's GDP. The sector employs more than 500,000 people; and as an export industry, even though it's still in its fledgling stages, it earns more than \$500 million.

It is a substantial empire – but one I certainly don't rule alone.

In our federal system, as Commonwealth minister I don't actually deliver health services – except for those associated with the Commonwealth rehabilitation service and the government medical service which together provide services to nearly a quarter of a million Australians every year. While the Commonwealth spends more than 14 per cent of Commonwealth outlays on health, it is the states that have the primary responsibility for delivering our health services.

I've had to grow accustomed to the fact that the further removed you are from that task the easier it is to see the bigger picture, but the harder it is to address the problems. This is why I am so grateful for my experience at the coal face and why I believe our federal parliament could do with more of us state interlopers. A strong background in state politics – or you might call it, an awareness of the "tricks of the trade" – is particularly useful when negotiating with the states over the medical services they are required to deliver but which are paid for by the nation as a whole.

This division of basic responsibilities as well as the overlap of roles in other areas is both an administrative and economic nightmare.

There are of course political reasons for this – and I don't think they're entirely without justification given the fact that both the federal and state governments are elected bodies – but it does produce inefficiencies, and indeed, idiocies.

Health, for example, is an area of public administration highly susceptible to cost shifting – that is state governments shifting the financial responsibility elsewhere, either onto the Commonwealth or the private health funds or even to individuals. Now cost shifting may seem like an issue that doesn't bear much relevance to the average citizen, but its consequences do. It has a detrimental effect on patient access, on quality of care and on cost of services.

If I can give an example to illustrate my point...

At the moment we are seeing many state governments withdrawing very significant amounts of funding from our public hospital system resulting in a contraction in outpatient services. Whereas in the past hospital patients were able to receive their radiology, pathology and pharmacy services, for example, in the hospital, now they are frequently required to go to medical centres or private practitioners nearby where the Commonwealth picks up the bill.

And in most cases, that's the only reason for the change. It is not that there's been some significant change in policy or planning, but rather that if you can move it off the budget bottom line, the outcome is preferable. Not preferable for the client or patient, not even preferable necessarily for the practitioners, but preferable in terms of the hospital which has to find significant savings.

Now that is an extraordinary outcome, I think, of the federal system where because of an essentially artificial line between the Commonwealth and the states, you get a health delivery service which is inadequate and it is certainly something which I am very keen to fix up. I've got no objection per se, as Commonwealth minister. It's not that I'm offended by having to pay those costs, what offends me is that the situation for the patient and the taxpayer is worse.

Firstly, injured or sick people should not have to trapse from place to place to receive treatment and in fact state governments are paid under the Medicare agreements to provide many of these services in the hospitals and yet they're now shifting them into these private clinics.

Secondly, it's not saving the taxpayer any money – at best it's just shifting the money around and in fact there's very strong evidence to suggest that such inefficient practices end up costing more. So we are getting less and paying more for it.

And this is what I was referring to earlier, when I said that as federal minister you have the privilege of taking in the big picture but you are often limited in how you can make the significant reforms at

the point of delivery. Because of course the hospitals are under the control of state governments and I'm not suggesting I necessarily want to take them over but that we have to solve these problems.

I am pleased to say that these issues are now being addressed. State health ministers agreed last year to put this issue firmly on the table for discussion. We'll see if it gets much further than that, but as I said earlier, I'll certainly be doing all I can and using all my experience as a state politician to bring about reform.

But I have to confess, as state treasurer we looked with longing at some of these cost shifting practices that were then being adopted principally in Victoria and New South Wales, as a possible means of cutting down on budget problems. I have to say, and I'm pleased to say, we resisted it for the most part and I'm also pleased to say that the current minister in Western Australia, to give him credit, is largely resisting those pressures.

But in Victoria for example where it's certainly going on at a pace, we are now paying through the Medicare benefits schedule, or at least the rate of growth of payments and the rate of growth claims is double the national average. Now clearly their rate of population is not doubling, it's not that they're ageing any more quickly, but rather it's because a lot of these services previously provided by the state are now being provided by private practice and funded from Medicare and pharmaceutical benefits.

So we do have a significant problem and that shift in Victoria alone amounts to at least \$70 million per annum and as I say, it's not \$70 million that's buying better services or more services, it's simply an extra \$70 million on the outlays of the Commonwealth government.

I think this is important because as a nation with a steadily ageing population there is a real need to control health costs if we are going to retain our internationally acclaimed universal health care system.

I was recently very pleased to have been asked as the Australian minister to chair a meeting of the OECD in Paris on health financing and planning. And it was clear when you looked at the papers and the propositions being put by academics and ministers from the OECD countries that Australia is actually very well poised – about in the middle in terms of the cost of the system as a percentage of our GDP, with a relatively new universal health insurance, with problems with our private health sector but not ones that couldn't be overcome, and with none of the difficulties associated with the highly bureaucratised United Kingdom system or with the free enterprise United States system where some 40 million people are without any coverage at all.

So I think in Australia we have reason to be pleased with our system although we have to be very careful to protect the best elements of it.

I'm going to get a bit political here. I don't often do that but I

want to point out the contrast, I suppose, between what we have in our health system despite the difficulties, and what has apparently been proposed by the opposition. Because I think the point needs to be made that what the coalition is proposing to do in the area of health financing does put this system at risk.

As many of you will be aware the federal opposition has committed itself to providing tax rebates for private health insurance. That sounds fine. Everyone likes a tax rebate or a break of some kind – but at what cost? Because rebates are horrendously expensive.

“Fightback!” which intended to get the money from abolishing bulk billing and the GST, allocated about one and a half billion dollars for tax rebates. Health economists say that’s about the minimum amount required to produce any significant increase in the number of people who take out private health insurance. The more likely figure is about \$3 billion per annum.

That’s between one and a half and three billion dollars you have to find from the budget bottom line. Unless of course they’re funded by spending cuts. If that’s the case then you’re taking one and a half to three billion dollars from health services – services used by all Australians, including the privately insured.

I think it’s sometimes forgotten that people who are privately insured still benefit from the public health services:

- that if they have an accident, chances are they are taken to the accident and emergency section of one of our major public teaching hospitals – I certainly wouldn’t want to go anywhere else; they’re the best available;
- that they receive the benefits of publicly funded medical research and the education of our doctors and nurses;
- that they still receive rebates from bulk billing, from the medicare benefits schedule and subsidised drugs from the pharmaceutical benefits scheme.

All these services would be diminished by the introduction of tax rebates. And for what? Because there wouldn’t be any improvements to the standard of the Australian health care system – I don’t think anyone is seriously suggesting that our private hospitals are better than our public hospitals. That money wouldn’t be going into new equipment or research. It would just be dealt out to the private sector to do the job it’s already doing very well and very profitably.

One of the paradoxes of this debate is that while the number of people in private insurance has been declining, the number of people using the private health sector has been increasing – principally in day surgery but not in that alone and private hospitals have been increasing the number of admissions and the number of patients treated and, given the level of investment, it seems they have been doing rather well.

One of the problems for the private insurance sector has been that

they haven't captured all the market and a significant number of people going into private hospitals do not in fact have any private insurance but self insure. So in other words, they have the means to buy the additional benefits that they see provided by the private health sector but they don't regard the packages provided by the private health insurance industry as adequate to their needs. So that I think, is the challenge for the industry.

Now, I know the argument goes that if more people took out private health insurance we wouldn't have long waiting lists in our hospitals. Now that may be true for some procedures – but it's not an argument for tax rebates. Because it would actually be cheaper for us to pay for the extra beds and extra medical staff to treat all the people who might be tempted back into private health insurance by a tax rebate, than it would to fund the rebates. They are, as I said, very expensive. Furthermore, they are inefficient and regressive.

It was often said during the debate to establish Medibank that under the old system of tax rebates for private insurance premiums, that the prime minister paid less for health cover than his driver. By their very nature, higher income earners do better from tax breaks. Not least because low income people, such as pensioners, don't pay tax or pay very little. And if you start embarking on a course of tax credits for people on low incomes, you end up with a very complex and expensive administrative nightmare. And of course all of this is in addition to the simple fact, that tax rebates for private health insurance are essentially an artificial subsidy of the sort one would normally expect the Liberals to oppose.

There is a need to make private health insurance more attractive to consumers but tax rebates are no substitute for the real reform this government has introduced to the parliament. This reform, of course, introducing competition, would survive any period of fiscal belt tightening which might occur after an election was safely out of the way.

There's another issue of reform I'd like to touch on briefly tonight if I may and it's one that relates both to my job as Health minister and to my other task as Minister Assisting the Prime Minister on the Status of Women.

As I hinted earlier, the greatest difficulty, personally, negotiating the great divide between Perth and Canberra isn't political. Canberra is a tough town and the scrutiny is intense, but neither of those factors is as draining as the physical demands of being a politician commuting to and from our bush capital. It's one thing I wish our founding fathers had got right. If they weren't going to put it in Sydney or Melbourne it should have been in Adelaide, at least near enough to being an intermediate point.

As business people, many of you will know this burden too. The pace of our working lives in 1995 is intense and yet many of us add

hours to already lengthy working days jetting around the country, or indeed, the world. Somewhere after this, frequently, comes our families and our health.

This is particularly true, I might say, of working men. But as Health minister I have to tell you, I'm seeing that lifestyle reflected in the mortality statistics. Men's life expectancy is considerably shorter than women's and it's been increasing at a much slower rate so that gap is widening.

As a society I don't think we should accept that sort of level of premature death – because it is premature, there is a peak of illness and death for men in their 50s and as I'm approaching 50 it doesn't seem very old to me at all! I think we have to challenge the notion that it's acceptable for men to work themselves into an early grave. And I certainly think we need to challenge it before we see business women following suit and there's some indication that they may be.

I'm not advocating any lessening of effort or commitment to our work – I'm challenging the attitude that it is necessary to work from dawn to midnight every day to advance one's career and to be productive. As a psychologist which I was in a former life, I can tell you it's not productive for the individual. Nor is it for the community that is losing members in the prime of their lives. But of course it is our families that suffer most of all. As a Health minister, I'm not indispensable. I could be replaced tomorrow. But as a mother and daughter, I am.

I think that we have to actively challenge those structures and habits that are constraining us from fulfilling the different and varied roles we all have to play as career people, as parents, as partners, even as friends and neighbours, and it's an issue I'd like to see debated more frequently.

Sometimes you see people roll back their eyes when this issue is raised but I think it is a very important one because it will influence the way we structure our working lives, it will influence our industrial relations, it will influence our child care arrangements, it will influence our tax structure – if we really were more family friendly it would significantly change the nature of our society.

Nevertheless, let me assure you that I am finding the transition from Perth to Canberra challenging and rewarding. Canberra is the place to be to implement real national reform that benefits all Australians. And it has been an interesting, if somewhat curious nine months. In my short time in Canberra I've seen no less than three shadow Health ministers and of course now three leaders of the opposition. I think it's fair to say – and I really mean this very sincerely – that the process of government has suffered from that instability. The government has effectively been operating in a vacuum with no opposition.

John Howard may change that. Only time will tell. I welcome his commitment to add more detail to the vague policy outlines we have so far received. And I wish him well in his efforts to weld the disparate views that exist within the coalition into an alternate platform relevant to mainstream Australia.

He knows it will be a difficult task. But it is an important one. To be relevant the opposition must challenge the government – not in the opinion polls, but in the development and articulation of public policy.

That is my hope for 1995.



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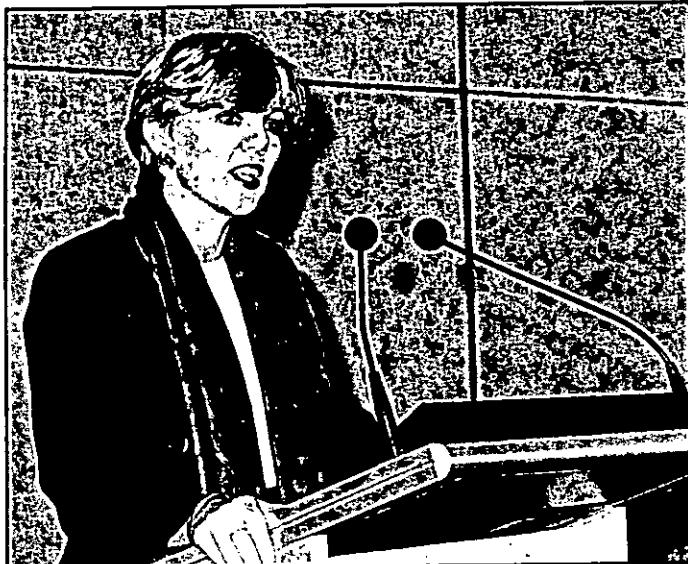


Photo - David Karonidis

Kerry Chikarovski

Industrial relations reform was a priority of the NSW Liberal State government from 1988. Kerry Chikarovski entered State politics in 1991 and was made Minister for Industrial Relations and Minister for the Status of Women in 1993 in the Fahey Government. In an address to The Sydney Institute on Monday 6 February 1995, Kerry Chikarovski reviewed her government's progress in industrial relations reform.

INDUSTRIAL

RELATIONS IN AUSTRALIA: THE NEW SOUTH WALES EXPERIENCE

Kerry Chikarovski

Thank you very much, Gerard, for your invitation to address an audience of this calibre on a topic that, I know, has been close to your heart for many years.

I am sure most people here this afternoon are well aware of the pivotal role you have played, along with a number of others, in encouraging Australians, including politicians on both sides of the great ideological divide, to question the traditional industrial arrangements that existed in this country for close to a century.

You were one of the first to talk about the Industrial Relations Club, and one of the first to discuss seriously this new fangled and somewhat mysterious notion called collective bargaining. We have certainly come a long way since then.

The ideas that you and others, such as my colleague and close friend John Howard, espoused in the mid-1980s seemed truly radical, if not positively dangerous, back then. A decade down the road, those ideas have become common practice almost everywhere in this country. I want to focus today on the role played by NSW, and by the Liberal-National government in NSW, in giving substance to those once-radical ideas and propositions. For I quite sincerely believe that we in NSW have been instrumental in making these very ideas and propositions workable – and even more importantly, we have proved that they can work without the chaos and the bloodshed that was predicted at the time.

I am the first to confess that ours is a moderate system. It is an evolutionary system, a system designed to encourage rather than force massive cultural change, a system that was never meant to frighten the horses – which explains why it has been successful. In NSW, we have proved that you can accomplish quite considerable change in industrial relations in a way that is also politically astute – and politically acceptable. And that is a message I believe my Liberal Party colleagues in Canberra are beginning to comprehend.

I am under no illusion that together with the GST and the

planned changes to Medicare, one of the key reasons why the Liberal Party in Canberra lost the so-called unlosable election in 1993 was because of the fear campaign whipped up by Paul Keating in relation to industrial relations. I am sure you can all recall the very misleading but evocative advertisements pumped out by the Labor Party in the final weeks of the 1993 campaign, in relation to enterprise bargaining. Yes, the advertisements were misleading. But they were also very effective.

It is a lesson in politics that my colleagues in Canberra should not forget. Indeed, I am heartened by the comments made by Mr Howard only a few days ago, basically ditching many of the more controversial aspects of his old Jobsback policy. I am not in the business of giving unsolicited advice to John or my colleagues in Canberra, but I am going to use this opportunity to do just that. I believe that if the Liberal Party at a federal level is to win office, they would do well to look closely at what we have done in NSW and adopt our model.

Background to the NSW government's reforms

So, let me tell you more about the NSW model. The NSW government was the first Australian government to deliver fundamental reforms to its industrial relations framework. Elements of these reforms have since been incorporated into industrial law in Western Australia, Tasmania and South Australia.

Nearly six years have passed since the government released the Niland Green Paper – a policy discussion paper canvassing options for reform of the NSW industrial relations system. That paper set out the policy framework which the government adopted subsequently through both legislation and administrative programs.

The Niland Green Paper stressed three major goals for industrial relations reform, being:

- (i) an increased enterprise focus for industrial relationships;
- (ii) greater access to the system for individual employees and employers; and,
- (iii) greater stability for awards and agreements, thereby reducing the level of irresponsible industrial behaviour.

These goals are the foundation for the government's legislative reform program, the centrepiece of which has been the Industrial Relations Act 1991. In order to understand the changes we have made, we need to recall the context in which those changes were made. It is true that the centralised wage-fixing system delivered a reasonable degree of wage restraint throughout most of the 1980s.

However, the system was not addressing the issues important to an economy operating in a global context – improving productivity, encouraging greater workplace restructuring and enhancing performance. The imperatives for change were clear.

The increasing pressures of international competition were not

only confined to export industries – industries traditionally involved in production for domestic markets were increasingly losing market share to import competition. Reforms of the finance and product markets required reform of the labour market in order to take up the benefits accruing from the micro-economic reform.

Deficiencies in the old industrial relations system

I may be preaching to the converted, but I think most of you would agree that the industrial relations system existing in this country in the mid-1980s was an historical – and economic – anachronism. It was not only the type of restrictions contained in our labyrinth of industrial awards. The uniformity of conditions which industry-wide coverage imposed also acted as a brake on competition within the labour market. This uniformity simply removed any imperative for meaningful competition between firms over labour costs.

The centralised system also disenfranchised the bulk of the modern labour market by allowing union monopolies to skew the focus of the industrial relations system towards union-dominated industries, such as base-level manufacturing, building and mining. At the same time the system ignored or neglected the industrial realities faced by firms in the emerging growth areas of advanced manufacturing and services industries. Issues such as part-time work, 24 hour shift rosters, and performance-based pay are key issues for these types of industries, but were treated as marginal or peripheral issues by the industrial tribunals.

The system also ignored changes to labour market demographics, such as the impact of increased female participation rates and an increase in the number of persons seeking part-time work. Needless to say, issues important to women also took a back seat. The award system, which had been established to enshrine full-time work and standard working hours, was simply not "hitting the mark" for the majority of labour market participants.

Finally, the industrial relations system discouraged innovation. In those rare and celebrated instances where enterprises were able to achieve reform at the workplace, the system seemed incapable or unwilling to permit the enterprise based arrangements to stand.

In short, it was a system on the verge of serious internal haemorrhaging or at least a nervous breakdown. In response to these problems, the NSW government implemented a number of practical reforms: The first was enterprise bargaining.

The first major goal for industrial relations reform was to increase the focus on enterprise-level industrial relationships. The Act therefore allows this through enterprise agreements and other enterprise-based arrangements. There are now in excess of 1,000 enterprise agreements in NSW, covering more than 280,000 employees in NSW – this

represents well over a quarter of all employees under state jurisdiction. It is interesting to note that nearly 70 per cent of agreements registered have unions representing the employees – despite the “doom and gloom” predictions of the NSW Labor Council. A further 24 per cent of agreements were negotiated directly with the employees, and the remainder through a works committee formed to represent the employees.

An important factor in the acceptance of the NSW system of enterprise agreements is that they are underpinned by a statutory safety net of minimum wages and conditions. Included in this safety net are certain checks and balances which ensure that neither party to the agreement enters that agreement without knowing precisely what their entitlements and obligations are. A comprehensive survey of employers covered by NSW enterprise agreements was carried out in December 1993 by the Hunter Valley Research Foundation for the NSW government. The study found that 85 per cent of employers reported that they were either satisfied or very satisfied with their enterprise agreement. The study also showed that enterprise agreements had been instrumental in delivering increased wages to employees while at the same time resulting in increases in productivity and efficiency for employers.

It should also be noted that the award system itself has become more “enterprise friendly”. It is estimated that a further 117,000 employees are now covered by enterprise-based arrangements within the award system. Importantly, as I mentioned earlier, the NSW system is entirely voluntary. Employers and employees may choose to remain within the award system. Unlike the federal system, there is no onus to bargain should a party choose not to do so. The NSW government’s approach to enterprise bargaining can be distinguished from the federal government’s approach in a number of ways:

- it allows employees to participate directly in the process of negotiations, without the need to involve a union;
- enterprise agreements are underpinned by a true legislative safety net of core employment conditions; and,
- agreements do not require Commission scrutiny, but must meet a series of appropriate statutory tests.

The second element of the reform package is the introduction of increased rights and opportunities for individual employees. Individual employees are now granted the freedom to decide whether or not to join trade unions. Preference of employment for unionists is no longer lawful in the state jurisdiction. The Act also prohibits victimisation of an employee on the grounds of union membership or non-membership. Significant civil and criminal penalties exist for those employers or unions who victimise an employee.

Individual employees also have increased access to the industrial

tribunals. It is no longer necessary for a person to be a member of a trade union to access court or Commission proceedings with respect to unfair dismissal, employment-related grievances (including discrimination) and unfair contracts. The third arm of the NSW reforms is the introduction of an industrial calendar – put simply, fixed terms for awards and agreements.

In the past, ease of access to the industrial tribunals tended to encourage parties to invoke Commission procedures as a remedy of first recourse. Australia's level of industrial disputation was high by international comparisons, and becoming a national embarrassment in industries such as coal mining and construction.

The 1991 Act introduced a range of measures designed to provide a greater sanctity to the terms of awards and agreements. The measures included fixed term for awards and agreements, and meaningful penalties for irresponsible industrial action. The intent of this reform is to foster commitment to the deal that has been struck, either by agreement or through the processes of conciliation and arbitration.

An industrial dispute over matters which are already covered by an "in term" award or agreement is subject to injunctive action. Breach of injunctions may be punished by substantial financial penalties. As you may be aware, these remedies proved successful during the recent campaign by the TWU.

The results of these reforms are incontrovertible: Overall, the level of industrial disputation has decreased by 82 per cent since the commencement of the Act. The most recent ABS statistics show that the number of working days lost per thousand employees has fallen by 34 per cent during the 12 months to September 1994. But the success of such reforms cannot always be measured in those terms.

What the NSW government has tried to do is take the first tentative steps in encouraging genuine and fundamental reforms to our industrial relations culture. Such changes, one suspects, can only be judged in retrospect. But it is clear that fundamental change has, and is, occurring. The strength of the NSW economy and the growth of jobs in this state is a sure sign of confidence and an acknowledgment that we are heading in the right direction.



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Photo - David Karonidis

Don McKinnon

During a visit to Australia in February the Deputy Prime Minister of New Zealand, the Hon Don McKinnon, addressed The Sydney Institute on Thursday 9 February 1995. Don McKinnon's ministerial responsibilities include the portfolio of foreign affairs and the Pacific Islands. In his address, Mr McKinnon put the case for greater co-operation in Trans-Tasman relations - from film and television to airlines operations.

NEW ZEALAND -

AUSTRALIAN RELATIONS

Don McKinnon

It is just great to be here in Sydney this evening. Apart from its magic and charm, Sydney is by far the most important international centre for many New Zealanders. Historical links are strong: it is from here that Auckland was established and these days many Kiwis have chosen to settle here. Sydney is also obviously the home of the Institute and I am very pleased to be your guest here tonight.

I deliberately sought out the opportunity to speak here because I believe that this is one of those relatively rare times in the relationship between Australia and New Zealand when there is a need for us to stop and think carefully about what we really want, or even expect, from each other. What I'd like to do tonight is address three or four main points: first, the current state of the Trans-Tasman relationship; secondly, the way New Zealand is changing and the relevance of this for our relationship; thirdly, trade and foreign policy; and, finally, how together we can make this relationship really work to our mutual advantage.

Things have not been going quite as well as they ought to between us. To be frank for New Zealand ministers in the final three months of last year we seemed to reach a low point. I can't make it more clear than that. I have no appetite for a return to the days when governments made political capital out of Trans-Tasman spats. As neighbours and friends we owe each other more.

It was very unfortunate that we had to face the sorts of problems we did in dealing with Australia last year. At one point I was reminded of a remark of Ben Chifley's: "My experience of gentlemen's agreements," he said, "is that, when it comes to the point, there are rarely enough bloody gentlemen about."

It is pretty obvious, that in this context, I am referring to the aviation issue. We were dismayed at last year's decision on aviation. Dismayed on the substance. But astonished at the way the message was conveyed – a week's notice, by fax, with a drop copy to the *Australian Financial Review*. The signal wasn't subtle or welcome.

We have since received an acknowledgement that the process failed to meet the standards we both expect in dealing with other governments. But on the merits of the issue – whether Australia should have honoured its commitment to provide full domestic market access – we are a long way apart. This has left an inevitable feeling of mistrust.

However, New Zealand remains committed to the objective of a single Trans-Tasman aviation market. It makes so much sense for both sides for reasons of scale and competition. The irony is that over time I believe the Australian decision will come to be seen as a lost opportunity.

I'll raise with Gareth Evans again tomorrow another issue involving Australian obligations. The Closer Economic Relations (CER) services protocol. It requires us to offer each other national treatment for television programming. Australian producers take full advantage of this as anyone who has watched New Zealand television will have seen. We get them all – *Neighbours*, *Home and Away*, *E-Street*, *Blue Heelers*, and others. Most in prime time.

The New Zealand film and television industry does not get reciprocal access. We have been asking about this quietly for several years, without result.

The issue has now become its own soap opera. The Australian Broadcasting Authority has come up with some curious policy and some curly law. Behind it the Australian industry is insisting there is a cultural threat if New Zealand industry is allowed to compete on equal terms. That Australia feels culturally threatened by New Zealand TV programs is surprising, given that more than 20 per cent of people in Australian TV are New Zealand born... Well! Crocodile Dundee said, "Don't come the raw prawn with me mate!" Included in that 20 per cent are people like film maker Jane Campion; humourist John Clark; news presenter Brian Henderson; the former head of the ABC, Geoffrey Whitehead, and of course Derryn Hinch. We were quite happy to export him to Australia! The cultural threat argument seems pretty ridiculous. The legal and political choices are clear. We expect the Australian government to come to the party.

I do not propose to talk any further about the problems we've had. But in a policy sense they are of concern to us for reasons that go well beyond aviation and broadcasting. They go to some basic questions – about confidence in each other, about mutual respect, and about dialogue between two partners.

You can imagine, therefore, that on our side of the Tasman we have been giving the relationship a fair bit of thought lately. I think I have demonstrated why, right now, more attention to form and substance is required.

It is true that Australia and New Zealand take a fair bit for granted with each other. We tend to see ourselves as having a lot in

common, for reasons that go back a long way. Which is fine as far as it goes. The question is how far the old assumptions still match the real world. Sometimes I hear comments about the way Australia feels they are being treated by the US – in terms of size we feel similarly about swipes from Australia.

It's not that we are on divergent paths. But the fact is we have been growing up in different ways. Our national identities are becoming more distinctive, not less, with the passage of time. The sort of relationship we used to have has changed. It has become richer and more diverse, sustained by steadily expanding strands of contact and exchange.

So what has changed in New Zealand? The New Zealand political arena has its distinctive features. New Zealand voters are showing a sense of adventure. We took a nuclear-free status a little further than anyone. We tried economic bungy-jumping with Roger Douglas and we decided to import a new electoral system. There's no doubt it's going to make life a lot less predictable for politicians and parties. Never believe life in New Zealand is dull.

But let there be no mistake: the past decade has seen a profound change in direction. The New Zealand of 1995 is a confident, proud, and a determined and competitive partner for Australia – in business and in sport.

Over the 30 years to the mid-1980s we had put ourselves on a course which in hindsight threatened to leave us with an almost endemic high-cost, low-value economy. The motives may have been sound but the policies were flawed. We had to change course. We did. The result was a revolution in economic management.

A critical early step was the negotiation of CER, a decision, may I say, which in itself compelled the opening of a new phase in Trans-Tasman relations.

In freeing up financial controls, through privatisation, public sector reform, labour market reform, removing protection – the New Zealand of 1995 is a very different place from even the New Zealand of 1985. But the results are positive. The New Zealand economic and commercial environment of today is a world apart from that of a generation ago. Business has taken full advantage of it. We have an open domestic market and we are part of a single market of 21 million people with Australia under CER. In addition, our economy is, like Australia's, now part of the international economy in a way that was never true before.

It has been hard getting to this point. But the pay-off is now coming through. Growth has been at 6 per cent through 1994 and will remain high. Exports are healthy – now over \$20 billion annually and growing. The budget is now in a surplus to the tune of over \$2 billion, and future projections are that this will continue. Debt is being

managed down – we project from 42 per cent of GDP to about 30 per cent of GDP within three years. Unemployment continues to decline: it dropped to 7.8 per cent in September last year, down from 11 per cent two years previously. Private investment grew at over 20 per cent in the twelve months to March 1994, and is likely to grow at 13 per cent to March this year. What is crucial is that these changes are due to structural reasons, not cyclical reasons. This is the strongest economic growth for 20 years. And it is sustainable.

There is now debate on how we ought to use the growth dividend. There is a strong underlying consensus on the policies that are producing such solid results. These policies will continue therefore as the centrepiece of the government's economic and fiscal strategies as far ahead as we can see.

Politically, the adoption of proportional representation represents a new system of managing the government process. It is significant. It has already made a difference to the mechanics of New Zealand political life. But it would be wrong to see it as leading to ineffective government. New Zealand retains a unicameral parliament, and a Cabinet system. We are starting to acquire some experience already of the way PR will work. I believe that its challenges can be met because New Zealand society is committed to good governance.

In social policy also, New Zealand is changing. There is more attention being given to our Pacific identity, to our Treaty of Waitangi commitments, and what they mean. We are making considerable changes in education, in health, and in the role of women in society. New Zealand is not, therefore, the country that Australia knew ten years ago.

Now, you will say to me that Australia has also changed. That it would be wrong to see this country through the prism we used to. We accept that. On our side of the Tasman there is certainly a need for a greater public effort to understand modern Australia and what drives Australia's approach to some issues.

Looking to the third point, the skill of trade and foreign policy is, of course, to keep the advantages of a bilateral relationship, all the time adjusting to changes in the partner country. Both societies, I would judge, have attained a degree of maturity and confidence within themselves which is new. And there are new international challenges, particularly in the Asia/Pacific region. You may wonder whether New Zealand really matters – particularly for Australia. Isn't the real game somewhere else these days? The answer is that it does matter for reasons that are quite complex both politically and economically.

This is not a relationship of equals. Australia is five times our size in population and more than that in GDP. It is middle power in regional terms. It might be tempting to think that New Zealand needs Australia but not vice versa. That our two countries have nothing much

more to offer each other. That the Anzac relationship has had its day. That the real opportunities are now in Asia.

Think again. Some of those arguments are valid. Some of them are not. The assumptions underpinning them have been overtaken. Let me make some points which go to the heart of the issue. On the trade side, we have both been diversifying, and with success. In New Zealand's case 20 per cent of exports go to Australia, but we have a good spread elsewhere. But CER has transformed the Tasman – for both of us – from moat to highway. It is not widely understood that this is true for Australia almost as much as it is for us. None of you would be surprised to hear that Australia is New Zealand's largest market and trade partner. But you might not realise that New Zealand is now Australia's fourth market and third trading partner over all:

- That over the last decade, Australia's exports to New Zealand have increased by an annual average of 12 per cent, almost double the growth in Australian exports to the rest of the world.
- That two-way trade has doubled in the last five years.
- That New Zealand is the largest single market for Australian manufacturers – and in particular for what the statisticians describe as "elaborately transformed manufactures". We take roughly the same volume of Australian ETMs as the US and Japan combined. Translated, that means there are a lot of dollars and a lot of jobs.

We are not just buying from each other. We are both investing. New Zealand is a significant foreign investor in Australia, in the same bracket as Germany, Singapore, the Netherlands and Switzerland. And Australia is easily the largest foreign investor in New Zealand.

Australasian businesses now operate in an Australasian economy. The new double taxation treaty which was signed last month in Melbourne will definitely help those companies. Brand names and company structures increasingly straddle the Tasman. You own most of our banks. We brew half your beer. Maybe one day we will also go the full distance with airlines.

These days we are also seeing a lot more of each other than ever before. There were nearly 400,000 tourist and business visitors to New Zealand from Australia last year, and a few more than that in the opposite direction. Do not underestimate the strength that such contacts can give to relations between two countries. Last year I saw a letter from the president of a service organisation in this state on the bush fire relief effort. He said: "Among the most generous contributions was the one from the people of New Zealand... a true measure of the bond between our two countries..."

The travellers are not all tourists. Business people you would expect, but state and national government officials also travel regularly, reflecting the fact that we are becoming plugged into each other's

policy machinery at an unprecedented level. New Zealand ministers participate fully in virtually every Australian ministerial council. This is a deliberate attempt by all participants to consult on policy options. The exchange of ideas brings us closer together. We are now talking in some areas of taking that a step further in fields like mutual recognition and joint food standards.

At the most fundamental level you will know we have formal defence commitments and obligations to each other. They are taken seriously on both sides. They reflect a strong and enduring sense of shared security interests.

We have worked very hard on our side to develop closer defence relations. The latest Australian government white paper on defence, "Defending Australia", made very clear just how important this cooperation is to Australia – and I quote: "Our defence alliance with New Zealand remains important to Australia's defence policy. Indeed, in the more demanding strategic environment of the next century, it may become even more important." When it comes to foreign policy, the extent of our joint efforts becomes very significant.

Both governments know full well the value of our solid bilateral links when we deal with the international community. That we both have a strong foreign policy tradition is one thing. But working together is a real plus.

Where trade policy is concerned, New Zealand and Australia are among a small number of countries that can chasten their friends and neighbours by not only preaching but actually practising open markets and free trade. The creation of the Cairns Group to pursue ANZAC interests in the Uruguay Round will, I think, be recognised for many years as one of the great Australian foreign policy initiatives; one New Zealand was committed to supporting from the beginning.

This is not just self-indulgence. Our two countries do a real service not only to ourselves but also to the international community by pushing as hard as we do for clean markets and clean trade. The ANZAC team was a significant factor in the eventual success of the Uruguay Round. The combination of facts, logic, energy and integrity that we had to offer had an impact out of proportion to the direct economic leverage of our two countries.

Free trade is not all we have to preach. New Zealand, like Australia, knows that it can only trade successfully if its markets and its trade routes are stable. We cannot guarantee this. But we can certainly contribute to international stability and order, and to international efforts to that end. The task is worth the effort: we have seen some terrible consequences from the breakdown of order, both inside and across national boundaries.

I guess I am now coming to my final point. Both of us have something to offer. And it often makes sense to combine our efforts. As

you know, New Zealand has just completed two years as a member of the United Nations Security Council. I think the international community recognised that we did a pretty good job. Australia certainly did.

One thing our recent experience on the Council has brought home to me is the fact that there are only a small number of countries that make a consistently effective contribution to international security. Australia and New Zealand are prominent among them - in the negotiating room and in the field.

We have done some good things together - our combined contribution to the Cambodian peacekeeping operation being an example. And Namibia before that. Sometimes we have had individual roles - Australia's diplomatic effort in the negotiation of the Cambodian settlement is another remarkable foreign policy achievement. New Zealand has played its part too, in the Security Council, on Somalia, and on Bosnia, and for the protection of UN peacekeeping personnel generally.

The essence of my message on foreign policy is that New Zealand contributes in a very substantial way, much more than our own size and influence suggest, to the ability of Australia to achieve some of its key foreign policy objectives. We give Australia added weight.

The future certainly has its challenges. The new objectives set, for instance, by the Bogor declaration are going to require real commitment by governments in the region - and by none more so than New Zealand and Australia. Political and security cooperation in the Asia/Pacific region is emerging as a challenge in a way that it has not in the past.

Some of the issues I mentioned just now, which are already the subject of close cooperation between Wellington and Canberra - environment and disarmament, to name two - will require real efforts to attain solutions which meet our national interests, our Trans-Tasman interests, and the interests of the international community.

I hope therefore that I have given you sufficient evidence, first that New Zealand is, as I said before, confident in itself, and secondly that this confidence, this strength, make it a natural and valuable partner for Australia. We must not overlook the fact that the benefits we reap from our joint efforts flow from a strong bilateral relationship. In our dealings with each other we must meet the same high standards that we want others to emulate. In other words the trust and confidence successive governments in Wellington and Canberra have had in each other need to be maintained. Those qualities are vital to the relationship to ensuring that internationally we are seen as we want to be seen. Hence our unease at events last year.

But things need to be kept in perspective. Strains will occur in any relationship this close. Our history contains a number of examples from

the days of colonisation to the present. There have been clashes of personality between prime ministers, and damaging divergences of policy.

In today's world, the lesson nevertheless is that such differences can and must be managed. You will recall that the development of CER proceeded in these periods in spite of public differences on other issues. Two important assumptions run through CER. One is that competition within an expanded Australasian market will work to the advantage of business and consumers in both countries. The second is that an expanded and competitive Australasian base will better equip us both to compete in regional and international markets.

To take an immediate and crucial example, there is an intimate relationship between what we do in APEC and what we do bilaterally. CER is the most advanced economic relationship in the world. It has obviously met in very large part the two requirements which it had at its beginning. It sets a pattern for what APEC governments want to achieve. If Wellington and Canberra cannot get right the advances to which we are committed in CER, it is going to be very hard to achieve them in APEC, and our partners in the region are going to look at us in a different light.

You will understand our current concern. If we are now seeing a swerve back towards mercantilism it naturally starts to raise questions about the integrity of the Trans-Tasman free trade area. And it risks compromising our efforts to develop new trade arrangements in the region. There is a lot at stake for both of us. What we need to get away from is the idea that for every winner there has to be a loser. That is not the logic that produced CER, nor APEC. We both deserve better than that.

It's not that we suspend critical judgement where national interests are at stake. Rather we should return to a less narrowly conceived view of what the national interest requires. We have too much at stake overall to consider some sectoral interests as being too hard to fit into the process.

So my message is that the relationship deserves better treatment. The process may be delicate and there could be a few more bumps along the way. But they can be minimised. Given our robust traditions that is something we should treat as a challenge rather than a threat.

We have after all already set ourselves high standards with the various successes we have chalked up over the years, none more so than CER. Our two countries should be able to look ahead to a firm and close relationship which advances both sides' interests and sets an example for the region – the Asia-Pacific region – which is the focus for both our futures.

As I said before, it isn't just CER. In so many areas – defence cooperation, social policy, movement of people, investment, and

foreign policy – the fabric of Trans-Tasman relations shows every sign of expanding not shrinking.

Across a range of issues we are for each other the first and sometimes only natural ally. I am not talking sentiment. I am talking fact. That is one of the foundations on which New Zealand governments operate. And we do so on the basis of confidence in Australia, of respect for Australia, and a commitment to dialogue between two partners.

I do not think, for Australia's part, that it could find any other partner to which it is bound by such strong and wide-ranging ties that are dependable and reliable. There is no other partner which takes Australia's part so often and so reliably. The reciprocal benefits to Australia of such a partnership should be plain. So should be the way we conduct that partnership.



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Photo - David Karonidis

Dallas Hayden

Dallas Hayden, wife of the Governor-General, has managed a long life in the public eye while bringing up her own family. A mother of two grown daughters, Dallas Hayden launched Anne Henderson's *Educating Johannah: A Year in Year 12* (Allen & Unwin 1995) on Thursday 16 February 1995. Mrs Hayden was introduced by Judith Wheeldon, Headmistress of Queenwood School for Girls. Anne Henderson and publisher Sophie Cunningham responded to Mrs Hayden.

LAUNCHING

EDUCATING JOHANNAH

Dallas Hayden

Thank you very much for the warm welcome. It is a pleasure for me to be with you today to launch Anne Henderson's new book *Educating Johannah: A Year in Year 12*.

It was a little less than 18 months ago that Annita Keating launched Anne's first book, *From All Corners*, which tells the story of six migrant women in Australia. It has been very well received, as I am sure this one also will be. In congratulating Anne, we must all admire her industry and skill as an author. Two books in less than two years. Gerard will have to look to his laurels!

In many ways *Educating Johannah* is quite different to Anne's first book. Instead of looking at Australian life as it is experienced by people who have come here from *outside* the country, it is very much an *inside* view. It shows us an aspect of education in Australia – and especially the pressures that students face in their last year of school – seen from one close and supportive Sydney family.

Johannah is Anne and Gerard's second daughter. She is a young woman for whom, like most of us I dare say, schoolwork was not always easy, but something that needed consistent application and study. When the family moved from Melbourne, Johannah – like her sister Elizabeth – completed her school years at the Anglican school of Abbotsleigh. While we may smile at some of the social games of private education, the judgment Anne makes of the school and its learning programme is a positive one. If I may quote:

Students were streamed and encouraged to find their best level. As the picture of her learning added bits and pieces, Johannah gained confidence and knowledge. There would be no speech day prizes for her, but her sense of achievement was not diminished. And along the way she could thank some very dedicated teachers.

Of course, the final year of school has always had its own pressures for students. But in these days of high youth unemployment and demands for a better qualified workforce, they are probably more acute than ever before. As Anne Henderson points out, the message

comes early that there are no jobs for the unskilled, and there are few places at training institutions without the dreaded Year 12.

So the whole Henderson family played their part in helping Johannah through Year 12: Gerard coaching with economics and history, Elizabeth with mathematics, Anne with English and in all other kinds of maternal ways. But let me make it clear that the person most responsible for Johannah's success is Johannah herself: her persistence, her commitment to the goal of an Arts course at Sydney University.

Now, the book gives a month by month account of the journey through Year 12 that Johannah made in 1993: its ups and downs, its successes, its tears, its tensions, its moments of relief. All the domestic details will be familiar to anyone who has teenage children – especially those going through the later years of school.

The chaos of their bedrooms ... holiday dramas ... the sense of competition ... increasing jumpiness and stress, and those times when it all breaks out ... parent-teacher nights ... school concerts ... worries about boy-friends ... explicit teenage magazines ... and non-communication with the olds.

I quote one example: "How was your economics essay?" we asked. No comment. That probably meant it was alright."

Anne Henderson also looks at the society around her with an ironic eye: "How do you *speak* to people in Hornsby?" a guest asked at a dinner party. "Like anywhere else in Sydney," Gerard replied. "In English."

I was rather astonished at little Oliver who vetted out one guest to his fourth birthday party because the boy's mother smoked! And I am not sure that "Gossip is the trademark of the middle classes" (page 115). I suspect it defines people at every social level.

Throughout all of this, Anne Henderson weaves a discussion of some of the serious issues in education policy. It very much reflects the fact that she was for some 17 years a teacher of history and English in Victoria, Tasmania and here in Sydney. For instance, there is a comparison of the differing values that applied between the 1960s and the present day. There is a critical examination of the varying approaches taken between the New South Wales Year 12 system and the Victorian Certificate of Education.

There is the constant anxiety of ranking on the score sheets where a decimal point might keep a student out of a chosen course. Anne Henderson observes with some justice:

Modern methods of assessment, designed to spread and ease the stress of exams, have unwittingly increased it. And with it they have unreasonably increased the workload of teachers – so that a teacher is swamped with assessment correction and often has minimum time for enrichment and background research for better teaching.

Above all, for me, there is the importance of nurturing the unfolding personality of each student as she or he emerges from the chrysalis of school into the maturity of a young adult.

The world has changed in many ways from the time when we were young. The women's movement has delivered a great deal to Johannah's generation. Instead of fighting to get the reins, as Anne remarks, they have "more or less grabbed them or had them thrust into their fists". The task now is to take control of their lives.

We have a 99 per cent literacy rate. Small children are computer literate. Teachers have never been better trained. IQs are increasing. And yet, as Anne observes, so have stress levels among the young - reflected in youth suicide rates.

However wise and prematurely grown up they may seem, young people are still vulnerable in the things that really count. They still need the security and support of a loving and understanding family, so that they can complete the difficult business of growing up, of acquiring an education and making the transition each in their own way.

It is Johannah's great good fortune that she has such a family. One wishes it were true for all young people. For me this is the enduring message of Anne Henderson's book. I therefore wish it well. I congratulate her. I congratulate Allen & Unwin on a handsome publication, and with much pleasure I launch *Educating Johannah: A Year in Year 12*.

Response - Anne Henderson

Mrs Hayden, family, friends and all those interested in Johannah's education. Thank you for coming. Thanks also to John King and Mallesons for such a fine venue.

After seeing the film *Heavenly Creatures* last night, I'm not sure that writing about daughters is all that wise. However, it's too late now.

Educating Johannah began as an idea on a train going south on the North Shore line in Sydney. You can't avoid schools on the North Shore line - whether it's Hornsby Girls High or Barker College, Abbotsleigh, Knox or Ku-ring-gai High or Loreto at Milson's Point just before you cross the bridge. Their uniforms are as familiar as the gardens by the railway stations.

Watching them all and listening to the daily comment about education and its effects, I decided to write *Educating Johannah*.

So many commentators draw an extreme view of education - violence one day, the decline of civilisation the next. Education is certainly muddled at times and mostly by the bureaucrats. However, the picture, so often given, of the out-of-control and undisciplined adolescent is not the picture I have seen as a parent, teacher or train traveller. The tensions are far more complex, less sensational and have

more to do with self-esteem and pressure. You don't always see it happening in the open, much less on the train.

So I waited as my daughter Johannah, and some of her friends, approached their Year 12. To me they were an ideal bunch; up and down in academic pursuits, more interested in the latest movie or visiting rock band than a good book, serious about the future but at times apprehensive, unlikely to be prefects or take away the prizes on speech day but in general having a good time. Of course I didn't tell them. That would have spoiled it.

Then there was the saga of family and school life as it evolved. And the year chose us – 1993, Johannah's final year. The story made its own shape; I couldn't change it.

Johannah had no idea she was going to be observed so closely during her final year. In fact she had no idea what I was really doing as I interviewed some of her friends: Alle Fabro from St Leo's in Sydney, Gabriella Correa from Genazzano and Tamara Di Mattina from St Catherine's, both in Melbourne, Philip Green from Kotara High School in Newcastle and Hilary Bates from Queenwood in Sydney's Mosman. Then there was Andrea, Hilary's friend in Germany and Olive, Johannah's friend in Ireland.

At home I kept a diary of the year's events, collected material on anything relating to the education debate and fended off Johannah's occasional enquiries with the comment that I was making a general study of Year 12.

At some stage, Johannah would have to know. But even after the year had finished, I kept putting it off. Then Johannah made her own investigations, found the manuscript and the cat was out of the bag. "It's so embarrassing," she said. Elizabeth, her older sister, declared that she would sue me if I ever mentioned her in print.

However, some months later, when the emotions had calmed, and with Johannah's approval, I sent the finished manuscript to Mark Tredinnick, then with Allen & Unwin, and he agreed to publish it. Thank you Mark. To date Johannah is coping with her embarrassment and so far Elizabeth hasn't sued me.

Educational comment over recent years has swamped us with information. Traditional standards are often observed to be deteriorating, the modern adolescent is seen as indifferent to academic rigour. In fact we have never been so well educated. And that applies to parents too. These days nearly 80 per cent of students stay at school till Year 12. They work hard, so do their teachers and there is a lot to be pleased about.

What is of real concern are the anxieties and pressures we have placed upon all those caught up in the final years of school – young people, parents and teachers. Some say this is partly caused by having one competitive general education for all until Year 12. Would it be

better to have earlier vocational learning for the many who are not really interested in academic study? In Europe this system works well.

Others, however, blame excessive bureaucratic meddling with curriculum and methods of assessment. The Victorian Certificate of Education, which replaced the HSC, is a case in point. And these days results are reported with such statistical emphasis that it is possible to pass all your subjects in Year 12 and get a Tertiary Entrance Rank score of less than 20 out of 100. Imagine what that does to an 18-year-old's morale.

Educating Johannah is an attempt to picture all this in a fresh way. Without Johannah and her cheerful tolerance it wouldn't have happened. Thank you Johannah.

That can be said also for the other members of my family, Elizabeth and Gerard. Thanks also to Gerard for the cuttings he collected for me as he read his weekly collection of world newspapers. And in case Johannah's history teacher is at all worried that I have recorded some occasional tussles between her view of history and Gerard's, I should add that Gerard thinks he emerges from the book as neurotic and obsessive. Really.

To those students who gave interviews and friends who helped with the details and to Christian Killin who did the drawings, thanks for putting aside the time in a busy year. Your contributions were invaluable. That goes for everyone, from friends at Abbotsleigh and the office of The Sydney Institute, to three year old Alexander Vipond, to Stasia Braw whose comments at MOHS hairdressing salon were too good to leave out. To Don Ticchio, thanks for a wonderful cover. And thanks to Monica Joyce from Allen & Unwin for her efforts in publicising the book.

Finally, from all of us to Mrs Hayden, a special thank you for launching *Educating Johannah* today – a story of how we all feel about getting an education.

Response – Sophie Cunningham

In some ways I feel slightly like an imposter as Mark Tredinnick was in fact the publisher whom Anne worked with on *Educating Johannah*, and while I have had the pleasure of reading the book after it was born into the world, I did not have the pleasure of working with Anne on the material when it was in its formative stages.

I think it's a wonderful book, and I think it is a very important book, both for girls of Johannah's age, and for the parents of kids in Year 12.

As Anne points out, Year 12 is not just a rite of passage for the students, it is also a rite of passage for the parents. This year is also the point at which they must recognise that their children are about to undertake fully, independent adult lives. There is also the frustration of

watching a lived child under enormous pressure and not being able to "make it alright". And the academic pressures are often the least of it: there's sex, drink and a lot of other stuff to be sorted out too.

For students it is extremely important, I think, that Anne has chosen to map this year – to allow other students to see that they are not the only ones going through this, and that yes, it does finally end. And map it in such elegant prose, and with such humour – as Anne makes clear, a sense of humour is essential if the family is to get through the year.

One of the points that particularly impresses me about *Educating Johannah* is Anne's point that parents' experience of young adulthood and schooling is not the same as that of their children.

Johannah, like me, is not a child of the Menzies era, she is a child of the Hawke and Keating era. World War II is now only history, even the 1960s and 1970s are history now – and at only 31 I am already witnessing the comeback of flares and platforms which I wore without irony when I was twelve years old, which is a frightening sight.

The pressures on young students today are even more intense than they were when I was doing HSC. High unemployment is a given now, entrance to University is not guaranteed, and graduating from University does not guarantee one a job. Society is not good at giving young adults the space they need to find the path which works best for them – there is always the fear of missing out when unemployment and career pressures loom.

Also, as Anne discusses, courses are structured differently so a student is under continuous pressure from the beginning of the year. As, I suppose, are the teachers. The workload is more intense – which I must say I find almost unimaginable – it was so awful when I did it!

Some things don't change – I remember my family's version of "The Boyfriend Trauma" as if it was yesterday, and the friendships which are so intense and passionate.

As a publisher I have often been asked why young writers today are so nihilistic, and I have always felt that the question is one which doesn't understand the contexts in which young people are having to operate these days. I spent much of my late twenties frustrated at the lack of recognition accorded to "Generation X", though now, to be fair, they are given more than their media due. Books like *Educating Johannah* will make sure that the following generation, imaginatively named "Y", has its voice heard earlier, and louder.



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Photo - David Karonidis

Monica Attard

Former ABC correspondent in Moscow and presenter of ABC's *PM*, Monica Attard, has followed events in Russia closely, through the Gorbachev years and the Yeltsin ascendancy. On Tuesday 21 February 1995, Monica Attard addressed The Sydney Institute and gave a comprehensive update on events in Russia.

RUSSIA -

AN UPDATE

Monica Attard

I'm here to attempt an update on Russia – which is where I've just been recently on a return trip. Much of what we tend to hear out of Russia these days focuses on Boris Yeltsin, Chechnya and the reforms. And this is completely understandable. But it is slightly misleading because people tend to regard each of these issues separately. And from the viewpoint of a society that is in the process of such radical reform, that tendency can even be dangerous.

Visiting Russia today as a tourist, you might be tempted to think that the country's past has disappeared. As a tourist, you'll see Western shops stocked with luxury goods, food shops choking with all the products you know very well. You'll see glitzy night clubs lit with neon lights and well dressed women and men driving around in expensive cars.

But BEWARE!

This is 3 per cent of the population of Moscow. This is the filthy rich you are seeing and the product of its labour.

The other, real Russia is scuttling beneath the roadways in the metro subways; it's in the farmers markets; it's trying quite desperately to make ends meet and trying to find some good reason to trust the government.

Institutions in Russia never function quite as intended by the governments that set them up. And despite the "communal amnesia" which has beset post Gorbachev Russia, nothing much seems to have changed in this respect. But before I look at the details, a brief look at the headlines out of Russia.

1. There's a war in Chechnya which the Kremlin can't afford.
2. Boris Yeltin is accused of taking his country back down the road of authoritarianism.
3. The military indulges in human rights abuses of minority nationalities in far away places.
4. The International Monetary Fund has suspended the extension of a \$6.4 billion loan.

5. The state Duma decides to play ball and triple the minimum wage which will add \$750 million a month to public expenditure.

And all of this against the background of an administration which not only pleads bankruptcy but can prove it.

The Kremlin's version of events is of course quite different. It would have us believe that Chechnya was a bungled military operation which was, however, necessary to mount. It would have us believe that the transition from a communist command economic structure to "something else" is going quite well.

The non-state sector of the Russian economy now accounts for 62 per cent of gross domestic product... the banking, commercial and insurance sectors and capital markets have developed substantially in the past two years such that the economy has been forced to open up.

Believe Yeltsin's statistics – and Russia has moved into its third and final phase of curbing inflation which, the president tells us, had dropped to 7 per cent a month... as compared to 28 per cent at the same time last year. The Kremlin also tells us that despite its massive devaluation, the rouble is strengthening such that it is now in a position to actually create economic growth.

Now, Yeltsin's policy makers want to create a friendly foreign investment environment, based on the contribution of investors to growth and exports particularly in science intensive products and there's to be priority given to the production of consumer goods as opposed – presumably – to the refinement of raw material for export.

All of this sounds wonderfully promising, but doesn't seem to me to be reflected on the ground or to bear much resemblance to reality. And perhaps the reason it isn't, is partly due to recent economic policy and partly due to the Russian character.

In 1992 when Boris Yeltsin effectively came to power – aided by his faithful economic guru – Yigor Gaidar – the two decided to follow the recent Polish experiment. It was the big bang theory, the all or nothing approach to the conversion to capitalism. Prices were liberated ahead of wages, and ahead of legislation to create a banking system, ahead of bankruptcy laws. The two men failed to liberalise energy prices which left energy prices at incredibly low levels and led to distortions.

When factories and government enterprises began to feel the squeeze of the new economic order they found themselves unable to pay their bills. They discovered they were being forced, for political reasons, to pay market prices to former Soviet republics for component parts and raw products. And the blow out created chaos.

Gaidar wanted them to close down if they couldn't compete. But he was alone in this position. The centrists in the cabinet, at the time people like Arkady Volsky who was the Chairman of the Congress of

Industrialists and Entrepreneurs and people like Victor Chernowyrdin who is now the Prime Minister, bucked.

Factory closures they rightly argued would lead to unemployment. And without a welfare structure this would lead to even more social chaos, not to mention the effect on production.

They were, of course, theoretically correct and they won out. A steady stream of easily manufactured roubles began flowing furiously to state structures which had no hope of ever becoming competitive enough to repay the government. But more importantly, this move signalled a retreat from the big bang approach to market reform from which Russia has never quite recovered.

Privatisation then was touted as the success story – indeed, it's often looked upon as Russia's most successful reform so far.

I take issue with this. Certainly, privatisation of apartments, of personal property has been relatively successful and has created a residential market. But the transfer of the country's big assets, its conglomerates, factories and enterprises has been little short of an abject failure. Again – the Yeltsin-Gaider axis can be blamed.

They believed they had to give the apparatchiks who ran the country's conglomerates first bite at the cherry. People like Volsky and Chernowyrdin didn't disagree obviously. And so the old guard became the new owners of old Russia and the backbone of the reforms. The reasoning for the move was two-fold.

Firstly it would keep the lid on their discontent with the philosophy and the process of reform. Secondly, these apparatchiks clearly were among the only people in Russia with managerial experience. And they quite liked the lack of legislative reform. That allowed them to continue to play by their own old rules. They were Czars under Soviet rule and they wanted to stay that way.

They are to date unenthusiastic about allowing competition and thus far, the parliament, in its various forms since 1991, hasn't given any indication that it's either able to or prepared to do anything about the problem. The political hand of these new market Czars has become even stronger because they control the state's assets – almost in their totality.

So with no legislative structures to support their ambitions, other-comers moved into various markets on their own steam... using mafia like methods. Thus came the birth of what is talked about so often in the West – the new Russian mafia.

Now, conspiracy theories abound in Russia. One of the most interesting of them has it that the Chechen nouveau riche decided to move headquarters from Vladikafkaz to Moscow. They bought a bank – "Mostbank" – amongst other substantial commercial concerns. Their first act was to buy up dollars madly on Black Tuesday which caused the rouble to devalue dramatically and, of course, severely undermined the president's authority.

Yeltsin at the urging of the reformers in this cabinet tried to persuade the Chechen mafia to stop their activities which were so blatantly aimed at undermining the economy. As we all know he sent in his personal guard to hit at Chechen enterprises to give them a bit of a fright. That backfired.

At the same time, there was a proposal put forward in intelligence circles that the Russian military take action to curb the independence minded Chechens, who were lording it over Moscow and St Petersburg and reportedly fuelling wars in the Caucasus in Abkhazia and in Nagorno Karabakh.

I put this "theory" forward in the absence of any other logical reason why the Kremlin would opt for military action against a people they knew wouldn't give up - and three years after Chenyanya-Ingushestia had declared independence. Yeltsin could have waited for popular discontent with the Chechen leader to grow to the point where he was ousted. He could have sent in the FSK security forces or their KGB to eliminate anti Russian sentiment and control the mafia.

Perhaps the reason Yeltsin agreed to send in three thousand young inexperienced recruits to fight the best fighters in the Caucasus was because Chechen interests threatened the financial interests of the industrial Czars in Moscow and Petersburg and because it was always doomed to be a failed military exercise. And military failure would allow Yeltsin to get rid of the military hawks who were opposing the reformers in Cabinet.

Yeltsin has always been the master of playing two sides of the coin at the same time. There seems to be some evidence to support this theory. Yeltsin disappeared as the onslaught in Chechnya began. None of his reform cabinet members spoke out against it. And in the past month, he's been side shifting generals from advisory positions.

In his state of the nation address, the president talked of hackneyed military planning, of human rights violations caused by military inefficiency. He didn't say he'd get rid of his defence minister Pavel Grachov, whose ambitions by far outweigh his talents. But Grachov himself is preparing for the worst. He's telling anyone that will listen that he sent young conscripts to their slaughter on Kremlin orders to clear up a political problem. The theory makes more sense as every day goes by.

In Moscow itself - people embrace this theory. But they are also sick and tired of being made pawns in Kremlin power struggles. They dislike the idea of war on Russian soil. But they're sick and tired of the Chechen mafia.

Equally, they are now angry that as a result of this latest, relatively secret power struggle, in which the economic reformers and the military hawks are vying for the president's ear - they are paying the price.

The IMF has suspended the extension of a \$6.4 billion loan

which has already been written into the draft budget for 1995. If the Duma succeeds in tripling the minimum wage – then not only will the IMF not reconsider its decision but the deficit will blow out. In anticipation, inflation has begun creeping upwards into the latter double digit figures. And that means the cycle of inflationary tendencies becomes all the more vicious as far as average workers are concerned.

But the Czars are happy. Competition remains limited. There's still no logical bankruptcy laws and Yeltsin has successfully washed his hands of any blame.



Photo - David Karondis

Desmond O'Grady

Desmond O'Grady is a popular Australian writer now resident in Italy. He returned to Australia for a visit in February to launch his new book, *Correggio Jones and The Runaways* (CIS 1995), a collection of essays on Italian-Australian relations. Desmond O'Grady spoke for The Sydney Institute on Tuesday 28 February 1995 to explain some of the factors behind Italy's current turbulent politics.

ITALY-A PLETHORA

OF POLITICS?

Desmond O'Grady

One of Italy's best-known talkshow hosts Giancarlo Funari, who has a relative in Australia, occasionally says to guest politicians, "Explain the situation as you would to a kangaroo." Presumably this means explain a complex situation as clearly as you can, which I take it is my task without casting you in the role of kangaroos.

But the clearest thing about Italian politics is that it is confused. Often it is confusing even to Italians. Observing Italian politics is somewhat like attending Japanese Noh theatre - the talk seems endless, then action briefly erupts which re-arranges things allowing the talk to resume.

Usually Italian politics seems stasis without stability. In the past, as soon as a government was formed, there was discussion not so much of whether it would fulfil its program but of when it would be brought down - which often was merely the way to bring about a reshuffle.

The uncertainty extends to the law because governments issue a mass of contradictory decrees. Governments often set terms for payment of taxes but then hesitate and modify them. The lack of clarity provides work for hordes of professionals such as tax consultants who, of course, want the situation to continue. Many Italians accept the climate of uncertainty as normal as if convinced that, after all, little will change but they are becoming increasingly aware that financial markets are adversely affected by this continual balancing on the brink.

There seems to be a fascination with political process rather than results; most of the talk is of alliances rather than of programs. But political processes are cumbersome and the parliament seems antiquated. With frequent referenda, municipal, provincial, regional and national elections, there is a plethora of politics but Italians still turn out in big numbers for elections even though the vote is not compulsory. They may be cynical about their politicians but apparently still believe in politics. Between the Chamber of Deputies and the

Senate there are almost 1000 parliamentarians: there is a lot of deadweight there and a lot of spoilers whose aim seems to be to prevent anyone achieving anything.

When a government falls, it usually takes weeks for the head of State to complete consultations and give a mandate. It took Silvio Berlusconi, who put together a party and conducted a winning electoral campaign in a 100 days, 40 days to form his government. Parliament puts up the shutters when each of the many parties hold their congresses.

Understandably, many Italians would like to change this political game. There is a widespread desire for an Anglo-Saxon style simplification of politics with creation of a bipolar system. A clear either/or choice would be an innovation. The structure of the Italian language itself is strongly unitive. It is uncertain how relevant this is to political life but for decades Italian politics has been a jam in which everything was joined to everything else.

A referendum managed to change the electoral system which brought a bipolar system closer but, as in so many spheres of Italian life, a messy compromise was reached and further electoral reforms are invoked. The proportional system, which provided an ideological census rather than producing clear majorities, was retained for 25 per cent of the vote while the first-past-the-post system was introduced for the remaining 75 per cent.

Berlusconi emerged as leader of the Centre-Right, now Romano Prodi has thrown his hat in the ring as possible leader of the Centre-Left. All going well, Italy could really be on the way to a bipolar system.

Berlusconi, whose party is called Forza Italia (C'mon Italy) but whose coalition is called the Pole of Liberty and Good Government, has given respectability to the post-Fascists, now called National Alliance, while Prodi should make it possible for the ex-Communists, the Democratic Left Party, to enter a national government. It is positive that the votes of the ex-Communists and the post-Fascists (which were slightly more than a third of the total) should come out of the freezer and that the candidates of these groups will be judged on their policies rather than on their parties' past. It means the end of the civil war which was fought in Italy from 1943-45.

Berlusconi promised to introduce a more direct and simple style and liberal democratic attitudes. He had a reputation for success in various businesses ranging from building to supermarkets to television, publishing and soccer and rugby teams. He borrowed a lot from America, not only Reaganomics but also insistent use of opinion polls as a guide to policy.

However his government did not deliver on its promises and, despite claims to be a liberal democrat, Berlusconi in some ways proved

illiberal. He did not cut completely the umbilical cord between him and his company Fininvest and between himself and the three major television channels. In television matters, he is a near monopolist.

Basically he seems a salesman who can pour all his energy into convincing people of an idea he may have picked up a few hours earlier. For me his most revealing phrase was that, when he watched television programs on RAI, which corresponds to the ABC, he thought all that air time without advertisements was a waste. For some he represents soulless Milanese commercialism.

His psychological make-up seems to be a desire to seduce combined with dissatisfaction with what he obtains. This acts as a spur to try harder but also to make him feel a victim, ready to attack anyone who stands in his way whether the President of the Republic, the magistrature or parliament itself.

It seems he can tolerate everything but criticism: he complains that critics "row against", that they do not let him get on with the job. He seems to regard them as traitors rather than adversaries. Not only does he abhor Communists but he sees them everywhere. He acted as if he had a divine right to govern but his performance was clumsy. When challenged by trade unions, he backed down on pension reform. His worst mistake may have been a decree against people being imprisoned before trial which lent itself to being guyed as the "Save-the-Thieves" measure, providing a way out for those who fell foul of the Clean Hands anti-corruption investigation. He did not deliver on his electoral promise to create a million jobs nor did his government strengthen the lira.

Berlusconi, who does not speak English, seems to have only a vague idea of what is involved in a liberal democracy USA-style which Forza Italia people sometimes refer to as a model. He did not introduce an anti-Trust law. He complains about investigative magistrates "persecuting" his Fininvest company but does not see that this was likely, even necessary, after his election.

He underrated the anomaly of the major commercial television proprietor being prime minister. Berlusconi not only owns the three major commercial channels but also all three pay television channels and, moreover, made many changes in the three State television channels which, admittedly, were controlled largely by the former coalition parties. On one of his channels a commentator Vittorio Sgarbi, who is part of Berlusconi's parliamentary coalition, made Goebbels-like attacks on all and sundry. Probably Berlusconi did not prompt Sgarbi but some believe he did. What Berlusconi did not see, apparently, was that he should not have put himself in the position where it could be thought that he was behind the vile attacks or other material broadcast daily by his television channels.

In fact, Berlusconi's victory coincided with a notable coarsening

of public debate. Various factors contributed to this. His victory meant the fall of a regime and, as in Central-Eastern Europe, right-wingers with long repressed resentments found their voice. Money in television was drying up but there was a sure market for verbal abuse, throwing glasses of mineral water at one another or threatening fisticuffs. The previous proportional system meant that all, except the Neo-Fascists, shared power to a certain degree. They were all in it together. The first-past-the-post system has introduced a winner-take-all attitude, particularly as in Italy there is little idea of statutory bodies or conflict of interest.

Polls show that Berlusconi would win an election (if held) tomorrow. (A poll taken just before Prodi announced his intention to compete with Berlusconi gave Berlusconi's coalition 49 per cent against the Left's 33 per cent.) Apparently many still see Berlusconi as a new broom, a synonym for efficiency and success who will aid even small businessmen and clear away clientelism. He is certainly tenacious and may have learnt from his experience as prime minister.

He is a less polished politician than his National Alliance ally Gianfranco Fini and perhaps more of a Fascist. Their alliance has improved significantly the standing of the ex-Fascist Fini; if Berlusconi regained power and continued to commit errors, he could pave the way for Fini to become prime minister.

They constitute the first mass right wing grouping since Fascism. They claim to be liberal. The Liberal Party, which like others disappeared in the recent political meltdown, used to garner about two per cent of the vote. It consisted of businessmen and a few who believed in liberalism, but was an elite group. Surviving liberals often deplore the vulgarity of the new Right. The neo-Fascists were a party influenced by the idea of establishing socialism in one nation spliced with a belief in God, family and the fatherland. The National Alliance has inherited a commitment to social welfare which is in contrast with Berlusconi's desire to reduce it.

Some claim Berlusconi's disappointing performance is due to his using the approach of a managing director rather than a Prime Minister. An Italian journalist, Furio Colombo, sees Berlusconi as a more successful Ross Perot who applies the style and tactics of corporation battles in politics. For Colombo, this means he adopts one-way communications and is unfamiliar with compromise which is the essence of politics as the art of the possible. When Berlusconi's government was about to fall, he made a speech claiming that a river of protestors would fill the streets. It sounded as if he was trying to incite an uprising but Colombo, instead, saw it as a manager's desperate appeal to the market - "Trust me, and don't be fooled by competitors." Colombo's analysis explains some of the disquieting aspects of Berlusconi.

Many offer excuses for his performance. He had a hard row because one of the coalition components, the Northern League, was his most ferocious critic. The majority of the press was biased against him. He was only in power for eight months – the defection of the Northern League brought down the government. Then the President decided against new elections and gave a mandate for formation of a government of “technicians”. Berlusconi has reason to feel that he was diddled and claim that the electorate’s will is being ignored. He wants elections as soon as possible, preferably in May. Some say that after May his image will begin to fade. An unofficial election campaign is already underway.

The Left may have won the last elections if it had fulfilled two conditions: excluded the diehard Communist Party Rifondazione (Prodi has said he will have no truck with it) and indicated who would be prime minister – the failure to do this made it seem that the Secretary of the ex-Communist Party, Achille Occhetto, would be the Left’s choice.

A Bologna university economics professor who studied at the London School of Economics, Prodi is 54, three years younger than Berlusconi. Chubby, with an infectious smile, he resembles Brian Johns of the Australian Broadcasting Commission. Prodi says Italy needs affection and serenity: he would like to contrast Berlusconi’s Milanese efficiency with a warmer Bologna-style, attentive to social solidarity.

Prodi was a Christian Democrat but has the backing of the ex-Communists and a smattering of smaller groups such as the Greens. He has not yet produced a policy statement but has said that he admires German social policy. In 1978 he was briefly Minister for Industry but is best known for two terms, one of seven years, as president of IRI the major state holding company.

There is argument about his performance there. It seems that in his first term he reduced its huge debts and in the second, in 1993, favoured privatisation of two major banks. He also favoured appointment of Roberto Schisano as manager of Alitalia whose wetlease of two Ansett jets for the North Atlantic route has caused clashes with the pilots’ union.

Prodi’s small staff has no pollsters but he has consulted with Umberto Eco and other Bolognese friends about his image and has been advised to stop mumbling on television and avoid rubbing his hands together like a priest.

Perhaps Prodi will not benefit from the newness factor as much as Berlusconi. Italians were so indignant with the governmental parties after the Clean Hands’ magistrates revelations of corruption that they wanted the new at all costs. Berlusconi successfully presented himself as the new although opponents pointed out that his friend, the Socialist leader Bettino Craxi, had helped him gain a dominant position in

commercial television. He was new in the sense that he was participating in party politics for the first time.

But the new has not been altogether satisfying. There is even a certain delusion with the Clean Hands anti-corruption enquiries, partly because they seemed destined to end illegitimate politics-business connections but were followed by a businessman becoming prime minister.

The majority of parliamentarians are new but also largely anonymous. The disenchantment with the new has reminded some that there were two respectable governments between the end of the traditional centre-left coalitions in 1992 and the Berlusconi government of March 1994 and also a renovation movement among the parties of the long-governing Centre-Left coalition. The coalition was destroyed by concurrent factors: the fall of the Berlin Wall made it no longer necessary to block the Communists and hence close an eye to irregularities of the parties in power; the recession made people ever more indignant at the kickback "tax" imposed by governmental parties for granting public works contracts; and the Clean Hands investigation revealed capillary corruption involving politicians, administrators and even tax inspectors.

The Socialist Party bore the brunt of the combined effect of the three factors and has been virtually wiped out. But this did not occur to the Christian Democrats because they went in for less conspicuous consumption than their Socialist partners and also because the Socialist Party leader Craxi (who now refuses to return, allegedly for health reasons, from his villa in Tunisia) tried to fight his accusers whereas the Christian Democrats replaced their secretary with a cleanskin Mino Martinazzoli.

Moreover the referendum which changed the electoral law was organised by a Christian Democrat Mariotto Segni who was organising a Party of the Honest drawn from all parties. Despite Craxi's scorn for the referendum, Segni's proposals won and he became the most popular politician in Italy. Berlusconi is said to have offered him the leadership of a coalition to stop the Communists, who remained the strongest party when the government coalition parties were destroyed, but Segni refused and Berlusconi entered politics directly. Italians say Segni won the lottery but lost the ticket.

Renovation within the traditional parties was outpaced by the demand for the new but now that is less insistent. Segni, who established the Pact Party, still has a small group of deputies. A group of former Christian Democrats are a component of the Berlusconi-led Pole of Liberty. And the Christian Democrats, renamed the People's Party, command about seven per cent of the vote. Unlike the Socialists, then, the Christian Democrats have not disappeared and some of their component parts might coalesce.

The point of this is that, even if Prodi wins the support of the Centre-Left, there still might not be a simple choice between him and Berlusconi. The People's Party may establish with the Northern League a centre group which could hold the balance of power. It was the Northern League led by Umberto Bossi which first captured the support of those who resented the corruption of the Christian Democrat-Socialist-led coalitions. Initially it seemed that the League wanted to separate productive Northern Italy from parasitic Rome which it saw as extracting money ostensibly to help southern Italy but, in fact, to buy support. The Northern League claims its aim was never separatism but federalism. Although Bossi's style is rough hewn, he has some concept of liberalism being more than laissez-faire economics. But his party is limited by its identification with the north. (Before the March 1994 elections, Berlusconi cleverly stepped in to be the hinge between the Northern League and the neo-Fascists whose greatest strength is in the South. But these components of his government were incompatible).

So Bossi's Party is floating somewhere between Berlusconi group and Prodi's. Perhaps it will ally with the People's Party which, however, seems on the verge of splitting between Berlusconi and Prodi; its left wing favours Prodi but its secretary Rocco Buttiglione aims to ally with Berlusconi to shift him more towards the Centre.

This survey indicated that the intense Italian political activity is mainly about alliances rather than policies. Under the 100 per cent proportional system, parties did not want to be tied by promises because they needed to be free to negotiate with other parties after an election to form a coalition. The vagueness about programs persists but should diminish if, as is proposed, proportional voting is abolished altogether.

One of the situation's worrying aspects is that, as parties still do not manage to look outwards at problems which fester, Italians could become impatient with the system itself. As the national debt is greater than the GNP, the economic problem is obvious but it is not the only one and there are positive aspects of the economy such as a 4.2 per cent growth in industrial production in 1994. Another problem is that tax pressure on salaried employees is implacable but services, such as public hospitals and mails, remain poor: as Italians say, there are Swedish-level taxes and African services. The demographic decline, with a zero population growth, poses a longer term problem. Emigrants have always been ignored because they do not have a postal vote but their remittances were accepted. Now, however, remittances have diminished. Italy is a country with an immigrant intake and a rapidly aging population which means a growing burden on the young to sustain the welfare system. It could also mean that the tendency to discuss the toss endlessly, which may have been a sign of vitality, will

become wasteful. Italy could become a tired nation riven by unresolved conflicts.

That is why it would be important if Italy manages to complete the changes in its electoral laws and the evolution to a bipolar political system. It would be an achievement to change a political system without recourse to pit stops.



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Harry Wu

Photo - David Karondis

Harry Wu teaches at Stanford University in the USA. In 1975 he was rounded up with at least 50,000 other Chinese citizens and sent to an internment camp. Harry Wu spent 19 years in the Chinese gulag – the Logai – and survived. His new book *Bitter Winds: A Memoir of My Years in China's Gulag* – records his experience. Harry Wu spoke for The Sydney Institute on Wednesday 1 March 1995.

HUMAN RIGHTS

AND CONTEMPORARY CHINA

Harry Wu

My Chinese name is Hongda Wu. We Chinese pronounce it as Wu Hongda. I was baptised when I was twelve years old – before the Communists came to power – as a Catholic. So I have an English name – Harry.

My father passed away in 1980. His last words were, "I made a damn mistake. I suppose I should have left China when the Communists came to power." Because the whole family was damaged. My father died of great political sufferings, my mother committed suicide when she heard I was arrested, and my younger brother was beaten to death by the security policy, in 1981.

In 1957, during the Hundred Flowers Movement, I was encouraged by the Communist Party to speak out. So I expressed my viewpoint. I disagreed with the Soviet invasion of Hungary in 1956. It seemed to me that this violated human rights and also violated international law. I also criticised the Chinese Communists for treating the common people as second and third class citizens. But these were my only comments and later they became my charge. They called this counter-revolutionary, rightist opinion. Later, the secretary of the party committee of my college called the police, and they took me away from my dormitory to the Laogai camp.

So, I spent nineteen years in twelve different labour camps. Chinese Laogai camps have two different names. In the internal public security system, they call it a prison or labour reform detachment. It is also a production unit. In China, all prisoners are forced to labour. Whether you are a political prisoner or a penal criminal, the Chinese government says, "Well, we'll sentence you to five or ten years not only as a punishment, but also to reform you in the communist idea. You'll become a socialist new man." Hitler's concentration camps had a well-known slogan – labour makes freedom. The Chinese Communists say labour makes new life.

Prisoners in China have become a major labour force. From my estimates, in the past 40 years, some 50 million people have gone into

the camps. This forced labour is involved in railway projects, mining projects, river dam projects. For example, today, for the Three Gorges Dam, the prisoners are ready to go. Some of the prisoners are already on the site. Since 1980, many prison camps have upgraded their production and become a very important industry. Many camp products, as Chinese documentation says, are exported to all the countries in the world – including Australia.

There are agricultural products. For example, China is the largest tea producer in the world. But internal Chinese documents say that one third of the tea is produced in Laogai camps. There's a lot of number one products that are actually made in Laogai camps – chain hoists, steel pipes, handtools, diesel engines, rubber footwear, as well as asbestos. Last year I visited a large asbestos mine. They call it Xinkang asbestos mine. There are about 5,000 prisoners who labour in that mine with their bare hands. All of them are virtually sentenced to death.

Forced labour production makes big profits. The Chinese government doesn't have a budget for the prison system. All police salaries, their family education fees, insurance, and prison facilities are covered by prison labour. Every year they offer an amount of money to the central government. Meanwhile, all prisoners undergo so-called reform. It simply means brainwashing. A prisoner cannot say he is innocent. He cannot refuse to reform. A prisoner has to change his political viewpoint and give up his religion.

Take for example Catholic priests. In 1952, the Chinese Communists destroyed the Catholic church. Most foreign priests left China, and about 96 per cent of the Chinese priests were put into Laogai camps. I have just interviewed one of the survivors among those Catholic priests. He spent 33 years in different camps. He told me a very simple story. As a punishment, he was put into solitary confinement. I asked why. He said, "They didn't allow me to pray, but I wanted to do it. So I secretly did my praying. But the prisoner betrayed me and reported me to the police". This is the kind of brainwashing to be found in the camps.

Laogai in China have two purposes – so called labour performance and political performance. If those two purposes are not satisfied, your sentence will be lengthened. The police will simply tell you, "You failed to reform yourself, so you can't go. You have to continue your reform in the Laogai camps".

I am a survivor. But I am not a hero. In my book *Bitter Winds* I very plainly describe what I saw and what my experience was. No hero can survive a Chinese gulag. The only way to survive is to think about yourself as a beast. If you think of yourself as a human being, then you will commit suicide. Because, if you think you are a human being and you think about your dignity, freedom, your future, love, your family,

sex, then you will not survive. If you think of yourself as a beast, then it is very simple. You are only looking for food, fighting for food.

We do not know how many people were destroyed in the Chinese gulag. Behind me there are millions and millions of people – all faceless and nameless. Today, many people are still suffering in the Chinese gulag.

So, this briefly describes the Chinese gulag system.

The word LAOGAI means "labour reform" or reform through labour. The slogan means – you become a new man and we'll let you go. I have been asked what my purpose is. My answer is very simple. I hope one day "laogai" will become an English word in the Oxford Dictionary. Before 1974 you could not find "gulag" in the English dictionary. Now you can find it. Laogai is Chinese political violence, just like violence in the Soviet gulag.

Prisoners in China, when they are alive, are forced to labour and make profits under the name of so-called reform. When they die, their bodies become the property of the government. We know some people in the world sell their organs for money because they are poor. That is very sad. We know the Mafia murders people for money. Of course, this is evil, this is crime. And we also know that in 1944 Nazi doctors in Auschwitz used Jewish and Russian POWs for their medical tests. Today in China, doctors say, "They are criminals, so we use the waste". But, today, organ transplants in China are a government business. The government formulates the law according to its political agenda. It implements the law, interprets the law and uses the court to execute it. The government decides when and how to remove the organs, whom to give them to, and the government decides the price. Hospitals in China are run by the government. The profits come back to the government. And now the Chinese government sells organs on the international market. I went to China as a wealthy American with my hidden camera. I told them my uncle had serious kidney disease, and I was looking for help. They offered me the price and told me the conditions. That is only one of the hospitals. Chinese information says today there are 90 hospitals that perform organ transplants.

Our 20th Century has witnessed many a catastrophe in human society; killings during the two world wars, mass destruction by atomic bombs, the rapid spread of AIDS and so on, which, put together, are dwarfed by the experiments in bringing about the "idea of Communism". Inestimable are the prices we paid in politics, economy, culture, morals, human rights and many fields.

In 1948, Marx and Engels' *Manifesto of the Communist Party* began with; "A spectre, Communism, is hovering over Europe". Sixty-nine years later, in 1917, the spectre landed in Russia and took root. Another 32 years passed. In 1949, it blossomed in mainland China. In the middle of the 20th Century, Communism usurped power in one

country after another. In certain Western democracies Communist parties were strong enough to come to power, and the saying "the old world shall be replaced by the new" caused a temporary clamour.

However, before long, beginning in the 1990s, a series of Communist powers, big and small, like fallen leaves swept away by the autumnal wind, simply disappeared from the horizon. All those Communist spectres had struggled briefly before they were washed down the big river into the sea. Facing crises, they all tried in a thousand and one ways to survive. Except Ceaucescu, who resorted to violence, most of them tried to extricate their Communist powers through political and economical reforms. Did they succeed, though?

The fiasco of the Soviet Union, ringleader of the socialist camp, and the Communist bloc in Eastern Europe should be attributed to a multitude of factors: existence of the opposing Western value of democracy, the emergence of such pagans like Solzhenitsyn, Sakharov, Havel, Gorbachev and others. The crucial factor is, of course, the absurdity of the Communist system itself which, based on "absolute truth", rules through totalitarian ideology, stubbornly resists everything from without, be it favourable or unfavourable, justified or unjustified. Such "reforms" as it is capable of, are rejected by the regime itself. Politically and economically, the Communist system lacks elasticity, lacks a mechanism of self-renewal and self-improvement, to say nothing of plasticity. As a result, it either dies out or takes the old path.

Whither China? Such is the problem of global magnitude in the last years of the 20th Century, especially now, when Deng Xiaoping, who came to power after Mao Zedong's demise, and is famed as the "chief architect of reforms", is but "a candle guttering in the wind". What is the future of the biggest Communist state in existence? Opinions differ. Everybody is speculating about the perspective of the "reforms" said to be capable of lengthening Communist power.

The present situation began shortly after the end of the Cultural Revolution, when Hua Guofeng, supposedly "trusted by Mao Zedong and appointed by his imperial order", came to power and, slavishly adhering to everything "taught and instructed by Chairman Mao", went on carrying out the Maoist line without Mao. It was only natural that he found himself in a deadlock. Deng, who replaced Hua, had no choice but to turn back the clock of the socialist revolution, to go back from Mao's socialism with complete public ownership as its core towards the Deng-styled "primary stage of socialism with Chinese characteristics". In the name of the policy of "reforms and opening up", he is trying to raise socialism from the dead by transfusing it with a capitalistic soul.

A country is like a bird with its two wings – politics and economy. The bird cannot fly with either of its wings tied up. The Soviet bird, its economic wing tied up, desperately plied its political wing, only

crushed. What about the Chinese Communist bird? The Chinese Communist system is characterised by totalitarianism, bureaucracy and public ownership of means of production. True, due to the alterations in the economy and society the first two are showing signs of slight slackening. Output value of the non-public ownership sector is soaring and approaching that of the public ownership sector. Public owned enterprises are talking about how to file for bankruptcy, and how to sell themselves to private or foreign businessmen. All-round transformation to private ownership is happening with tremendous force. However, in mainland China, land, industrial and mining enterprises, communications and transportation, banks, educational facilities and so on are placed under the absolute control of the Communist party. Hence, any economic boom and development are but like sowing in the desert. You could reap a bumper harvest with high-tech, but it is anti-natural.

Genuine transformation can only be achieved through the transformation of ownership of means of production. How to transform public ownership as a whole into private? These days, "counter-revolutionary restoration" is coming along irresistibly. The Chinese bird is still struggling. It could gradually fly upwards if the economic wing, while fluttering forcefully, unties the political wing; it could also die of exhaustion if the political wing resists cooperating with the economic wing.

Without reforms and opening up we could not have stood up to the test of 4 June 1989. Such is Deng Xiaoping's comment on the Tiananmen Square events of 1989. Deng also said: Economically, countries and regions around us develop faster than we do. If we cease developing or develop more slowly, people will compare and things will go wrong. Deng is wholeheartedly seeking ways for the Communist system to survive. He understands, without saying, that the consequences of introducing capitalism into China are unpredictable. But, what can he do in the face of the general trend?

We must understand that the end of the Communist system does not mean the emergence of a democratic society. In China, it is a "long, long path leading to an unforeseeable future".

Let us take a magnet for example. When its magnetic field disappears, molecules of iron will be in an orderless state. How long will it take from disintegration for Chinese society to reassemble? How much energy will it take? Political turmoil could lead to splits and civil war; transformation of the economic structure would lead to panic and depression; cultural and moral vacuum could bring forth confusion and chaos – just like what is happening in Russia and Eastern Europe. We shall have to pay high prices while burying Communism and marching towards our future.

China is facing tremendous changes. As Deng's death is

inevitable, so is the highly variable moment bound to arrive, however you assess and predict it, whether you welcome or resist it, hail, curse or keep silent. And the time is coming – the last years of the 20th Century – not only for Hong Kong, but also for China.

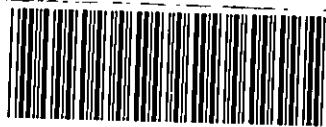
In the prison camps I was cornered, felled to my knees. I studied Marxism and Leninism and said I wanted to accept reform. I yelled to the court I would give up my religion. I became a beast. I didn't care about other people. I could steal, I could fight, I could beat others. I grabbed food from anywhere I could. Working in the field, I was like a fox or a wolf, looking for anything I could eat. I ate snakes, frogs. If I found a rat that was a lucky day.

But one day a group of prisoners were starved to death. I shall always remember that day. I weighed only 80 pounds. I could not stand. I did not have any food. Every day one of my inmates passed away. One of the inmates was my very good friend. And he died. The duty prisoners moved his body to another room waiting for the next morning to take it to the graveyard. Then, at midnight, a duty prisoner shouted. There were seven dead bodies in that room, but he found the door was being shaken by a hand. He opened the door and found one of the bodies still alive. It was my friend. The duty prisoner brought the body back and I found my friend had come back to me.

And I said, "What am I to do? What can I do for you?" The only thing I could do for him was to call the duty prisoner and say, "Hey, he missed his lunch. He missed a meal". And the duty prisoner said, "Forget it. Nothing for today. Tomorrow."

We had two meals a day. You know what a meal was? They were using the core of the corn. They would crush it, boil it and that was our meal. Every meal we had a bowl of that stuff. That was it. So I wanted to do the best to bring my friend back to health. I told the duty prisoner to call the police guard. When the police guard came, he asked what had happened. I told him that my friend had come back from the dead. He was very special. The police guard had a little sympathy and said, "Okay, let me solve the problem." He made a special note for the kitchen and then the cook came back with two steaming real corn buns. We called the corn buns golden towers because their colour was yellow.

I woke my inmate and said, "Here's the food." "Are you sure?" he asked me. I said, "Yes." He grabbed the corn buns right away and ate it. And then he shouted and started grovelling on the floor and died. His stomach had broken up. Next day I took him to the graveyard. I don't know how many souls there were. And I promised myself then that I didn't want to become a part of that. If I died that way, I could not close my eyes. I didn't know how to survive, but I promised myself to become the last one. To find the time, to find the opportunity to tell the story.



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Photo - David Karowicz

Edmund Campion

Well known Australian author of *Rockchoppers* and *A Place in the City* (Penguin 1994), Edmund Campion, has written widely on Australian Catholics. In an address to The Sydney Institute on Tuesday 14 March 1995, Edmund Campion explored the Irish-Australian Catholic identity and its link with the developing national character.

IRISH AND

CATHOLIC AND AUSTRALIAN

Edmund Campion

Fellow Australians, fellow students of history

The centenary of federation puts before us, once again, a question that has been with us for the past 200 years: what does it mean to be an Australian? By the time of federation there were two quite distinct answers to that question.

One was the answer of the men and women of the Empire. They thought that the most profound thing about being an Australian was that one was thereby a member of the British empire. Theirs was the sentiment of Lord Tennyson:

Sons, be wedded each and all,
Into one imperial whole,
One with Britain, heart and soul;
One life, one flag, one fleet, one throne.

The British Australians were proud of their British heritage, of British military and naval might, of British institutions and traditions, of the strong ties to that place they called "home". Those tales of British military courage, *Deeds that Won the Empire* (1897) by the Melbourne clergyman, W H Fitchett, stirred their souls; they made the book a bestseller. The Boer War gave them a boost. Now for the first time, many of them felt, Australians could act on the stage of adult history. At last, Australians could play their part in the Empire's life and show gratitude for being members of the Empire. In part, this was enthusiasm for a bit of overseas excitement; but as well, enthusiasm for the Boer War was a sign of invigorated and heightened Imperial loyalty.

After the war, the men of the Empire determined to keep alive the joy of being a member of the British imperial family. In 1901 a branch of the British Empire League was founded in Sydney. The next year its president, Canon Francis Bertie Boyce, wrote to the papers to commend the idea of an annual Empire Day on the anniversary of Queen Victoria's birthday, 24 May. In 1905 the day was celebrated for the first time in NSW in state schools and at the Sydney stock exchange where, it was reported, "the demonstration of loyal sentiment was most moving". Before he died, in 1931, Boyce committed his memories of

those years to paper: "Foolish advocates of Australian independence never explained how the handful of Australian people were to retain their vast island home without the protection of British arms but their vehemence did have its influence among an ignorant section of the people who, in the first flush of federation excitement were intoxicated by the sense of their own importance. Empire Day, which after 1905 was celebrated annually, played an important part in combatting this dangerous tendency".

Empire Day was to become an important focus of the state school curriculum. For years the values of the state schools were, in the words of S G Firth, those of a self-reliant, hard-working, patriotic, British gentleman. They were to be seminaries for the men and women of the Empire. The British Empire League presented schools with the Union flag, which was flown from school mastheads. On Empire Day, 24 May, loyalty to the Empire and pride in the British race were sharply focused. Celebrations featured patriotic addresses by children and the singing by school choirs of such songs as *Rule Britannia* and *Flag of Britain*. Visitors, who were often Protestant ministers, spoke of imperial loyalty. Their prayers thanked God for the benefits of belonging to the Empire. That was in the state schools.

Asked his opinion of Empire Day in 1908, the Catholic archbishop, Cardinal Moran, replied, "I quite agree that every banner should be unfurled on that day. But let it be the Australian banner." Since his arrival in 1884 – "becoming today an Australian among Australians", as he said in his first speech – Moran had stressed the need to develop Australian resources and promote Australian interests. Quite apart from its political ideology, the Empire Day movement would be difficult to acclimatise in Catholic schools because of its overt Protestantism. Often the empire which was being celebrated was not only British, it was also very Protestant. In the final year of his life, Moran told a journalist, "Those who are the champions of imperialism and Empire Day are, many of them, avowed enemies of the Catholic Church".

Protestantism aside, there were deep ethnic reasons why Irish-Australians might refuse to join in lauding the Empire. Such reasons were expressed by the fiery Vincentian priest, Maurice O'Reilly, in his poem *Ireland and Empire Day*:

Shall we rejoice, in whom the Irish blood
Rolls like a lava-torrent as the flood
Of burning memories sweeps o'er the brain?
Shall we rejoice, while our dear motherland,
Dearer to us than any other land,
Wears yet a chain?
By heaven, not so.

O'Reilly resisted the slogan of the Empire men and women – "Australia for the Empire" – and wanted to replace it with another

slogan – one shared by Cardinal Moran and J F Archibald's *Bulletin* – "Australia for the Australians". By a coincidence, 24 May was not only the anniversary of Queen Victoria's birthday; it was also the feast day of Our Lady Help of Christians, whom Australian Catholics, since 1854 at least, had been invoking as patroness of Australia. So O'Reilly persuaded Australian Catholics to celebrate 24 May, not as Empire Day, but as Australia Day. On that day, in Catholic schools, the Australian flag, not the Union flag, went up the masthead. On that day, Catholic schoolchildren sang, not "God Save Our Gracious King" but O'Reilly's own hymn to Australia:

God bless our lovely morning land, Australia,
God keep with his enfolding hand, Australia,
On earth there is no other land,
Like our enchanting Southern land,
Our own dear home, our motherland, Australia

Preaching in the Sydney cathedral on Australia Day (24 May) 1911, O'Reilly asserted, "Australia, not England, is our motherland. The flag of Australia comes first with us."

Notice his language. In his early poem *Ireland and Empire Day* the motherland is Ireland. Yet in the 1911 sermon and in the hymn to Australia (sung for the first time in public on that day) the motherland has become Australia. Maurice O'Reilly's use of language thus testifies to the cultural transformations taking place among Irish-Australians, as love of Ireland is transferred to love of Australia. Such transformations might have been observed at almost any time in the preceding century. Surgeon Cunningham, who censored the convicts' letters, noticed that Irish convicts retained a powerful love of the old country; but alongside it there grew a heartfelt appreciation of what their new country gave them. They told whoever would listen, "We were never so well off in our lives before." For them, this was the society of a second chance, the place where they could start their lives over again; and they came to love Australia for that. Better than anyone, Portia Robinson of Macquarie University has explored the secret hearts and hopes of these forefathers and foremothers of Australian national sentiment.

Empire Day or Australia Day? Queen Victoria or Our Lady Help of Christians? By World War I the two answers to the great question, what does it mean to be an Australian, were in symbolic confrontation. War tightened the focus. British Australians saw the war as an opportunity to demonstrate loyalty to the Empire in its need.

The Empire had founded, nurtured and protected Australia. Now Australia owed the Empire a reciprocal duty of fighting for it. At first, their message was heard and responded to by Irish-Australians. The Catholic Archbishop of Sydney, Michael Kelly, appeared on the platform at recruiting meetings and said he was proud of the way Irishmen had rallied to the British flag. He became a vice-president of the Universal Service League, which wanted universal compulsory war

service. Archbishop Spence of Adelaide declared the war to be a just one; Archbishop Clune of Perth gave the war strong public support. Even Maurice O'Reilly reined himself in and wrote a pro-war poem, much quoted by his former antagonists:

Whate'er betide,
Our place is in the van, by Honour's side
Right to the end.

Chris Brennan, whose brother was a sergeant in a machine gun unit, wrote *Irish to English*:

I am not of your blood;
I never loved your ways;
If e'er your deed was good
I yet was slow to praise.

Irish and rebel both,
And both unto the end –
Yet here I pledge you troth,
And here I stand your friend.

Brennan's verse was an immediate response to the Easter 1916 rebellion in Dublin. It is a reminder that, at first, Irish Australians were inclined to condemn the rebellion. Then came the execution of the rebellion's leaders by the British. Such vengeful stupidity soured Irish Australians and their enthusiasm for the Empire's war began to wane. Archbishop James Duhig of Brisbane (who would become the first, but not the last, Roman Catholic archbishop to accept a knighthood of the British Empire) now wrote to a Melbourne lay leader, "Irish Queenslanders who have loyally and generously supported the cause of Empire and the allies are grievously disappointed and saddened by the hasty executions". In any case, Catholic leaders had never gone along with what might be called the Protestant theology of the war. Protestants stressed the duty to participate as a religious duty.

Among some Protestant leaders there was an almost sacramental attitude to the war: it could cleanse, strengthen and enoble Australian manhood. The war cannot stop yet, said the Anglican Archbishop of Brisbane in 1916, Australia's manhood has not been cleansed sufficiently. This perception of the war as a cleansing, sacramental event lay behind their agitation for early closing of pubs: we want pure, clear-headed soldier saints. By contrast, Catholic spokesmen saw the war as a political event, even as a political opportunity. Let us play our part, argued Kelly, and Protestants will learn to appreciate us; and after the war they will give us back state aid for our schools. But Irish Australians' enthusiasm for the war weakened after Easter Week 1916.

Then came the conscription campaigns, October 1916 and December 1917, the most divisive political campaigns in Australian history. All the important people seemed in favour of conscription: the conservative political parties, many in the Labor Party, such as the premier of NSW, W A Holman, the *Argus* and *Sydney Morning Herald*,

the leaders of all Protestant churches and Catholic bishops such as Clune and Kelly. Against the proposal were many in the labor movement who feared that such power would be used to worsen working conditions. Their spokesman was the premier of Queensland, T J Ryan, an alumnus of Xavier College in Melbourne. Ryan supported the war itself, speaking on recruiting platforms and becoming chairman of the Queensland War Council. But his support for the war did not run to support for conscription. He thought there should be conscription of wealth before there was conscription of individuals. So Ryan became a leader of the NO case; and NO won the day in 1916.

The campaign had witnessed extraordinary emotional scenes. People in the YES camp equated support for conscription with loyalty. Over and over at their meetings they sang *God Save Our Gracious King*. Prime Minister Hughes did not scruple to censor the Labor press, as if it were a threat to national security. In the eyes of the men and women of the Empire, voting NO was the same as treason. When they lost in 1916, the men and women of the Empire searched around and found a scapegoat.

They did not have to search far. Opening the second referendum campaign in 1917, Hughes said that the first referendum had been a triumph for the anti-British in Australia. He noted the number of Irish-Australians in Ryan's Queensland Cabinet; and he attacked the new Roman Catholic Archbishop of Melbourne, Daniel Mannix. On the face of it, this was a strange thing to do because Mannix had spoken only twice during the first campaign, saying that he thought Australia had done her fair share. But Hughes was deliberate in his tactic: he aimed to over-inflate Mannix and so make the conscription debate a sectarian one, as Holman would note in his memoirs. The prime minister's message to the troops read: "Archbishop Mannix, who has assumed the position of leader of the government's opponents in this fight, has preached sedition in and out of season".

The conservative press went along with this tactic, giving Mannix undue prominence and playing down the role of other anti-conscriptionists (and they have been followed in this by subsequent historians and biographers). Sectarianism is the pursuit of social, economic or political goals under the banner, and sometimes the disguise, of religion. It has always been present in our public culture from the status struggles of convicts, through the 19th Century rows about immigration to the lengthy disputes about state aid to church schools; all of which were worked out in sectarian terms. Now, with the defeat of the second conscription referendum, it became pandemic. (In passing, the pandemic had a sad effect on the internal life of the Catholic community, for it made loyalty to Archbishop Mannix's politics a test of Catholicity. Those who disagreed with the archbishop's politics - Benjamin Hoare, Vincent Nolan, Mr Justice

Heydon, Anna Brennan – were regarded as suspect Catholics. So the Catholic community was sealed off and ghettoised).

After their defeat in the second referendum, the men and women of the Empire wanted revenge. Disloyalty, treason, sedition – these are the terms of abuse they heap on their opponents. The Hobart *Mercury* asks, can we vote for “men who are suspect and more than suspect of disloyalty to British Australians and to the Empire?” Now the security police begin to keep a watch on the mail of potential subversives such as Arthur Augustus Calwell and his friend at Propaganda Fide College in Rome, Matthew Beovich, the future Archbishop of Adelaide. Their desire for revenge had not been assuaged by the deportation of a priest of the Passionist order, Charles Jerger, in July 1920. Of German descent, Jerger had made a passing reference to conscription in a sermon. A persistent campaign eventually landed him in jail as an enemy alien. By the end of the war, he was still interned and the government moved to deport him. For a time mass protests stayed the government’s hand. An official enquiry gathered evidence overwhelmingly in the priest’s favour. Nevertheless, the Solicitor general, who conducted the enquiry, doctored the evidence against the priest, as Gerard Henderson has shown. And he was deported under wartime regulations, nine months after the war had ended. That night Prime Minister Hughes addressed the Protestant Federation in Bendigo. He attacked “disloyal” elements in Australia who wanted, he said, to thrust a dagger into the heart of the Empire. Jerger, he said, had been deported justly; as for Dr Mannix – he was a worse criminal than the Kaiser.

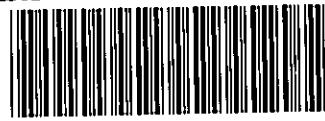
For their part, Irish Australians continued to project the Australian national sentiment. The priests from Manly were a key element here. They may have learned their Australian patriotism the hard way, as the forgotten historian Tim Suttor once suggested – by training under Irishmen. But their Australianity was genuine. They took as the motto for their Manly Union, “Pro Deo et Australia”; and they made Anzac Day and Australia Day feast days in their Australian church.

Curiously, in this project they were helped by events in Ireland. While an occupying army sat in Dublin, Irish Australians might be sore and angry and negative – at their deepest level, anti-Imperial. But when the occupying army left and Irishmen began to fight Irishmen, in the Civil War, then Irish Australians sickened of Ireland and lost interest in her troubles. Thus if you read the Catholic schools paper throughout the 1920s, you will find, by contrast to the Education Department paper, nothing about the Empire in it; but neither will you find much about Ireland, either. There is little Irish material; but there are frequent articles on Australian history. Anzac Day and the founding of Canberra were constant subjects, in what was clearly an attempt to

foster pride in Australian traditions and experience. As the Irish heat went out of the Irish Australian tradition, Irish Australians felt more relaxed about being part of the Empire (parallels with Christians of the second and third centuries should not be overdrawn).

There was a similar softening on the part of the men and women of the Empire. In 1938, for instance, K R Cramp, who had written imperialist texts for the Education Department, put out a brochure on the meaning of Wattle Day. In it he said, "Every time we see the golden bloom let us say, 'Isn't it good to be an Australian?'" One day, leaders of the Irish Australians might accept knighthoods of the British Empire; even if the locution "Sir Daniel Mannix" would remain unimaginable. World War II would see the Irish Australians enlist with the men and women of the Empire and fight alongside them and die alongside them and be imprisoned alongside them. The POW diary of Stan Arneil has become an Australian war classic, a towering testament to the heroism and unvarnished goodness of ordinary men. As a church historian I prize it also as an archive of Australian Catholic laypeople's religion. It is relevant to this discussion. When the war is over Arneil's diary catalogues the day-by-day wait for liberation. On 4 September 1945 he writes: "Yesterday the Union Jack went up on the gaol tower. I never knew a flag could be so beautiful".

But in a sense, Stan Arneil's diary entry was a voice from the past. For the fall of Singapore had been the quietus of the British Empire in these parts. Four days later, Japanese planes had devastated Darwin. For the first time in our history, war had come to Australia's shores. No doubt about it now – if we were to be saved, we must forget the Empire and fight our own battles with whatever help we could get. The men and women of the Empire would linger on for a long time; but already their last post was sounding.



95.10.10.145



Michael Lee

Michael Lee, Minister for Communications and the Arts since 1993, is at the forefront of the debate over future communications networks in Australia. Responding to the interim report of the government's Broadband Services Expert Group, Michael Lee addressed The Sydney Institute on Monday 20 March 1995.

POTHOLE AND *BUSHRANGERS ON THE INFORMATION SUPERHIGHWAY*

Michael Lee

Tonight, I'd like to talk a little bit about some of the challenges and opportunities which the rapidly changing communications environment is presenting us as individuals and Australia as a nation. But before I speculate about the future, I want to remind you of one event from the past that took place not far from here.

If we were at this place in June 1790 above the lower level, the tent settlement of Sydney Cove would have been all around us. In the two years and five months since the arrival of the First Fleet, the colony had desperately attempted to grow enough food to survive. The previous November, rations for all food were reduced – the one exception was spirits. The second settlement at Parramatta had been founded and the first crops had been planted. In April, Phillip learnt that the Sirius, which had been dispatched to the Cape of Good Hope for additional provisions, had been wrecked at Norfolk Island. Weekly rations were further reduced.

On the 3rd of June, while preparing for dinner, Phillip received word that a large ship was approaching the harbour entrance. He ran down to the water and boarded a small boat and made his way down the harbour through the wind and the rain. As they boarded the Lady Juliana, the first ship of the Second Fleet, they learnt that ship, the Lady Juliana had left Plymouth eleven months previously. And on that day the 3 June 1790, Sydney Cove learnt for the first time that the Bastille has been stormed almost eleven months previously, and that revolution had broken out in France.

People talk about the rapidly escalating changes in communications and how they affect our lives. That example I've just given and others that I'll use in this speech tonight will show that Australia has often faced profound changes because of change in telecommunications technology. It's up to Australia to capitalise on these changes. We have to make sure that we're making these changes work for us and that we work to get all of the possible benefits for our nation.

First and foremost, we must get these changes into perspective. Debate about the rapidly accelerating changes in communications technology has often deteriorated into an obsession with technology. Too often we talk about black boxes, set top units, cables and satellite dishes, and not often enough are we talking about the content that uses this technology.

My view is that in this time of rapidly changing communications technology, it's important that Australia keeps its focus on the content, the area that offers the greatest potential in future years. If any of you went shopping in Grace Bros or Harvey Norman at Christmas you would have seen all of those parents snapping up those CD ROMs. Many of you and many of those parents might not have understood how they worked or what they do, but all of your children understand how they work and what they can do.

Ultimately I think we've got to make sure we keep these technological changes in perspective. This is not the first time that people have felt that the new technology would create problems for our society. So today I want to talk to you about the information super highway that we've heard so much about, and some of those potholes and bushrangers that we might encounter as we zoom along both today and in the future.

Potential potholes include the challenge of foreign content, how we cope with foreign control and how we cope with controls once we use that highway. Another pothole is the challenge of ensuring that as many Australians as possible have access to the commercial and social benefits which the new communications networks will deliver. And some of the bushrangers are those who seek to manipulate the regulatory environment to give an unfair commercial advantage at the expense of those who develop and consume the content. If we seize this opportunity, it's my view that we may be able to fill in one of the biggest Australian potholes of all, the cultural cringe, and its obverse, the cultural strut.

I think we can see now that the boastful and cringing aspects of Australian culture were partly due to the products of distance and isolation, certainly in the first 75 years of this century – and that all aspects of modern technology which have reduced distance, from the jet airliner, to satellite television, have all had the effect of reducing the cultural cringe. There was a time when many of the best and most creative Australians felt that they had to leave. There is increasingly less and less point in going away to join the world and stay there, especially when you can go and come back to a mature, self confident and vibrant multicultural society.

I think it's important to appreciate that there's a dynamic, two way relationship between technological change and Australia's geographical isolation. New forms of communication have been

lessening our sense of isolation since the completion of the overland telegraph in 1872. In fact Melbourne, Adelaide and Sydney were linked for the first time with that overland telegraph in 1858 and at that time the editor of the *South Australian Register*, thought that this telegraph would result in the annihilation of distance and would have great social consequences. He said it would tend to bind the Australian colonists into one great Australian family and accelerate our progress towards confederation.

It was believed that this tyranny of distance could be overcome by cable. We are not the first generation to hear of the wonders of cable communications. In 1870, in the South Australian Parliament, it was agreed to borrow one hundred and twenty thousand pounds, to build the overland cable link from Port Augusta to Darwin and to contract the British Australia Telegraph Company to complete the link from Darwin to Java. The project was supervised by the then Postmaster General of South Australia, Charles Todd. In October 1872, when the overland telegraph was used for the first time, Charles Todd said: "The Australian colonies were connected with the great electric chair which united all of the nations of the earth". At a banquet in Sydney, Tom Roberts said that the colony was finally made habitable for civilised man and Henry Parkes referred to the magical work, at the electric telegraph, uniting us hand in hand with the mother country.

So as I say we're not the first to be affected by so called wonders of cable communications. At that time, Australia changed from receiving its news after a delay of six months, to having news which was I think delivered to Sydney after a delay of a few hours. So as we approach the end of a millennium, when all of those end of century retrospectives are done and the debate about what sort of Australia we want – its place in the world takes on a striking resemblance to what took place in the last decade of the 1800s.

The technological revolution of that day was the movies, and Australia was a world leader in the provision of local content. Some of you might be aware that today is actually the centenary of the development of the first showing of a movie which was filmed in France by the Lumiere brothers. It took a year for the moving picture to arrive in Australia. The first Australian moving picture was the 1896 Melbourne Cup. *The Bulletin* said how beautifully appropriate it was that the first Australian picture presented by the new machine should be a horse race.

The Salvation Army, ever ready to use the medium which attracted the attention of people, made what they called a multimedia presentation, through its Limelight Department, also in 1896. This film, "Soldiers of the Cross", evoked this response from a Brigadier of the Salvation Army, who said of the moving picture:

It cannot fail to stir the minds and hearts of those who witness it. It is a great assault upon the conscience through the eye and ear gates ... The devil, who often succeeds in utilising the eye while the preacher is trying to reach the mind through the ear, is checkmated.

Now unfortunately after the First World War, because of the way that film exchanges were established, the Americans ended up dominating distribution of film in Australia and the result was that despite the valiant efforts of people such as Raymond Longford and Charles Chavelle, the Australian film industry suffered many years of decline. Despite the fact that this was the heyday of protectionism and this was a period when virtually every industry was mollycoddled, the Australian film industry wasn't. The result was that the Australian film industry, the production of local content using that form of technology, shrivelled on the vine.

The government believes that for that reason alone, it's very important that new forms of technology which are opening up opportunities for our creative industries, require a partnership between government and the private sector. In *Creative Nation*, the government's Cultural Policy Statement that was released last year, the government provided \$84 million over the next four years to encourage the development of new forms of multimedia in Australia. We believe that this partnership with the private sector will provide many opportunities for the best of the Australian film and television makers and Australian software programmers.

But there's little point in capitalising on the capacity of the communications changes to bridge the gap that the distance problems have created for Australia if we don't also have a vibrant, efficient economy which can compete with other countries. Last Friday the *Sydney Morning Herald* listed a table of the benefits to the Australian economy of the micro economic reform of various industries. This was based on just completed work of the Industry Commission, which had assessed the benefits arising from implementing the Hilmer recommendations and related reforms with state government business enterprises.

According to this study by the Industry Commission, the microeconomic reform of telecommunications would provide 12 per cent of the Hilmer related economic benefits that would flow, to our national economy.

I'd like to just spend a few minutes talking about reform in telecommunications. We've come a long way since the Telecom monopoly ended in 1992. We have granted Optus the second telecommunications general carrier licence and Vodafone was granted the third mobile telephone licence. Austel, the independent industry regulator, has estimated that prices have fallen by \$300

million a year for business and residential consumers, and as a typical example the peak cost of a call between Sydney and Melbourne has fallen by about 20 per cent. Optus now has a greater share of the Australian telecommunications market after three years than Mercury, the second entrant has in Britain, after ten years, despite the fact of course that British Telecom was privatised a number of years ago.

This emphasises the point that if we aim to deliver benefits to business and residential consumers, the competitive rules are much more important than who owns the former monopolies. In fact there are many examples of privatisation, especially in Great Britain, which have in fact inhibited competition and inhibited price reductions for consumers because governments have imposed regulatory straight jackets to maximise the privatisation sale price.

In the telecommunications market in Australia, we have the benefits of lower prices, while investment by Telstra, Optus and Vodafone, has increased dramatically. Business and residential consumers receive the benefits of innovative products and services. Telecom now has a much better customer focus and the exports of telecommunications equipment and services have increased dramatically from about \$50 million a decade ago to about \$600 million this year.

Now if some competition has already produced these benefits to consumers, it's my view that greater, sustainable competition, will deliver additional benefits in future years. That's why the government, last year, reaffirmed its decision to end the carrier duopoly on the 1 July 1997. On that date we will move to full and open competition in telecommunications. Over the last six months, I have consulted many about what they believe should be the post 1997 regulatory regime. We've issued an options paper, *Beyond the Duopoly*, to help stimulate debate and we've also had a number of meetings of the Telecommunications Advisory Panel which has also stimulated the debate amongst the chief stakeholders. I believe that we're on track to take a submission to Cabinet in the middle of the year to finalise the Government's proposals for legislation in this area.

The issues which have dominated the consultations include the obligations that should be imposed on the entrants, and also, whether we still retain Austel as an industry specific regulator or make greater use of the Trade Practices Act. My aim is that the legislation be introduced to parliament before the end of 1995, eighteen months before it takes effect. And while some might argue that that's a very long lead time for new legislation introduced to govern telecommunications, I think it's reasonable that those who are seeking to make very large investment decisions in telecommunications, have as much lead time as possible to develop their plans and strategies. That

would ensure we get as great an investment as possible in the telecommunications area.

So as you can see, the government remains very strongly committed to microeconomic reform in telecommunications. Please allow me, six days before a State election, to make a contrast between what's happening in another industry that was mentioned in that table of the *Sydney Morning Herald*. The industry that used to employ me when I made an honest days living, before I became a politician, the power industry, was mentioned in that table as having the capacity to contribute not 12 per cent of the economic benefits as with telecommunications but 25 per cent.

In 1993, I was the Minister for Resources who had federal responsibility for encouraging more competition in the power industry, and I had great difficulty encouraging competition within New South Wales. This state argued that it would set up three internal business units to promote competition between the power stations of this state – that was the case that was argued by the then Minister Gary West. It was argued that competition between the three business units governing the power station generators covering the Hunter Valley, the Central Coast and the Western Coalfields, would generate competition and lead to lower prices for consumers.

Last Friday I understand that Pacific Power absorbed the three separate business units that covered the electricity power stations in NSW into one unit. Let me make a comparison with telecommunications. Imagine if there was no Optus and no Vodaphone, and a government-owned monopoly, Telecom, controlled all of the telecommunications in NSW. And imagine if this government-owned monopoly in telecommunications had argued that it could generate adequate competition for the market if it split its exchanges up into three business units, all subsidiaries of Telecom. And imagine it one week out from an election, Telecom decided to merge those three business units back into one monopoly. I'm sure that everyone would have my guts for garters if I was to implement such anti competitive arrangements in telecommunications, and yet this happened last Friday in the power industry in NSW. I think very few people in this room are probably even aware of it.

I'm not responsible for the power industry now, but I am responsible for television and perhaps we can say a few things about television. I'm sure many of you in this room like me grew up with television. We grew up wanting a dog like Lassie or a dolphin like Flipper or a kangaroo like Skippy. Or we learnt what it was like through American television programs, to have X-ray vision, or to be Lost In Space. And it's through programs like that, that the views of our kids are formed and the dreams of Australian children are determined. If you think back about the programs that dominated television when I

was at school, we can, I think be very proud of the fact that today on Australian television, there are many more Australian programs moulding dreams for Australian kids.

Last week in Melbourne there was an international summit on children and television and there was great recognition for the very high standard of Australian children's television programs. I'm also very pleased that these days if you look at the ratings, Australian made programming is dominating the ratings figures, and nine of the top ten television programs last year were Australian made programs. I think this bodes very well for the future development of that Australian content.

For all those reasons, I think Australia has tremendous opportunities by having a more competitive telecommunications market, by having television programs that are attracting the loyalty of Australians, and are of a very high technical standard. And at this time, along came changes in telecommunications technology that open up new opportunities. They also raise a number of challenges. One of those challenges is about the way we provide access to that infrastructure.

In my view access is what will ensure the continued evolution of Australian culture. The Broadband Services Expert Group reported to the government just over a month ago and recommended initiatives to ensure continued development of broadband services here in Australia. What the government does to encourage development of broadband services must be informed by Australia's tradition of inclusiveness. That is, we should seek to ensure that there is not the creation of an information underclass – a group of Australians who do not have access to information. For this reason the government is very keen to work with schools and public libraries and through local government, to ensure that school libraries and public libraries can access the superhighway.

I also believe that one of the most important elements of communications policy is to ensure that we maintain a flexible legislative and regulatory structure. With the rapid changes that are taking place and the cost of various types of equipment, it's virtually impossible for parliaments in whichever country, to keep pace with the massive rates of change in communications technology. It's for that reason that I think we can be proud of the fact that the legislation which governs communications in Australia, does allow that flexibility. Not every country is in that position. A number of countries have sought to establish very strict rules in communications by setting their regulatory framework in concrete. In particular, many of them have tried to separate telecommunications carriers from those that are providing broadcasting services or pay TV services, in particular using cable.

As the pace of change in communications technology gathers pace, it's getting increasingly difficult for those countries to maintain those concrete walls between telecommunications and broadcasting. Even in today's *Australian Financial Review* there were two examples of this. First of all the Chair of British Telecom was complaining that his company was not allowed to offer entertainment on its mixed cable network to compete with the largely American owned cable TV companies, which are also offering telephone services in that country. Hong Kong Telecom is also reported as announcing it will cut its staff by 15 per cent because in the next three years, for the first time, it's going to face competition on its local phone monopoly. Another example might be the United States where recent court cases have allowed a number of telecommunications companies for the first time to invest in cable.

So in each of those countries the concrete barriers that have been set up in strict regulatory regimes are being eaten away. And in Australia in contrast, we have allowed our telecommunications companies to invest in cable. We have allowed our telecommunications companies to build up consortiums to encourage investment through a rapid cable roll out.

This emphasises the importance of access to that cable - access to the infrastructure. Access to broadband cable for the provision of telephony and broadband services is crucial to the development of diversity and the development of Australian content. There are some people who have argued that this cable is like a department store and if you own the department store, you should have the right to decide what products go on the shelves. My view is that a better analogy is a privately owned tollway or a privately owned freeway. It would be wrong for the owner of that infrastructure to have the right to decide who can and who can't use that privately owned infrastructure. The final report of BSEG identified investment in content with its new communications services, as offering the greatest potential for Australia. People will only invest in the development of this content if they can sell those interactive products that they're developing to Australian customers. And they will only be able to reach those customers if they can have access to that infrastructure cable, whether it's developed by Telstra or Optus Vision.

The government of course has paid a high price for insisting on this principle of open access and for insisting on competition in the provision of this program. But the government is determined to ensure that there is as much incentive as possible for the development of this Australian content in future years. We have undertaken a rigorous program of microeconomic reform in aviation and in telecommunications, and I've made clear that we're not in the business of handing out new monopoly rights, whether it's in the ownership of

cable or control of the content that uses that cable.

So, what is this broadband information super highway anyway? Many of the services are already available to some people who are using on-line services or narrowband services using existing telecommunications networks including Email and the Internet. What we're seeking to do is to encourage a step by step expansion in the strength and the depth of these networks within Australia.

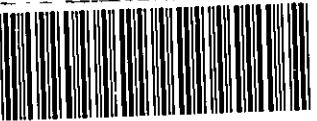
I've mentioned already examples of school libraries and public libraries providing access to new forms of information. I'm sure that in the not too distant future children will not only be able to have access to encyclopedias such as Encarta which is on a CD ROM. In the not too distant future, through their school library or a Council and Public libraries, they will be able to call up information from the National Library or download an oral history from the National Film and Sound Archive. That will certainly make those homework projects more interesting if they include audio histories and film and video as well as text.

I think we can also expect that there's going to be a great deal of development in expanding entertainment which uses a smaller infrastructure whether it's for home shopping, computer games or video on demand.

Every time there's been a revolution, or massive changes in communications technology there have been dire predictions about what the consequences would be. When Guttenberg inverted a wine press into a printing machine there was a lot of speculation that when ordinary people had greater access to the information in that society, it would cause social turmoil and unrest. It proved to be wrong. When photography was invented there were some people who argued that it would be the end of portraiture. When radio was introduced some argued that it would be the end of conversation, and when television was introduced some argued it would be the end of the film industry. Every one of these predictions has been proven wrong. Some people have argued that the introduction of these broadband services and the introduction of new services using cable throughout Australia will create new problems.

I don't deny that it will generate challenges, not just for governments, but challenges for consumers and challenges for industry who want to maximise the benefits for those industries. But there are also great opportunities for Australia in developing new industries that will generate export earnings in years to come. I think the opportunities for Australia's cultural industries are enormous, but it won't happen overnight. BSEG talks of an horizon of 10 to 15 years before the network develops across the country. But while it won't happen overnight, we won't sit on our hands. These new developments offer much promise - a promise of greater knowledge and efficiency as

businesses use the geographic broadband services, a promise of a more confident self reliant country which is not afraid to turn this century's inventions into this nation's advantage.



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Photo - David Karonidis

Kirsten Lees

Australia had one of the earliest and most successful women's suffrage movements. But the stories of what happened and the women who led it have rarely been told. In her book *Votes for Women - The Australian Story* (Allen & Unwin 1995) Kirsten Lees has gathered many of the threads together. She spoke for The Sydney Institute on Tuesday 28 March 1995 to give a glimpse of this remarkable story.

VOTES FOR

WOMEN: THE AUSTRALIAN STORY

Kirsten Lees

Just over a 100 years ago, almost to this day, a women called Dora Montefiore invited a small group of women and men to her home at 77 Darlinghurst Road. It was time, she told this small circle, that women in New South Wales did something about getting themselves the vote.

Suffrage organisations were already set up in Victoria and in South Australia. A recent experience had convinced Dora Montefiore that it was time that New South Wales women joined the campaign. She could point very precisely to the moment of her "conversion". Shortly after her husband's death, she had gone to the solicitor's office to discuss the details of his will. It came as a complete surprise to her when the learned gentlemen began to discuss the question of guardianship. It appeared that she had indeed been left the guardianship of her two young children. Dora Montefiore was indignant. The idea that her husband had "owned" the children and had "bequeathed" them to her, incensed her. How could guardianship be in question? She was the children's mother and their sole surviving parent.

"Not in law," the men around the table interjected. "In law, the child of the married woman has only one parent, and that is the father." "From that moment on," she writes, "I was a suffragist... and determined to alter the law."¹

The lack of guardianship rights over their children was not the only injustice women faced in the second half of the last century. Married women had no right to own their own property – everything they owned and earned belonged by law entirely to their husbands. The age of consent, which was as low as thirteen in some states, promoted the sexual exploitation of girls. Women were barred from access to university education and to membership of the professions. In so many ways women were second class citizens. They knew that they had to change the laws and customs that kept them in their place. And they soon realised that the vote was the best weapon with which to fight for change.

Given that women in English-speaking societies have achieved so many of their aims since winning the vote, there is every reason to conclude that they were right.

But while white Australian women may be celebrating 100 years of having the vote, it is important to acknowledge that for Aboriginal and Torres Strait Islander women the vote came much later – federal uniform franchise for indigenous Australians was not enacted until 1962. And it didn't afford the same opportunity for influence or pave the way for justice. The achievement of full equality for Aboriginal women is a chapter still to be written.

The story of how Australian women fought for and won the right to vote in parliamentary elections is one of the country's great pioneering tales. It has everything: a convict ancestry, connections with the goldfields; deeds of individual bravery; deception, and double dealing from an authoritarian establishment and ultimately victory for a popular cause. Yet it is a story that has barely been told.

From the moment the story began to unfold, through the remarkable victories as women won the vote state by state, the story inspired audiences around the world. And at its conclusion the main characters were welcomed as heroes in Britain and the United States.

No shots were fired, no hostages taken, no atrocities were committed, yet, with their New Zealand neighbours, Australian women's remarkable political victory was to lead the way for the world.

1893 was the year in which New Zealand women won the vote. South Australian women were next; their hard work paid dividends in 1894. One by one the other states followed. Victoria was the last to allow women to vote – in 1908. It was 1920 before the women in the United States won the vote, and not until 1928 that women in Britain won the right to vote "on the same terms as men".²

Australia was not only among the first, it also went the furthest; it was the first country in the world to permit women to stand for election to parliament. South Australia took the initiative in 1894, and in 1902 federal parliament followed suit. Women took immediate advantage at the first opportunity. In 1903 four women stood for parliament in the federal election. Vida Goldstein certainly gave them a run for their money in Victoria where she polled an extraordinary 51,000 votes.

Yet very few people know the story of votes for women in Australia. The "early victory" has too often been represented as an easy victory. Gradually the gloss has been taken off women's achievement, until the version that women were *given* the vote became the received wisdom.

It was the historian Manning Clark who observed that it is the victors who get to keep the records and who can write themselves up to appear positive and generous. At the time, the record was kept by men for whom the tale did not have the same significance. The fact that

women and their tremendous efforts have been left out of the record of the votes for women story in this country – and that their victory has been recorded not as a struggle but as a gift is an indication that the battle for equality has not yet been fully achieved.

The 1988 Penguin *Bicentennial History of Australia* tells nothing of the tale. Paul Hamlyn's *Illustrated History of Australia* does devote a paragraph to the subject, from which I quote: "The Australian campaign was never particularly strong or vehement. Because of the great surplus of men in the country, most women could count on marrying and few of them had any ambition beyond a happy home life."³ (I know of a few dedicated suffragists who will be spinning in their graves to hear that comment).

Happily women were aware of the momentous historical achievement and preserved much of their history – scrapbooks and letters, diaries and unpublished memoirs, minute books and annual reports – all hold the tale of how women in Australia fought for the vote. Gradually, in recent years historians have been putting together the picture, and it has been a privilege to be part of this process.

The public campaign began in the 1860s, when Henrietta Dugdale stirred the debate in the Melbourne press. Over succeeding decades, the call for women's suffrage was taken up around the colonies, and with talk of federation, women began a concerted national campaign. In effect, there were seven separate struggles for the vote in Australia; each one remarkable for the ingenuity and perseverance of individual women, which, when combined with the courage and commitment of the many, proved a formidable force. That and the justice of the cause for which they were fighting, guaranteed victory.

But the opposition ensured that victory wasn't going to come easily – women fought every inch of the way.

"I was unmercifully heckled at one public meeting after another" recalled Queenslander campaigner, Margaret Ogg, "not only by individuals who spontaneously sought to harass me, but by gangs of paid hecklers, hired by political parties, and other organisations seeking to nullify any progress towards the emancipation of women."⁴

It is difficult for us to accept today how much courage it took for women like Margaret Ogg to stand up and argue for what they believed in open meetings and before mixed audiences. Women and men did not mix socially. The world was divided into the public and the private. The public belonged to men. The private had inherited all the constraints of the drawing rooms of Victorian England. (In her memoirs Margaret Ogg writes how it was vulgar even to reveal piano legs, which were covered in skirts to match the crinoline dresses of the ladies of the house.) But once women like Margaret Ogg had crossed the line into the public sphere, they did not easily back down.

Margaret Ogg set out to take the message of votes for women to outback Queensland. Although she concentrated on visiting women in their own homes, she never let the chance to address a public meeting on women's rights pass her by. Not surprisingly, the men did not always like what she had to say. And when embarrassment and intimidation failed, her opponents took a more drastic step: they banned her from public halls. Surely this would make her go home!

Not a bit of it – Margaret Ogg, whose story has somehow completely missed the history books – decided that if they wouldn't let her speak *inside* their halls, she would speak *outside* them! She bought a horse and sulky to use as a mobile speaking platform, she equipped herself with three hurricane lamps and a good supply of kerosene (so that she could hold meetings after dark) and persuaded a friend to come along as "chaperone" (although considering the strength of the opposition, what she probably needed was a body guard). She set up at crossroads and marketplaces, in barns, even outside the very buildings she was banned from entering. With such resolve and resourcefulness, she must have won many supporters to the cause.

It is when I discover such inspirational tales in the archives of our state libraries, that I cannot help asking myself – why don't I know about this? How come I've never heard of Margaret Ogg? Or Brettena Smyth? Or Henrietta Dugdale? It is because their stories have not been told. Those who kept the record had different priorities.

Another thing we are reminded of when we read Margaret Ogg's memoirs is that votes for women in Australia wasn't just about a few inspired individuals – it was truly a national cause:

We won, as we expected, for never, never would we admit defeat, even when the battle seemed to be against us ... Ours was a victory of all the unknown unnumbered isolated women in many far flung parts of this great continent.⁵

Votes for women was a struggle that united women from all over Australia, from all social backgrounds and of all political persuasions; wives of ministers and miners, business women, shopkeepers, farmers; from cocky families and the squattocracy, new arrivals in the country and Australian-born women. Persuaded of the justice of the cause they put their differences aside to work for their common goal.

Women in the cities and larger towns had easy access to the suffrage organisations, whose branches sprung up all over Australia. For isolated women it was not so obvious how they could contribute to the cause. In 1891, the franchise Department of the Women's Christian Temperance Union put out a leaflet with a list of strategies that would allow women in even the most remote settlements to participate in the process.

- print (or hand write) a series of envelope-sized slips and put one in every letter you send.

- persuade your local minister to include votes for women in his Sunday sermon.
- carry votes for women literature with you always, leave copies wherever you go.
- circulate petitions and get signatures whenever the opportunity arises.
- secure a column in your local newspaper, and turn it over to the cause.
- make votes for women the subject of any essays you write, or seminars you hold.

There were endless things that women could do – and did do to secure themselves the vote.

They were impressive organisers. They held public meetings and pressured politicians, they perfected the art of petitions – in Western Australia, a petition of signatures over a mile long was prepared for the parliament (and still the premier insisted that women hadn't asked for the vote). They travelled hundreds of kilometres, by coach, by train, and by horse and cart, reaching small towns and even the most remote outback settlements.

Votes for women inspired a whole publishing industry. They produced pamphlets and published magazines. The first magazine with a national circulation that was written, published and printed entirely by women was an Australian magazine, *Dawn*. It was a commercial success and ran for almost two decades.

But still politicians continued to say no – even to insist that "women did not want for the vote".

It's worth reviewing, very briefly, some of the arguments against votes for women that emerged during the course of parliamentary debates.

Frank Madden, member of the Legislative Assembly in Victoria asserted that "Woman Suffrage would abolish soldiers and war, also racing, hunting, football, cricket and all such manly games".⁶ To South Australian MP, Grainger, votes for women was a sign of the great degeneracy of the race. "Of all the intelligent women – and he knew a good many in this colony – not one had yet propounded a satisfactory financial scheme say for the consolidation of the public debt or taxation".⁷ The favourite argument of infamous anti-suffrage agitator, C H Holmes was that "women could not build houses or make chairs".⁸ More dramatically, federal candidate Robert Reid (also a member of the Victorian parliament) feared that votes for women, should it become law "would ultimately prove destructive of the whole British race".⁹

We may find these arguments flippant, even laughable today, but to the suffrage campaigners at the turn of the century, ceaselessly agitating for their right to participate in the political process, they must have been a source of the deepest frustration.

And sometimes they lost their patience. "We are not *asking* for the vote," Mary Lee clarified to Thomas Playford, premier of South Australia, "we are *demanding* it."

Leading South Australian suffragist, Mary Lee wanted to make it quite clear that women sought no favours – that as long as they were governed, taxed and subjected to the laws made by parliament, they had a right to a say in the election of politicians. They realised that they and their ideas would not be taken seriously until they had a voice in the political process.

Women who participated in the campaigns did not necessarily think that the vote would change everything, but they were convinced that it would make a big difference. The vote would give them *influence*, and an opportunity to change laws that until then men had made and women had had to abide by. But aside from being a practical tool for women to work for improvements in their everyday lives, the vote was a powerful symbol of the inequality between the sexes, as Elizabeth Cady Stanton pointed out in her address to the US Senate, and vital to their self esteem.

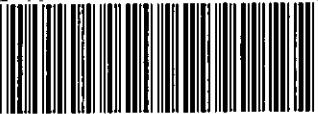
For Australian women it was also a continuation of their tradition of self-determination and pursuit of an equalitarian society. And in today's context, when women make up less than 15 per cent of the MPs in parliaments around Australia, we are still engaged in that pursuit. And it is vital to the self-esteem of women and men committed to redressing that balance that they have access to the history of women's participation in the shaping of Australia's political history.

It is one of the most exciting experiences of a dedicated researcher, to uncover a wealth of new and exciting material filed under "anonymous" in the manuscript collection of one of our state libraries. It is even more thrilling, when you carefully unwrap the parcel delivered to your desk and it is evident that no one has looked at that material for decades. But when that happened to me in the course of the research of my book, as I hurriedly – almost furtively – made notes, fearful that the librarian would come and take the precious haul from me, my elation at my find was mixed with regret, that this was where so much of women's history still lay, catalogued under "anonymous", or as Virginia Woolf wrote "locked in old diaries, stuffed away in old drawers, half obliterated in the memories of the aged".¹⁰

Women's history is a proud and important part of the history of Australia. To deny it is to distort the record, just as to deny women the vote was to deny women's life experience and women's worldview, in the formation of public policy and the political agenda.

Endnotes

- 1 Montefiore, Dora B. 1927, *From a Victorian to a Modern*, E. Archer, London.
- 2 In 1918 the British Parliament passed a bill which gave the vote to women over 30 who owned or occupied land worth at least £5, or who had a university degree.
- 3 *Illustrated History of Australia*, Paul Hamlyn (pub), 1974, Sydney, p. 936.
- 4 Ogg, Margaret 1953, Margaret Ann Ogg, memories of early Brisbane, as sketched and told to Ernest Brigs, Unpublished typescript, John Oxley Library, OM 83-1.
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Photo - David Karonidis

Peter McCawley

Peter McCawley, Executive Director of the Asian Development Bank in Manila, spoke for The Sydney Institute on Tuesday 4 April 1995. In his address Dr McCawley spoke confidently of the advantages for Australia in the Asian economic boom and warned against commentators in Australia who refused to encourage a positive approach to such rapid change.

AUSTRALIA AND

THE ECONOMIC BOOM IN ASIA

Peter McCawley

A great economic boom is getting underway in the developing countries of Asia. For most of the region – for well over two billion people – the boom has really only just begun. There is now a good chance that this great boom will go on for the next 50 years or more. The implications – for the region, for the world, and for Australia – are enormous. This is what I want to talk about tonight. I will, first, say a few words about the progress of the boom so far. I will then discuss some factors likely to affect how the boom will unfold. Later, I will turn to look at what the boom means for Australia.

The challenge

My first glimpse of the beginnings of this boom came in one of the major countries of the region, Indonesia, over 25 years ago. In 1969, Professor Heinz Arndt sent me off on fieldwork from the ANU in Canberra to study the Indonesian economy. And what a shock it was to a young Australian used to the pleasant style of life that we have in this lucky country. The old airport at Kemayoran in downtown Jakarta was hot and crowded. The streets outside were worse. There was hardly any electricity in Jakarta in the late 1960s, so I left the airport through dark streets jammed with dilapidated cars and trishaw *becak*.

All of this was bad enough. But the thing that struck me most – that dismayed me the most – was the children. Everywhere I looked there were children – thousands, hundreds of thousands, of children. The place teemed with children. They were in the streets, in the alleyways, drinking and swimming and shitting in the canals, and seemingly running in and out of every house. It was stunning. It seemed impossible to imagine how anyone could ever cope with such a population explosion. The challenges that President Soeharto and his struggling cabinet were facing seemed, surely, insurmountable.

I now know that these challenges were, and are, not insurmountable. They pose immense difficulties, but as the Indonesian experience since the 1960s shows, remarkable progress can be made.

Today, all across Asia, the desire for development, and the determination to achieve better living standards, has taken firm hold. As I say, an immense economic boom has got underway.

The Asian economic boom

The main facts of the boom are well-known. Leaving aside Japan, the shift towards growth-oriented economic policies in Asia is a relatively recent phenomenon. The so-called NIEs (Newly-Industrialising Economies) have been growing strongly since the 1950s. Sustained growth began in Thailand, Malaysia, and Indonesia a little later. These countries have now been doing well for over 25 years – *average* annual economic growth in these countries has been around 6-7 per cent since the late 1960s. More recently, beginning around 15 years ago, China joined the boom. India seems to have shifted onto a higher growth path around five years ago, while countries such as the Philippines, Vietnam, and Bangladesh now have cause to hope that they, too, can become fully-fledged members of the rapid-growth club.

Aspects of the boom

This boom is, without question, a remarkable economic phenomenon. Several aspects of the phenomenon are worth comment.

First, the boom promises to be one of the great economic events of human history. Second, the boom is patchy, and is likely to remain so for a long time. Asia is a big place. It is a fair bet that some countries currently doing well will falter, and will perhaps even suffer severe reverses if there is war or political collapse. Recent events in the former Soviet Union and Yugoslavia are a reminder of how fragile a thing the stability of a nation state can be. There is a geographical aspect to this boom, too, which reminds us that not all of the region is yet doing well. This way of looking at Asia is a useful counterweight to some of the excessive hype one hears about the economic success of the region.

At the risk of oversimplifying, it is useful to bear in mind that economic progress is clearer on a north-south axis in Asia than on an east-west one.

- A north-south axis runs conveniently through most of the recently-successful countries: South Korea, China, Taiwan, Hong Kong, Thailand, Malaysia, Singapore and Indonesia.
- But an east-west glance across the map reminds one that there is a belt of countries which are still trying, with rather varying degrees of commitment, to achieve high growth rates: Papua New Guinea, the Philippines, Vietnam, Cambodia, Myanmar, and most of the countries of South Asia (Bangladesh, India, Sri Lanka, Afghanistan, and so on).

Third, even though the boom will be patchy, across the region as a whole – and assuming a reasonable degree of stability and law and

order – it is probably now unstoppable. For one thing, across the region the *idea* of growth has taken hold to a remarkable degree.

For another thing, the opportunities for growth are immense. This may seem to be something of a paradox, but paradox or not, the very fact that many countries are still poor and very inefficient means that there is generally very wide scope indeed to lift productivity.

This may seem a bit abstract, so let me give just one example. In the city where I live, Manila, over 50 per cent of the water produced by the public water utility is lost. About one-third of this 50 per cent is stolen; enterprising thieves break into the pipes and sell the water to people in nearby slums for a handsome profit. But most of the rest is lost through outright inefficiency – leaks in badly maintained pipes and valves.

From one point of view, this loss of over 50 per cent is a quite awful state of affairs. But it also means that the room for improvement – that is, productivity gains, and growth – is very substantial. The same point could be made in dozens of other sectors in most other countries across Asia. The important implication is that the opportunities for growth are immense.

There is yet another reason to believe that the boom in Asia is probably now unstoppable. This is probably the most important reason of all. During the past decade or so, there has been a much clearer recognition across the region of the need for good economic policies. This change in approach is of very great importance. In the more successful countries, good economic policies are already making an enormous difference. In the less-successful countries, at least the way forward is now much clearer.

I will now turn to consider some of the main factors which will determine how the boom is likely to unfold.

Looking ahead

For strong economic growth to continue across Asia well into the next century, broadly speaking, three things will be needed:

- a reasonable degree of law and order and stability in the region;
- a huge amount of investment;
- good economic policies.

I think the need for a reasonable degree of law and order and stability is quite a problem. This, indeed, may well be the main threat to growth prospects in Asia. I will come back to this topic later. First, I will discuss the need for investments, and for good economic policies.

Investment

The amounts of investment needed to lift living standards for over two billion people are huge. The simple fact is that compared with rich countries, most of the developing countries of Asia are still very short of

capital indeed, and they are very keen to get as much as they possibly can quite quickly.

What sort of capital am I talking about? Virtually everything – all types of investment, in both physical and human capital. As far as physical capital – infrastructure – is concerned, there is a huge potential demand for roads and highways, bridges and overpasses, irrigation canals, ports, wharves, buildings and houses, dams, power stations, transmission and distribution lines, water supply, railway systems, and so on. You name it – Asia wants it!

There are massive needs for investments in infrastructure in most sectors. I will give just one example: the electric power sector in Indonesia. In Indonesia today, electric power consumption is around 250 kwh per capita. In Australia, the figure is well over 8,000 kwh. In other words, per capita consumption of electric power in Australia is around 30 times that in Indonesia. Indonesia thus has huge power needs. Present plans are for Indonesia to spend something like \$US 60 billion (in today's prices) during the next decade in the electricity sector. This will merely be the first step towards achieving levels of consumption that we currently regard as quite normal in rich countries.

There are several things to note about the massive investment boom which is just getting underway. First, very large amounts of financial capital will be needed. A good deal of the capital will come from overseas, but most of it – perhaps around 80 per cent – will be mobilised from domestic savings within the region. The huge demand for financial capital is already generating strong pressures for institutional and policy reform in capital markets across Asia.

The second thing to note is that it is obvious that investments of this sort will cause all sorts of social and environmental problems. If you are a pessimist about these things and believe that big infrastructure projects always cause social and environmental harm, the outlook is grim indeed. During the next few decades, in both rural and urban areas of Asia, millions of people – many of them very poor – are going to be shunted around to fit in with national investment plans. The environmental consequences will be very significant as well. Forests and agricultural land will disappear as urban areas relentlessly grow, and air quality will deteriorate markedly as energy consumption levels rise rapidly.

But the third thing to note is that whatever we think, most of the investments are going to go ahead. It would therefore be best to take a positive view about the process. The challenge to focus on therefore is how to try to ameliorate the most worrying side-effects of the investment boom rather than to slow it down.

It seems to me likely that the investment boom will go ahead despite obvious social and environmental problems for several main reasons. One is that the legal and political environments in most Asian

countries provide relatively few channels for interested social groups to take action to delay large projects. Another is that broad social attitudes to building and construction in Asia are rather different to those in Australia and in other rich countries. As many Asians see it, wealthy places like America, Europe and Australia are already capital-rich. As they see it, we already have lots of roads, electric power, water, and airports.

They, on the other hand, are very impatient for growth. They regard acute shortages of such things as roads, electric power, and water, as major personal problems. As an example, for most of 1993, Manila was hit by daily blackouts lasting for up to eight and nine hours. The inconvenience and personal discomfort that this sort of thing causes is very substantial. Lots of small firms are unable to operate, and thousands of workers find that their incomes – meagre at the best of times – are cut back. In hospitals, drug supplies and blood stocks warm up. In restaurants and shops, frozen food deteriorates. In the streets, traffic lights fail, causing chaos on the roads. And in the suburbs, it means sleepless nights when fans don't work, no water when taps dry up and large quantities of spoiled food which have to be thrown away.

Shortages of this sort make people very ill-tempered. They are, to put it bluntly, not very interested in the impact on the global environment of additional carbon dioxide emissions. They want to have their power supplies tripled quickly, and then tripled and tripled again. That's what they want. And that's what they are determined to get.

Furthermore, there really is no reason – in the longer term at least – to be gloomy about the environmental and social impact of these investments. On the contrary, these investments are precisely what is needed to help improve social and environmental conditions in the region. I can mention just one example – the great number of dams and pipelines which are needed to bring clean water to households across Asia will greatly help in reducing the incidence of the water-borne diseases which currently kill so many children, and they will also make it possible to provide much more sewerage than currently exists.

Human capital

So far, I have been concentrating on the demand for and supply of physical capital. But there is a great demand in Asia for investment in human capital as well. There is, first of all, a tremendous potential demand for formal education. There are about two billion people in Asia who badly want to learn English. It is true that most of them cannot yet afford to pay, but there are already millions who can pay – and indeed do. And after these two billion people have learnt English, they are keen to get lots of other formal skills as well.

Good economic policies

I said earlier that broadly speaking, three things will be needed to ensure that strong economic growth continues in Asia. A huge amount of investment was one of the things I mentioned; good economic policies was another.

As I have already observed, in recent years there has been much more recognition than previously across Asia of the importance of good economic policies. In broad terms, at least, most policy-makers declare that they are in favour of sound macroeconomic and microeconomic policies.

This is certainly an important step forward. But when one turns to examine the details of economic policies across the region – that is, when one moves from rhetoric to practice – the signs are not as encouraging. It is clear that in important respects, the battle to ensure that good economic policies are implemented is by no means won. I can explain some of the most obvious problems that I see by saying a few words about three related topics:

- the commitment to development
- prices, and
- markets.

Commitment to development

Looking at the countries which have achieved economic success in Asia in recent years, one lesson seems to be that in some quite fundamental sense, nations need to be *committed* to development. It is not easy to define, precisely, what the characteristics of this commitment are. Nevertheless, it is real enough. In Indonesia during the Sukarno era, Indonesian society as a whole was not committed to economic development. But after Sukarno, when President Soeharto took over, the pendulum swung to the opposite extreme. In Indonesia today, *Pembangunan* (development) is given enormous emphasis. The change has made a tremendous difference in Indonesia.

Similarly, since the early 1960s development has been given great emphasis in Singapore. The consequence has been that living standards have risen dramatically. In contrast, in Cambodia under the Khmer Rouge, modern concepts of development were regarded as irrelevant. Other countries – the Philippines and Bangladesh, for example – are presently struggling to forge the consensus needed to promote development. Nearer home, in Papua New Guinea, it is difficult to see that a strong social consensus in support of development has yet formed.

Prices

Across a good deal of Asia, there is still much resistance to the use of the price mechanism as a tool of government policy. To a substantial

degree, popular resistance to the use of the price mechanism is understandable since adjustments in prices often mean that prices go up.

Nevertheless, numerous detailed studies show that incorrect prices do much harm. Infrastructure is a good example. The effects of incorrect pricing for infrastructure in developing countries were surveyed in detail by the World Bank in the *World Development Report* last year. This research, and many other studies as well, showed that artificially suppressed prices for infrastructure frequently have a number of undesirable effects. First, subsidised prices often favour the rich, sometimes to an astonishing degree. Second, overconsumption and consequent damage to the environment is encouraged. And third, the utilities running the infrastructure run short of funds, and then almost always fail to carry out proper maintenance.

Markets

A third area where the battle for good policies is far from won is in the application of market-oriented policies. To listen to much of the rhetoric about markets in Asia, one could be forgiven for thinking of the region as little more than one huge bazaar where hundreds of millions of entrepreneurs are engaged in furious trading every day of the year.

This, as a matter of fact, is partly true. But it does not mean that markets work well in Asia. Indeed, many markets in Asia work very badly. The phenomenon which economists call "market failure" is very common in the region. This worries both policy-makers and the general public a great deal. It is very important to improve the functioning of markets. As long as markets function badly, there will be much suspicion of markets, and there will be significant support for interventionist policies which, in the end, tend to do considerably more harm than good. A huge challenge for policy-makers in the region, therefore, is to construct the right framework – or to use the current jargon, the right "enabling environment" – within which markets can operate. This will be a very difficult task. If you doubt this, think of Barings! But in the longer term, this task of getting markets to work well is one of the most important economic challenges facing governments in Asia.

Stability

This brings me to the third condition that I mentioned will need to be met for this boom in Asia to continue – a reasonable degree of law and order and stability in the region. The need for external stability is clear enough. But internal stability is very important as well. And in many countries in Asia, internal stability remains tenuous.

I should explain that when I talk of internal stability, I am not

necessarily thinking of political stability, although that is often one element of the overall picture. Rather, I am thinking of the general state of law and order, of the ability of the police and army to do their work effectively at home, and of the degree to which contracts are enforced and property is protected.

When one thinks of these things, it is apparent that there is a lack of internal stability in quite a few countries in Asia. In practice, the implementation of the law is often difficult. In quite a few Asian countries, the formal legal system barely functions. Rather, it is often informal legal systems which provide remedies when disputes arise. In time of trouble, it is often more effective to turn to an influential political or military figure for support than to look for solutions through formal legal channels. This is really hardly surprising. Developing countries are poor. Resources are scarce. They cannot afford a good health industry; they cannot afford proper public utilities; they cannot afford enough schools; and they generally cannot afford expensive legal systems either. One of the implications of this is that in quite a few developing countries in Asia, local systems of law and order are likely to remain rather chaotic for quite a long time to come.

Implications for Australia

If I am right in my hunch that what we are seeing now is just the beginning of a great boom in Asia, what does this imply for Australia?

Clearly there are many implications. I will focus on just a few of the economic opportunities which we could take advantage of. The first thing to recognise is that the boom in Asia is a wonderful thing for Australia. It is important that this is recognised as widely as possible throughout the Australian community. Commentators who talk as if growth in Asia was a threat to Australia don't do much to encourage the development of the positive approach which is needed to respond well to the new opportunities opening up.

The second thing to note is that it is true that continuing structural change will be needed within the Australian economy, and that this will need to be managed well. In broad terms, to get maximum benefit from the boom in Asia, we need to continue to open up the Australian economy. This, it is important to appreciate, means that over the longer-term, we should be expecting to lift the level of imports into Australia as well as promote our exports. Trade is a two-way business. If we want Asian countries to open their markets to us – and we do – then we must be prepared to open our markets in return.

If we really want to participate in the boom in Asia, increases in imports and exports will need to go well beyond what we have achieved so far. In recent years, official estimates suggest that Australia's export-to-GDP ratio has risen from perhaps around 16 per cent to around 19 per cent or 20 per cent. Imports have risen as well. My own view is

that, as an intermediate goal, we should be looking towards a much higher export-to-GDP ratio – perhaps 30 per cent of GDP – and then aiming to move beyond that, say towards 40 per cent by the year 2020. If we choose to move in this direction, there will be quite a few implications for economic life in Australia.

For one thing, in a sense, Australia will remain a big farm and a big mine for Asia. There's nothing wrong with this. We have a strong comparative advantage in those sectors. The Asian boom will generate a rapidly rising demand for high-protein foods (milk and meat), and for wheat. Asia will also want lots of our mineral products as well. For another thing, the composition of our manufactured trade with Asia will change – as it is already doing. We can expect to import more and more of the less-sophisticated manufactured goods that we consume from Asia, and hopefully to continue to increase our exports of ETMs (elaborately transformed manufactures).

Third, and perhaps most important, we need to think of ways of encouraging the Australian services sector to become much more export oriented.

- The education sector has, somewhat reluctantly, begun to move in this direction.
- The health sector has barely moved. The potential demand for health services in Asia is vast.
- The legal profession has shown much more interest in work in Asia during the past few years than previously. There are now a number of well-known Australian legal firms bidding for work with the World Bank and the Asian Development Bank. Nevertheless, the coming infrastructure boom in Asia promises to provide many opportunities for lawyers who are experienced with BOT (Build-Own-Transfer) and BOO (Build-Own-Operate) deals.
- But unfortunately, the Australian financial sector does not yet seem to have shown as much interest in Asia as one might hope. The ANZ bank is active, and has been expanding its activities in the Philippines, Indonesia, and in other countries. Other banks need to follow. Trade and investment often follows finance, so it is important that more of our financial institutions become active in Asia.

Nevertheless, it is my impression that there is one important constraint which, too often, seems to be holding back Australian firms in the services sector from exporting more – the bureaucratic controls which are often imposed by governments on their own departments and enterprises.

The sorts of controls which I have in mind operate at many different levels, but let me give a specific example. The power sector looks set to boom in Asia for a long time. If the Australian power sector

is to join in this boom – boosting exports and creating jobs for Australians – then there will need to be a strong partnership between the public sector and the private sector here at home. But often, government guidelines at the state level in Australia restrict the ability of public utilities to export. This, in turn, reduces the scope for the private sector to compete overseas.

This became clear to me recently when representatives from an Australian power utility visited me at the ADB in Manila. The engineers had just spent a week or so in a nearby Southeast Asian country, and told me that the emerging market they had been looking at was so large that it was (in their words) "frightening". They were keen to get into the market, but said that one of their main problems was constraints imposed in Australia. One was that the corporate plan of the firm does not allow for any increase in staff during the next decade, so the engineers foresaw problems in finding staff to work in Asia. The second is that the relevant state government discourages state firms from working offshore, and puts various barriers in the way of managers who want to do so.

It is things like this that need to change before we can hope to do well in Asia.

Conclusion

I think that by now, my main arguments are clear enough. I am really saying two things. First, it is my hunch that the economic boom in Asia has really only just begun. Secondly, to maximise the benefits for Australia as well as for Asia, we need to become much more trade-oriented, especially in the services sector here in Australia. We will need to import a lot more too. But I have said less about this because I suspect that we will find ways of coping with this particular problem without too much difficulty.



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Photo - David Karonidis

Joan Beaumont

Professor Joan Beaumont teaches history at the School of Australian and International Studies at Deakin University. In the week leading up to Anzac Day, Joan Beaumont spoke for The Sydney Institute on Wednesday 19 April 1995 and evaluated the impact on Australia of the 1914-18 war. Her address brought together many of the arguments to be found in a new book she has edited, *Australia's War 1914-18* (Allen & Unwin 1995).

AUSTRALIA AND

THE FIRST WORLD WAR

Joan Beaumont

It may seem curious in the year that celebrates the fiftieth anniversary of the end of the Second World War, to be publishing a book about Australia's experience of the First World War. Yet a case can be made that it is the war of 1914-18, not the war of 1939-45, which has played the more dominant role in Australian historical consciousness.

Why do I argue this when in global terms the Second World War was by far the more devastating conflict of the two - and truly a world war? The First World War was essentially a European conflict. It took a toll of about ten million lives. In the short term, it left the international system comparatively unchanged, with the European powers, Britain and France, still in a state of dominance (though retrospectively we know this to have been unsustainable). The Second World War, in contrast, exacted perhaps six times the toll of human life. At least half of these deaths, it has been estimated, were from the civilian populations of Europe and Asia. By 1945 also the world was dividing into a new international order, of the two ideologically opposed camps of the superpowers of the Cold War. In the Asia-Pacific, the region of primary significance to Australia, the Second World War presaged the end of the European colonial empires and the beginning of the process of decolonisation.

Yet, while conceding the fundamental importance of the Second World War in global terms, we need to acknowledge that in some ways Australia's experience of the two world wars was a mirror image of that of other countries. While the second war had the unique quality of posing the threat of invasion and the actual bombing of northern towns with considerable civilian loss of life, Australia's casualties in this conflict were, in fact, much lower than in the First World War.

In 1914 the population of Australia was less than five million. From this population a volunteer army of almost 417,000 men of military age was raised in a little more than four years. Over 58,000 men died and more than 156,000 were gassed, wounded or taken prisoner of war. We often forget that many of the wounded died

prematurely in the inter-war years, coughing out their lungs or struggling to cope with the disabilities of amputation and disfigurement in an age of relatively primitive medical technology and plastic surgery. In the Second World War the Australian death toll was about half that of the first war: between 28,000 and 30,500, depending on whose statistics you are using. There were over 58,000 wounded – and the population was over seven million.

Let me put these figures another way: in the First World War the Australian Imperial Force (or AIF) suffered one of the highest death rates per capita of any of the armies involved in the war. (Of the many popular myths to emerge from the conflict this one – that Australians were used as shock troops and that their army had a lot of teeth and a very little tail – at least has substance). In the Second World War, however, Australian casualties are almost invisible compared to those of some other belligerents, such as China and the Soviet Union. Estimates of the number of Soviet dead have been progressively revised upwards over the past ten years: they now stand at around 27 million. According to one estimate, this converts to 15,000 deaths per day of the Russo-German war: two days on the Eastern front accounted for all Australian deaths in the Second World War.

The sheer scale of the suffering of the First World War, therefore, guarantees it a special place in Australian memory. Any tour through the country towns of Australia will confirm the importance of this profound legacy of grief. It is the First World War which is commemorated in the memorials, with the Second World War being often added as something of a footnote. In part, admittedly, this may owe something to the fact that the mood in favour of non-functional memorials had shifted in the inter-war years towards more practical tributes to the dead; but demographically it is indisputable that the First World War caused relatively greater trauma to Australian society than the Second.

Another reason why the First World War can be argued to have a distinctive place in Australian history is because of the civilian and political disruption it caused at home. Conditioned as we are by the experiences of the 1960s, we tend to think of Vietnam as the war which polarised Australian society. In fact, the war of 1914-18 was far more divisive. In 1917 in Queensland, for example, there was a situation which with little hyperbole can be described as bordering on civil war. The official history of the war, by the towering figure of Professor Ernest Scott, tended to downplay this divisiveness, projecting an image of consensus. But the reality was bitter class, ethnic and sectarian division.

The issue which triggered this was, of course, conscription for overseas service – the issue which the prime minister of the time, W.M. (Billy) Hughes, was rash enough to put to the electorate on two

occasions in October 1916 and December 1917. It is oversimplifying the case, however, to attribute all the divisions in Australian politics to conscription. There were pre-existing tensions in the labour movement, over issues such as the compromises inherent in the young Labor Party's exercising power at the federal level, rising prices, and war profiteering. Furthermore, Hughes adopted an increasingly dictatorial and authoritarian style of government ruthlessly exploiting the emergency government powers of censorship to suppress opposition and dissent. There are few scenes in modern politics to match that of Hughes, with the military police in tow, descending on the printing office in Brisbane to confiscate transcripts of the Hansard of the Queensland Parliament. His opponent in the conscription debate, the Labor premier T J Ryan, had resorted to the expedient of reading into Hansard a speech against conscription which had been mutilated by the censor, in order to get it into the public domain.

The story of the split in the ALP resulting from conscription is well known. What is of more interest is the consequences of this split, and the debates about conscription that followed it. The Labor Party – that is, the rump of it which was left after Hughes had marched out of the caucus on 14 November 1916 with over twenty followers – was very effectively stigmatised as "disloyal" in the years after 1916. Hughes, in coalition with his former conservative opponents, was able to develop a new and very effective political rhetoric. This characterised Labor as being incompetent in international affairs. In much the same way as Robert Menzies was able in the 1950s and 1960s to paint Labor as being untrustworthy in foreign policy, so Labor in the 1920s and 1930s was portrayed as being incapable of nurturing what was then considered to be the vital relationship with Britain. Nationalism became appropriated by the right of politics. Labor retreated into a world of isolationism, pacifism and a distrust of the supposedly sordid world of international affairs – an isolationism from which only the crisis of another world war enticed it.

This was one of the reasons why Labor was cast into the political wilderness for most of the inter-war period – at least at the federal level. The First World War was an electoral disaster for Labor. In 1915 it was holding power nationally and in five of the six states. Fifteen months later it was in opposition everywhere but in Queensland. Although the inter-war years saw some restoration of Labor at the State level, in the first 80 years after federation Labor held power federally for only 16.

Of course, it would be unreasonable to lay all of the blame for this situation at the feet of the conscription crisis. A number of other factors must be taken into account – for example, Labor's bad luck in coming to power in 1929 just as the Great Depression hit Australia.

But what the conscription crisis did – which laid the seeds for the

later split of the 1950s and the associated electoral damage – was to increase dramatically the proportion of Catholics in the Federal Parliamentary Labor Party. Although one must be wary of overstating the case, there was a strong correlation in 1916 and 1917 between the “No” vote on conscription and being Irish Catholic and working class. This was reflected in the post-1916 Labor Party. Whereas prior to the split, Catholics made up 21 per cent of federal Labor Members of Parliament, after 1916 they constituted 45 per cent. In the next three decades as communism became a major force internationally, and a bogey domestically, this alignment of Labor with Catholicism was to produce ultimately intolerable strains.

The next – and possibly most important – legacy of the First World War was the Anzac legend. For many decades this celebration of the supposed qualities of the Australian soldier, or digger, almost defined the Australian character – or, at least, the character of white Australian males. As feminist historians have been quick to point out, the legend has excluded a number of groups in Australian society, notably women, ethnic minorities and the Aborigines. Nonetheless, Anzac Day is widely recognised to be a more effective national holiday than Australia Day, and may become more so as the association of 26 January with the expropriation of the Aborigines becomes more politically problematic.

The Second World War produced no mythology to rival Anzac. Indeed, volunteers for the 2nd AIF quite consciously saw themselves as fitting into this legend, inheriting the mantle of the Anzacs and aspiring to meet the standards set, in some cases quite literally, by their fathers. The very name the “2nd AIF” indicates this, as does the numbering of the battalions in 1939 after those of the First World War, with the prefix “2nd”. Even the experience of prisoners of war, which has arguably been the greatest source of mythology to emerge from the Second World War (my students at Deakin University all know the name of Dunlop, but few, the name of Blamey) was integrated into the Anzac legend. This is clear in writings of famous ex-prisoners of war such as Wilfred Kent Hughes and Rohan Rivett.

Even now Anzac is a central part of our political culture. When the Unknown Soldier was buried at the War Memorial on 11 November 1993, the prime minister Paul Keating depicted the soldier as a representative not only of the dead of the First World War but of all 100,000 Australians who died in conflicts during this century. “He is,” Keating said, “all of them. And he is one of us.” He went on to essentially synthesise the legend, in modern terms:

the legend [is] not of sweeping military victories so much as triumphs against the odds, of courage and ingenuity in adversity. It is a legend of free and independent spirits whose discipline derived less from military formalities and customs than from the bonds of mateship and the demands of necessity. It is a democratic

tradition, the tradition in which Australians have gone to war ever since.

It is interesting also that Keating recognised the problem of the exclusivity of the legend and extended it to include those groups who had been earlier excluded from it: the unknown soldier, he said, was interred not

to glorify war over peace; or to assert a soldier's character above a civilian's; or one race or one nation or one religion above another; or men above women; or the war in which he fought and died above any other war; or of one generation above any that has or will come later.

There was, so far as I know, almost no dissent from Keating's speech. This and the fact that the celebrations of the various anniversaries of the end of both wars and of Gallipoli (which has its 80th anniversary next week) have attracted a lot of often ritualistic and uncritical media comment, suggests that Anzac is alive and well. It has weathered the storms of the Vietnam years and the assaults of critics of the 1960s, and has maintained a central role, albeit in modified form, in national consciousness. It is Anzac that popular movies of the 1980s such as *Gallipoli* and *1915* focussed on, not the anti-war movement of Vietnam or, for that matter, the Second World War.

One question which inevitably arises when the Anzac legend is discussed is the degree to which it reflected reality. Were Australians really the best soldiers in the First World War – as the legend claims? Were they resourceful larrikins, buckers of military authority, naturally egalitarian and the embodiment of mateship? The answer, alas, has to be qualified. Certainly Australians played a significant role in the defeat of Germany on the Western front. Australian troops were part of the great effort to stem the German offensive of March 1918 which broke through the Allied lines, and they were also integral to the offensive of August 1918 which brought Germany to its knees. But so, too, were troops of other nations who interestingly make very similar claims about the centrality their role. Canadians, for example, claim Amiens as "chiefly a Canadian battle". And it is clear, in the light of some significant historical research in recent years, that Australian troops were not necessarily "natural fighters". In the early years of the war their performance was uneven and they needed training, and above all changes in tactics and technology, to be able to avoid the disastrous casualties of 1916-17.

For the same reasons, if I may digress from the legend for a moment, it is difficult to substantiate claims that Australian commanders would have made a better job of leading the AIF than British commanders, who are popularly characterised as heartless "donkeys", sacrificing men's lives unthinkingly. Although General Sir John Monash who took over the Australian Corps in May 1918 (and this was the first time an Australian had command of all Australian troops in France) was undoubtedly a competent commander, the

methods of warfare he applied were, in fact, being adopted elsewhere along the Western Front.

Monash had the good fortune to come to senior command at the time when he was able to exploit the technological breakthroughs of 1916-18 – most notably, the developments in artillery – and to capitalise on the tactical lessons learnt so painfully in the slaughter of the Somme, Bullecourt and the 3rd Ypres. Australians who held positions of command earlier in the war, when these technological and tactical changes had not occurred, were, as one of Australia's leading military historians, Jeff Grey, has put it, "as good at killing Australian troops as were the British". Like the British, they were prisoners of the technological stalemate, which gave the defensive an advantage over the offensive and caused the stalemate on the Western Front.

To return to the legend, it would be flying in the face of the evidence to deny that Australians had a cavalier attitude to military discipline. The stories about this are legion and the statistics about their being absent without leave to a much higher degree than other armies are convincing. But the legend, let me stress, does not simply celebrate the diggers' insubordination. What it argues is that it was this lack of discipline which was the source of the Australians' military superiority. It was indicative of the individualism and independence of spirit which made Australian soldiers reluctant to accept orders uncritically and therefore able to fight more effectively and intelligently. Such a nexus is impossible to prove empirically.

So, too, are the more extreme claims about Australian mateship. Again, it would be irrational to deny that there were strong bonds of friendship and deep emotional ties between soldiers in the AIF. But was this mateship peculiarly Australian? It would seem not. All fighting forces, whatever their nationality, develop systems of social support in which groups of soldiers are bonded tightly together by comradeship and the practical need to remain a cohesive unit in battle. Canadians, New Zealanders, and other armies of the First World War, all lay claim to such qualities. Mateship is only the Australian name for a universal phenomenon.

The AIF was probably unique in only one respect: that it remained a volunteer force throughout the war. All other armies introduced conscription. Only Australia did not, as a result of the rejection of conscription in the two referenda of 1916 and 1917. This, again, is a lasting legacy of the First World War: opposition to conscription is, as John Hirst has put it, "almost a faith" in Labor politics and beyond. Admittedly, the Labor government of John Curtin did introduce conscription for overseas service in early 1943, but this was when the sense of national peril and the pressure to be a good ally were acute. Moreover the areas to which conscripts could be sent were very limited. (As it happened, no conscripts did serve beyond Papua

and New Guinea for a number of reasons to do essentially with MacArthur's insistence on marginalising Australia from his strategies for defeating Japan, and the overstraining of the Australian economy from 1943 on.) Conscription, of course, became profoundly divisive again during Vietnam. It seems unthinkable – even for home defence – in the 1990s.

Thus far I have concentrated on those areas in which the First World War changed Australia in ways that had a significance that lasted long beyond the immediate post-war period. The case for the war being the more dominant one in national consciousness, of course, has to be qualified – qualification, I think is the distinguishing and infuriating characteristic of historians! There were areas in which the First World War did not change Australia – certainly not as much as the second war. The economy is one clear instance. The First World War saw nowhere near the mobilisation of resources, physical and human, nor a shift from a labour to capital intensive economy comparable to that which occurred in 1939–45. The status of women, too, remained comparatively unchanged. Women continued to be cast in supporting roles: as the nurturers of the family, the keepers of the home, the makers of comforts for soldiers, the knitter of socks. There was no shift of women into men's employment like that which occurred nearly 20 years later. Some women did gain new powers of organisation, through their indefatigable charity work, and it is one of the as yet unanswered questions as to where all this dynamism and frustrated energy was channelled after the war. But there were few "victories" for women, in traditional feminist terms. Middle-class women did achieve a victory of sorts, in the realm of temperance. Arguing that drunkenness was both morally and practically corrosive to the war effort, the temperance movement was instrumental in bringing in early closing hours which lasted for at least four decades – a legacy of the war of somewhat dubious value, many might say.

There was also little change as a result of the war in Australia's international position, and particularly relations with Britain. This may seem a somewhat paradoxical claim, as one of the dominant images to emerge from films such as *Gallipoli* is a distrust of British commanders. This certainly existed among the men and officers of the AIF. But ambivalence towards the British has always been part of the Australian national tradition. And at the diplomatic level there was no fundamental shift in Australia's alignment or *modus operandi*.

I say this despite the fact that Australia and the other British Dominions (Canada, South Africa and New Zealand, for example) gained from the war the right to separate representation at the peace conference in Paris in 1919 and at the League of Nations which emerged from this conference. And despite the fact that Billy Hughes has a reputation for having cocked a snook at the British prime minister

Lloyd George and the American President Woodrow Wilson at Paris. Hughes, who generally gets a bad press from historians of the domestic front (because of his ruthless exploitation of censorship and dictatorial style) is something of a darling when it comes to historians of foreign policy. He stands out, seemingly, as one of few politicians, prior to Evatt and Whitlam, who had clear sense of Australia's interests and a willingness to pursue them passionately, if crudely, to the irritation of the Great Powers.

Yet Hughes's role at Paris has been overestimated. He scarcely rates a mention in the histories of the peace conference by historians of other nationalities. Australia's interests, as so often at major international conferences of this and the Second World War, were marginal to the proceedings. The major history of the conference, for example, is 2700 pages long; the Dominions get 33 pages.

The impression that Hughes carved out an independent role for Australia is erroneous because in the 1920s Australia slipped back into an essentially passive role in international affairs. Hughes was not an Australian nationalist in the modern-day sense. He was rather an imperial nationalist, fiercely proud of being both Australian and British and seeing no tension between these two loyalties. It is symptomatic that the first burial of the Unknown Soldier – in Westminster Abbey in 1920 – was taken to commemorate and represent Australian dead.

Nothing Hughes, or his conservative successor Stanley Bruce did, challenged Australia's commitment to the British Empire or Commonwealth. The changes which occurred in constitutional relations between Britain and the Dominions in the inter-war years came about as the result of the urging of other Dominions. Australian governments in fact resisted them. Hence, when the Second World War broke out in Europe in 1939, Menzies uttered his memorable phrase that "Great Britain has declared war... as a result, Australia is also at war".

Menzies' deference to the British should not be overstated. We know now, thanks to efforts of two generations of historians, that in 1939-41 Menzies was often critical of the British, and of Prime Minister Churchill, largely on the grounds of their failure to consult Australia about major strategic decisions affecting its interests. But Menzies kept his reservations "within the family". It was not until the crisis in 1942 over the fall of Singapore that there emerged a public willingness to acknowledge that Australia's interests could be, and were, distinct from Britain's. Yet, even Labor's sense of "inexcusable betrayal" (as Evatt called it in late January 1942) did not lead to a lasting breach with Britain.

Although Curtin's looking to America in December 1941 is often seen as a turning point – and it did mark the beginning of a reorientation towards the United States – Australia continued to look

to Britain in defence terms until well into the post-war years. In foreign policy, Evatt, for all his aggressive nationalism, conceived of Australia as a regional agent of the British Commonwealth, arguing for devolution to Australia of Commonwealth regional responsibilities. Whatever political uses Mr Keating might like to make of the history of Australia's wars, there were no seeds of republicanism in the First or Second World Wars.

Endnote

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1. H.P. Willmott, *The Great Crusade: A New Complete History of the Second World War*. New York, Free Press, 1989, p. 146.